

# 五谷磨房

**Natural Food International Holding Limited**  
**五谷磨房食品國際控股有限公司**

(Registered by way of continuation in the Cayman Islands with limited liability)

**Stock Code: 1837**

**ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE REPORT**

# 2024

# Contents

About the Report	2
Operating Practices	5
Employment Practices	14
Environmental Performance	17
Social Key Performance Indicators	21
Environmental Key Performance Indicators	23

# About the Report

## OUR VISION FOR SUSTAINABILITY

Natural Food International Holding Limited (Stock Code: 1837.HK, hereinafter “the Company” or together with its subsidiaries “the Group”) has been listed on the Main Board of the Hong Kong Stock Exchange since 2018. The Group specializes in the production, processing, and distribution of natural health foods, primarily serving the PRC market. Our mission is to deliver cost-effective, high-quality health food solutions through integrated production services, while fostering employee development, generating shareholder value, and advancing sustainable socio-economic and environmental practices.

## REPORTING FRAMEWORK

We are pleased to issue our Environmental, Social and Governance (“ESG”) report (“ESG Report”) for the year ended 31st December 2024. This report is an important channel for us to communicate to our stakeholders regarding the efforts we have made and our achievement in social responsibility and sustainability. The report covers our major business activities and operations of our headquarter and our major production facility located at Tuanfeng county of Hubei. The report is prepared in accordance with the Environment, Social and Governance Reporting Guide contained in Appendix C.2 of the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange (“Listing Rules”) and written in principle of “comply or explain”.

The report focuses on the activities implemented during fiscal year of 2024 (“the reporting period”).

### Reporting Principles

The content of the ESG Report is determined through stakeholder engagement and materiality assessment process, which includes identifying ESG-related issues, collecting and reviewing the management and stakeholders’ opinions, assessing the relevance and materiality of the issues and preparing and validating the information reported. The ESG Report has covered key issues that are concerned by different stakeholders.

Quantitative environmental and social KPIs are disclosed in the ESG Report so as to enable stakeholders to comprehend the Group’s ESG performance. Information of the standards, methodologies, references and sources of key emission of these KPIs are stated wherever appropriate. To enhance comparability of the ESG performance between years, the Group has strived to adopt consistent reporting and calculation methodologies as far as reasonably practicable. For any changes in methodologies, the Group has presented and explained in detail in the corresponding sections.

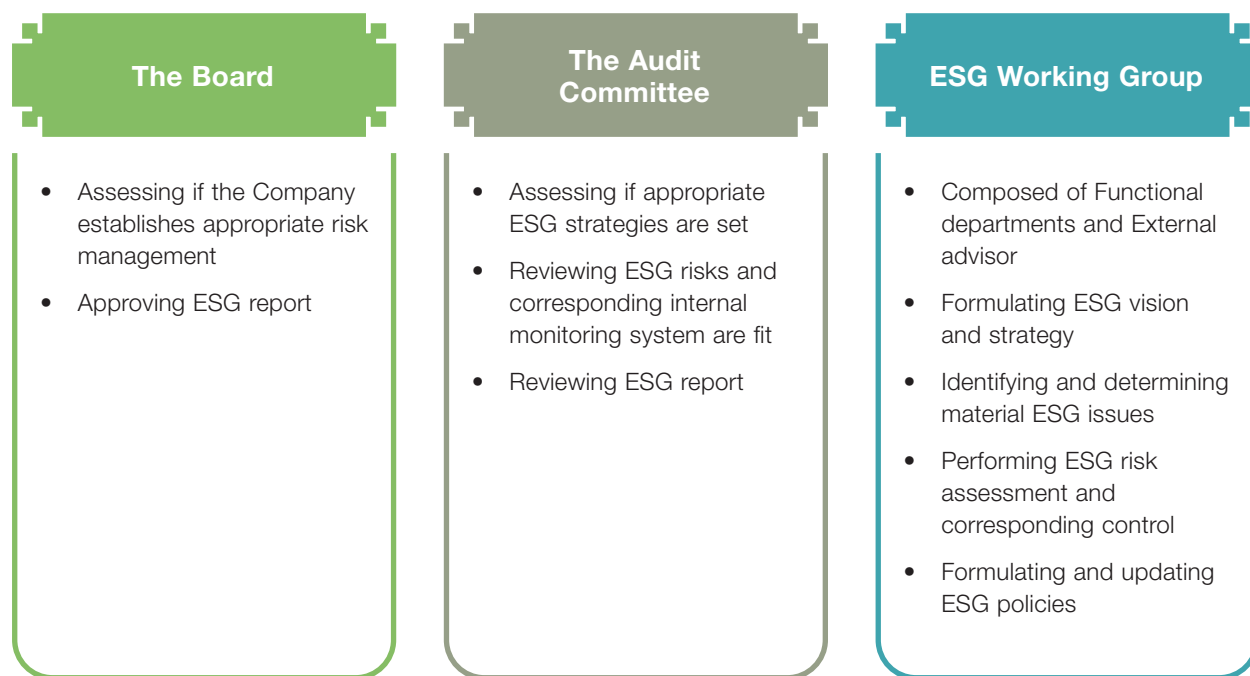
# About the Report (Continued)

## Information and Feedbacks

We value your feedback on this report and our sustainability plan. Should you have any comments and suggestions, please feel free to contact us by email to [ir@szwgmf.com](mailto:ir@szwgmf.com).

## BOARD'S OVERSIGHT OF ESG

The Board of Directors has the overall responsibility for ESG strategy, materiality assessment, initiatives, policy and reporting of the Group. Sustainability focuses on meeting the needs of the present without compromising the ability of future generations to meet their needs. The concept of sustainability is composed of three major pillars: economic, environmental and social. It is integrated in our operation as profits, environment and people. We have instilled in our employees the sustainability notion which has become an integral part of our manufacturing and operational activities, seeing to deliver profit and environmental & social benefits in a continuous and synergistic manner.



## About the Report (Continued)

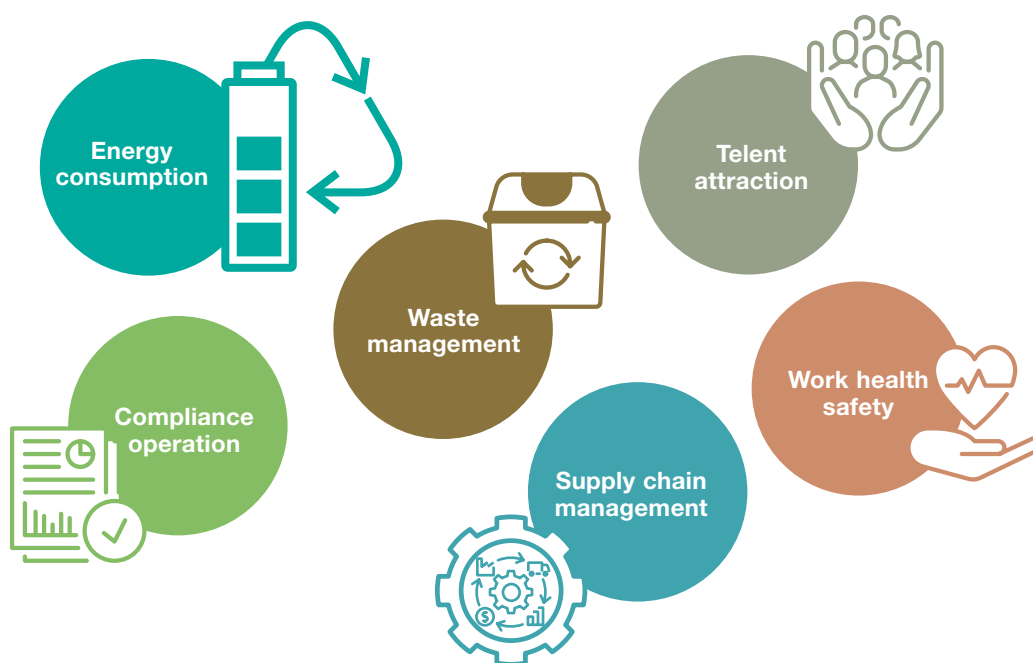
To implement the ESG initiative and formulate our sustainability strategy, the Group has established a working group which comprises of senior management and external advisor with sufficient ESG knowledge, and the authority to promote a company-wide awareness of the importance of the Company's ESG efforts. The members span across various functional departments, including the operational, human resources, and finance departments, aiming to ensure that the environmental and social responsibility considerations are integrated into our daily management decision as well as daily operation. The ESG Working Group is also responsible for executing our ESG initiatives, collecting and calculating ESG data and Key Performance Index ("KPI") and reporting of ESG-related matters across our major businesses and operations.

### Stakeholder Engagement

Stakeholder engagement is an incubator of our sustainable development plan, which is also an important step to gather valuable ideas about ESG issues for materiality assessment in order to sharpen the focus of our sustainability strategy. In preparing our ESG report, we have primarily engaged major stakeholders through a number of channels. We believe that trust is built on effective communication. Ongoing interaction with stakeholders is an integral part of our day-to-day operations and marketing campaign across the country. Our communication channels such as comments left in our social platform, meetings, interviews, and promotion booths enable stakeholders to express their ideas, opinions and suggestions. Our identified stakeholders include investors, employees, customers, suppliers, business partners, media, government agencies, regulators and the community. In view of materiality analysis, we have identified for a materiality matrix four key topics with sixteen aspects which become the basic elements in formulating our sustainability plan.

### SUSTAINABILITY MATERIALITY ASSESSMENT

A list of sustainability topics is identified which are potentially material to our Group in the context of our business and day-to-day operations. The materiality assessment and prioritization are summarized in the below:



# Operating Practices

## SUPPLY CHAIN MANAGEMENT



As a natural health food company in China market, we source raw materials within China and from overseas. The Group believes the quality of raw materials directly affects the production process and the quality of the final product. We reduce our consumption by collaborated with our packaging suppliers in the area of optimizing packaging design, exploring sustainable materials, enhancing resources efficiency, and promoting product recycling in our customer loyalty group.

We drive the green transformation of the supply chain by selecting sustainable suppliers and environmentally friendly raw materials, ensuring that the entire process complies with environmental standards and regulations

To enhance the supervision of supply chain, we have implemented different policies which include supplier development, supplier certification policy, supplier site visit guideline and other related management procedures. When assessing suppliers, on-site audit, sample testing and license audit are performed.

We believe a systematic and efficient supply chain is fundamental to ensure the stability of our production and operation. We endeavor to provide products and services with the highest quality to customers. We strictly implement the “Supplier Quality Management Manual” and “Food Fraud Prevention and Control Procedures” and apply them to all our suppliers, and at the same time, include supplier integrity in the scope of credit, which is reflected in the supply and marketing contract to guarantee the safety of raw materials. Regular review is conducted to ensure each supplier’s and business partner’s product standards and they follow safety standards and regulatory requirements. The frequency of supplier quality audits is determined by material risk level, supplier site risk level, supply quality performance, material importance and other factors, such as semi-annual, annual, or multiple times a year. For those qualified suppliers who supply large quantities of important materials, we inspect incoming material from suppliers which is carried out on a batch-by-batch basis and perform factory audit once a year. Besides, we also purchase agricultural product from farmers and agricultural cooperatives. General purchases are made through agricultural cooperatives or jointly contracted with companies to ensure quality assurance and traceability. All agriculture providers must hold licenses approved by the government and all goods to be sold must be imported in an appropriate way.

Quality department and R & D department jointly develop the acceptance standard of raw and auxiliary materials. After products are delivered to our factory, the quality control personnel take samples in batches for testing, perform inspection and report the results according to the acceptance standard. If we found unqualified raw materials, we generally return the materials.

We are offering four different product categories and more than 90 product types. Automation management systems are applied to strengthen quality assurance and traceability of our supply chain and food safety. With our robust technology infrastructure and stringent quality control measures, our sales network has rapidly and successfully expanded across China by providing high-quality products.

# Operating Practices (Continued)

## SUPPLY CHAIN MANAGEMENT (Continued)

To enhance our efficiency and diversify operational and compliance risks, we use outsourced logistics companies which provide third-party logistic service. Our products are delivered by trucks from our production facilities to customers' warehouses or designated locations with this comprehensive transportation system. Third-party logistic service providers are required to handle products with extra care during transportation to protect their labels and prevent damage to their packaging. We also require that third-party logistic service providers should keep all containers, tools and equipment used for storage, transportation and containing of food safe, harmless and clean so as to prevent food contamination and ensure meeting specific requirements like temperature for food safety. We regularly review third-party logistic service providers' operational and compliance aspects while they bear the liabilities for any damage or loss during transportation.

## PRODUCT QUALITY MANAGEMENT



We believe a systematic, consistent and regulated production process is the key to improve product quality.

The procurement department purchases the raw materials from accredited suppliers according to our quality standards and reliability assessment which ensures the availability of valid inspection reports and production licenses. The Group has developed a procurement management system to conduct assessment, selection, review and appraisal of its suppliers. Our suppliers and subcontractors are selected based on their background, pricing, service, quality, reputation, and after-sales support, as well as capacity to ensure stable and adequate supply. Qualified suppliers, which have been confirmed by the review and appraisal results, shall have the proven ability to meet the Company's requirements for the quality of materials to be procured.

The Group requires raw materials suppliers to possess valid business licenses, related food production licenses in compliance with the related quality, hygiene and sanitary regulations. Submitting corresponding independent third-party assurance report and/or the results of laboratory tests of their products are also required during inception or when requested.

Stringent guidelines on inspection, sampling, specifications, and testing requirements are set up. Employees are required to follow guidelines throughout the process before accepting incoming raw materials. It is required to return sub-standard raw materials.

Food material supply is critical to our business and operations.

To manage the risks of supplies in terms of climate changes, harvest, price, quality, traffic, we have established diversified suppliers base for each major type of key raw materials. In the reporting period, 31 (2023:14) suppliers contributed more than 60% of our annual raw material purchase cost. All raw materials used in our products are sourced from China, with the exception of milk powder, which is imported from New Zealand.



# Operating Practices (Continued)

## INTELLECTUAL PROPERTIES



We are constantly engaged in marketing and branding of our products through various advertising platforms including in-store displays, social media, outdoor sampling and events sponsorship. It is our policy to advertise our products and brands in a fair manner and without misleading information.

We own more than 287 registered intellectual properties, including copyrights, patents and trademarks. In the reporting period, we have taken confidentially measures and legal actions as to protect our intellectual properties.

During the year, our internal legal specialist took four legal actions against four companies for infringement of our trademarks “益元八珍” and “五谷伴侣”. Later, the four infringers were found to be infringers by the court and ordered to stop the infringement.

As for our labelling activities, we require our customers to provide us with all necessary information pertaining to packaging and labelling with respect to local requirements within the stipulated territory.

## PRODUCT SAFETY



The Group has always paid high attention to food safety. We strive to meet all relevant national food safety laws and regulations and standards to ensure that our products are safe and of quality. All our production facilities obtain SC Food Production Licenses issued by Food and Drug Administration. We are also certified to FSSC 22000 Food Safety System. The Group is fully in line with local and international standards which entrust our quality control system and production process.

Hazard analysis critical control point (HACCP) standard applied to assess and monitor biological, physical and chemical risks. Patented machine grinding and double-pass grinding process are applied in our production process to limit contamination.

We carry out comprehensive inspection and tests in the whole production process by our quality control department. We aim to provide an efficient and safe operation and zero food contamination. For instance, we inspect the final quality control of the product process before our product is delivered for sale. Besides, our automated production line makes much of the process pollution-free to produce healthy and safe healthy food. All must wear neat uniforms before entering the production area and undergo disinfection as required. Both our production facilities and warehouses have installed pest control equipment to ensure these areas are well ventilated.

Finished products are properly packaged and stored in designated zones. Warehouse staff are required to store finished products appropriately according to the storage period and conditions, regularly inspect their appearance and shelf-life, and prevent fire, moisture, water, mold and leakage. Handling staff is required to keep all containers, tools and equipment used for storage, transportation and containing of food safe, harmless and clean so as to prevent food contamination and ensure meeting specific requirements like temperature for food safety.



# Operating Practices (Continued)

## PRODUCT SAFETY (Continued)

### Conduct hazard analysis

- Identify any possible food safety hazard (biological, chemical or physical agent in food)
- Collect and evaluate sample collected daily from operation

### Lists of critical control points (CCPs)

- Control at particular step where necessary for food safety
- Step eliminates or reduces the likely occurrence of possible hazard to an acceptable level
- Contamination with the hazard identified could occur in excess of acceptable level

### Validated critical limits for each CCP

- Criteria set as measurements of time, temperature, humidity, water activity and pH value and sensory parameters such as visual appearance and texture.

### Monitoring system for each CCP

- Quality control department are responsible for monitoring procedure set are clearly identified and enacted by adequately trained personnel to carry out.

### Corrective actions

- Plant management is set and determine corrective action in advance to ensure that the actions are able to bring the CCP under control. Actions taken include disposition of the affected products in a legal and proper way.

# Operating Practices (Continued)

## PRODUCT RECALL MANAGEMENT



The Group has established and implemented the Product Identification and Traceability Control Procedures. The Group has implemented full batch management for each product item entering and leaving the warehouse, by which each batch is traceable.

In our product recall procedure, which include clear provisions for the preparation for recall plans, the implementation of recall activity, the disposal of recalled products, and corrective measures. In addition, the food safety team of each member of the Group regularly conducts mock tracing to enhance staff awareness of food safety risks and product recall operation procedures.

In the reporting period, we did not have product recall case (2023: zero). We have standard product recall procedure includes conduct comprehensive investigation, promptly report the incident to the Senior Management, systematic recalled and destroyed the affected products, and implemented measures to prevent future occurrence of similar issues.

### Establish a product recall emergency team

The team members come from the quality control department, planning warehousing and distribution department, production department, equipment department, and personnel administration department. The responsibilities of the product recall emergency team members are clearly defined.

### Assess and evaluate information

According to procedure <WGMF-QA-RE-010> assess information either from customer or internal quality control officer that certain batch of product may lead to recalls due to unqualified or contamination during random inspections or complaints, etc.

### Recall procedure

Follow procedure <HBFY-QA-14> When it is discovered that the product will cause harm to consumers, a recall application will be submitted, and the team will evaluate and confirm whether to recall it.

Regard to <HBFY-QA-13> all shipment and sale of the problematic products will be stopped. Products already sold will be recalled and the recalled products will be sealed.

# Operating Practices (Continued)

## CUSTOMER SERVICE



We aim to provide a superior service experience to our customers. In order to improve our business, we perform customer service evaluations regularly. For online channels, we continue to strengthen process management. While providing consumers services through our WeChat public account, and customer hotline, we also improve our ability to collect and handle customer feedback.

The Group values every customer feedback or complaint. Our customer service team apply an internal policy which promotes real-time response to product complaints, enabling us to take requisite precautions to prevent related issues from reoccurrence.

During the year, our customer service specialists received and investigated 2,236 (2023: 1,732) cases of customers feedback which 688 (2023: 439) were inquiry on product or promotion, 16 (2023: 20) were suggestions to improve, 937 (2023: 673) questions related to product packaging and taste, 595 (2023: 600) complaints related to unexpected object found. Our customer service specialists follow standard procedure to reply to customer based on relevant department investigation and response.

We set out policy in compliance of goods and services with the Consumer Protection Law and Product Quality Law of PRC. We attach great importance to customer information security and privacy protection. We implement a set of corresponding customer privacy protection measures to strictly safeguard the personal information of each customer. We prohibit unwarranted sharing of screenshot and revealing of personal privacy. Specific personnel are also assigned to file and archive customer information while unauthorized access is prohibited.

In a responsible manner to consumers, the Group has established stricter guidelines, to ensure the sales and marketing departments of the Group provide precise product descriptions and information that comply with the relevant local laws and regulations to the customers. For instance, we perform a comprehensive review of existing product labels, have joint departmental approval on upcoming items, engage external professionals to provide professional opinion, reference to external laboratory inspection results, and conduct periodic review current practice with industry norm and regulations update.

## Operating Practices (Continued)

### Encrypt sensitive data

- Standardized encryption software and backends



### Cyber security environment

- Internal operating system and security settings
- Different user has different access right



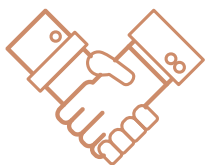
### Confidentiality agreement

- “Outsourcing Service Contract” with external service providers and agree on confidentiality clauses



# Operating Practices (Continued)

## ANTI-CORRUPTION & WHISTLE-BLOWING PRACTICE



The Group realizes the importance of staff integrity. We strive to promote business activities within the Group are carried out in good faith and in ethical and lawful manner. The Group has established internal controls, authority limits and segregation of duties for our major processes, assigned senior management of finance department to design, implement and revise the internal controls regularly and set up an internal audit department to review and monitor the related measures independently.

The management of the Group discusses and decides on contingency plans for major risks, refines countermeasures, and links such risk countermeasures with day-to-day business operations for the proper implementation by responsible departments and functionaries and make clear the crucial contingency arrangement. The Group has established a bottom-up reporting channel to ensure effective monitoring of risk countermeasures and give all full play to the role of risk management.

We prohibit all forms of bribery, extortion, fraud and money laundering and encourage reporting of non-compliance incidents or potential conflicts of interests to our senior management and/or independent internal audit function by our stakeholders. Any material non-compliance with our protocol may result in summary dismissal and/or court actions. In the reporting period, we follow relevant laws and regulations in relation to bribery, extortion, fraud and money laundering, in all material aspects.

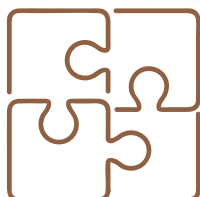
The Group does not encounter any legal cases or actions against us in relation to bribery, extortion, fraud and money laundering in the reporting period.

We have a whistle blowing practice. Our Human Resource Department serves as our first line of reporting to which our staff are encouraged to file their concerns. We also have an intranet system for our staff to communicate important matters to the Senior Management.

The management of the Group understand the importance of whistle-blowing policy and system and hence, is in the plan of formulating a more stringent whistle-blowing policy that will meet the expectation of the market and our stakeholders.

# Operating Practices (Continued)

## COMMUNITY INVOLVEMENT



As a responsible corporation, the Group has been working towards to building a beautiful and healthy community and maintaining communication and interaction with the community to contribute to the development of the community. For promoting the awareness of environmental protection of the Yangtze river's ecosystem, the Company has been engaged in a continuous donation program with an environmental protection association which is registered with The Sichuan Provincial Civil Affairs Department.

Since 2013, we have been supporting Green River (綠色河江) by contribution of money and our products hand in hand to assist in environmental protection. As a charity support, we entered into a five-year contract with Green River that we would contribute of money not less than RMB150,000 annually.

The year of 2023 was the third five-year period of our public welfare cooperation with Green River. We launched a program of 'Five Valleys Green Station' (五谷綠色驛站) on the Tibetan Plateau. It is a public welfare station that mainly focuses on garbage collection, and providing pass-by a refreshing shelter.

We hope that providing these shelters might reveal a cleaner and tidier Qinghai-Tibetan route to the environment and society.

In alignment with our core values, during the year, we donate nutritious food packages to individuals battling Amyotrophic Lateral Sclerosis (ALS).

In the reporting period, the Company made donation and sponsorship in respect of environment protection, disaster relief, and stakeholder care amounted to RMB1,495,745 (2023: RMB1,465,200).



# Employment Practices

## DIVERSITY AND EQUAL OPPORTUNITY

We believe that employees are the most important assets of an enterprise and the core driving force for continuous development. We are committed to improving the employment system and striving to provide employees with comprehensive protection of their rights and interests. As we uphold the principles of openness, fairness, and impartiality, we advocate employee diversity and resolutely oppose discrimination, striving to eliminate any injustice to candidates and employees arising from factors such as gender, age, race, religious beliefs and gender orientations. With a view to protecting the legitimate rights and interests of employees, the Group's working hour policies for its employees have been in strict compliance with national laws and regulations. Our employees have standardized working hours, and enjoy paid leave, maternity leave, sick leave, public holidays, and designated rest periods, which guarantee they have sufficient rest time and appropriate work-life balance. Besides, we prohibited the use of child and forced labour. In the recruitment and selection of talents, those under 16 years of age must not be recruited by reviewing the identification of personnel. Any material non-compliance with our protocol may result in summary dismissal.

We have formulated and implemented a series of internal management systems and policies, such as the Recruitment Management System, the Labour Contract Management Rules, the Management System of Human Resources Changes and the Attendance Management Rules, in order to ensure equal treatment for employees in recruitment, promotion, salary, benefits, training, appraisal, relationships, communication and more, and put an end to forced labour and child labour. In order to protect the legality and compliance of employment, we strictly check the age and identity of new hires when they join us. If one is found to have provided false information, we will immediately terminate his/her employment procedures and disqualify him/her from employment. Since our inception, we have signed labor contracts with all our employees based on the principles of equality, voluntariness and consensus. According to the characteristics of the positions, we adopt standard work system. In case of voluntary overtime work due to emergency, we will give employees certain days off or overtime pay, in order to protect their legitimate rights and interests. In the reporting period, no child labour or forced labour was found in the Group.

## EMPLOYEE STRUCTURE

At the year ended date, we have 670 full time employees (2023: 682). We don't hire part time or temporary staff directly but to maintain our work process stability and quality. Unlike peers with turnover rate, we outsource positions which are repetitive and low-skill tasks to limit administrative load and quality impact in our production.

An employee handbook is established for regulating recruitment, promotion, discipline, working hours and vacations. It is required staff must have a good understanding of the contents of the handbook. Employees who fail to comply with the company's regulations are first given a warning notice and, in serious cases, are dismissed. We have created a harmonious working environment as well as a safe and comfortable workplace to build a business platform for every staff to grow with the Group. Our employment practices are well written according to relevant PRC law and regulations, namely Labour law, Production Safety Law and Prevention and Control of Occupational Diseases. In the reporting period, the Group follows relevant laws and regulations in relation to providing a safe working environment and protecting employees from occupational hazards, in all material aspects.



## Employment Practices (Continued)

We have established a consistent recruitment process that aims to recruit and attract talent to our teams suited to the job requirements of each department. The Group's recruitment method is mainly network social recruitment, internal recommendation, campus recruitment with reference to factors such as their experience, qualifications and expertise required for our business operations. Applicants who meet the requirements for a post are given equal interview opportunities regardless of gender, age, race, religion or disability. A detailed description of the job, including duties, welfare and salary packages are also provided. Applicants who have relatives who work in the same Group must clarify personal relationships and that family members' work in the Group is not affected.

Our employee's remuneration is determined based on factors such as qualification, contribution, and years of experience. We regularly conduct employee performance assessments and those with excellent performance are given promotion opportunities.

To enhance our internal control on the social insurance premium and housing provident funds, we have obtained legal advice and assigned our finance and human resource department to monitor the status of monthly payments. Also, we provide entry-level employees with insurance policies.

In the reporting period, the Group follows relevant laws and regulations in relation to staff compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other staff benefits, in all material aspects.

### EMPLOYEE BENEFITS AND WELFARE

We are committed to providing employees with competitive compensation and comprehensive welfare and protections. We regularly review our compensation and benefits programs in order to attract, motivate and retain talented employees. Annual reviews are conducted to exchange comments, offer adjustments and/or promotions to employee which are commensurate with their performance. In order to maintain the smooth and sound relationship between employees and employers, we regularly organize social and recreational activities for employees to enrich work and social life. In the reporting period, the Group arranged a number of meaningful activities for its employees, including annual dinner, staff award programs and team building trips.

### TRAINING, EDUCATION AND DEVELOPMENT

The Group is committed to providing employees with comprehensive training that caters for job requirements and career planning, which in turn provides a dynamic and innovative talent pool for the long-term development of the Company. Through a combination of orientation in-house training and on-the-job training, the Group strives to make sure that all employees are equipped with operational abilities. It helps employees learn and grow in practice, supporting and encouraging them to pursue self-improvement and life-long learning. We offer continuing education programs in place to cultivate our employees' professional skills and capabilities. For example, we organized a supplier on-site assessment class for law department and product department to strengthen their professionalism, inspection skills and our procurement management.

# Employment Practices (Continued)

## Anti-Corruption Training

The Company has rolled out a rotation plan of anti-corruption trainings in the reporting period. We intend to provide anti-corruption trainings, through professional organization, to our Directors and Management and front-line sales department personnel first, and then gradually extend such training to our staff on a 4-year rotation plan targeting to attain a 100% training coverage in 4 years.

## OCCUPATIONAL HEALTH AND SAFETY

To provide and maintain a safe, clean and environmentally friendly working condition for employees, the Group has established a series of work safety policy and standard operating procedures. We have implemented the responsibility for production safety and accountability, comprehensively carrying out the investigation and handling of hidden hazards in production safety. We also provide information, training, and protective equipment to ensure employees' safety. We strictly comply with all applicable local health and safety regulations. In addition, the Group provides occupational safety education and training to employees to enhance their safety awareness. We strove to raise employees' safety awareness and improve their risk prevention capabilities on a continuous basis. The Group provides work protocol and safety guideline. With the goal to effectively manage occupational safety and health, the Group adopts appropriate and adequate tools in order to improve the effectiveness of the operation. Besides, the Group posts safety and operational instructions in conspicuous places, and thereby reducing the possibilities of significant occupational safety and health impacts.

Any occupational hazard might lead to severe health problems among workers. Interventions on awareness-raising will be continued to lessen the risk of safety hazards. In the reporting period, the Group follows relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards, in all material aspects. In the reporting period, within the Group four minor job-related injuries were noted. The Group has not encountered any work-related fatality incidents in the past three years. We monitor the effectiveness of safety-related controls continually and conduct assessments on its health and safety performance in order to conserve a healthy and safe workplace for our employees and protect them from work related injuries.

## OUR EFFORTS AND MEASURES TO COMBAT INFECTIOUS DISEASE AND WORKPLACE TRANSMISSION

We maintain necessary precautionary measures to combat infectious disease, including regularly sanitising our workplace premises, minimizing socializing, requiring compulsory mask-wearing in sensitive districts, and setting up a reporting mechanism to timely report suspected or confirmed infectious cases of our employees and their associates. Certain work safety & health measures are enhanced, and some protocols are highlighted below:

- Routine workplace cleaning and disinfection
- Record visitor's footstep in all of our premises
- Annual compulsory medical check-up

## Environmental Performance

We believe that quality living is about enriching lives today as well as caring for future generations, environmental protection is a fundamental part of our sustainable development. As a healthy food provider, we offer consumers a wider range of natural health foods. We concentrate our resource on managing our core operation (procurement, production and sales) by engaging external professional parties to take up auxiliary workflow (logistic) to minimize consumption and enhance overall efficiency.

In the reporting period, our major environmental impacts on the environment and natural resources are GHG emissions which were mainly attributed to the consumption of electricity and fuels. The related KPIs are presented in the succeeding section “ENVIRONMENTAL KEY PERFORMANCE INDICATORS”.

### USE OF RESOURCES

Our major resource consumption are raw materials in our food processing operation while the major source of GHG emissions emitted by the Group is the use of purchased electricity, LPG and water. Reassessed work practices apply across our businesses to improve resource utilization, reduce our emissions and manage waste responsibly. With numbers of locations including warehouses, offices, and production units, we continually identify ways to improve energy efficiency by replacing energy intensive equipment, actively conserving resource and regularly assessing operating performance. We rely on the water supply of the government. We do not anticipate having problem in sourcing water for our operation. We will conduct water conservation study according to our operation demand.

### CONSUMPTION MANAGEMENT

The Group employs multiple energy saving initiatives to improve the operating efficiency of equipment or devices and reduce energy consumption. In terms of lighting system, the Group has separated light switches for different light zones, keeps the lighting fixture clean and installs LED lightings to replace traditional fluorescent light tubes and reminds employees to switch off unnecessary lights. To reduce the use of air conditioning, employees are required to switch off the air-conditioners during non-working hours and allowed to dress casually. Room temperature is maintained at 25.5 degree celsius at all time. Air conditioning systems are also cleaned regularly to enhance their operation efficiency. The Group also encourages employees to set the computers to automatic standby or sleep mode and to turn off unused electrical devices before leaving the office.

# Environmental Performance (Continued)

## WASTE MANAGEMENT

Emission generated by our operations primarily consist of oxides from vehicular exhaust, purchased electricity and water. In order to reduce our impact on the environment, we carefully monitor the fuel-efficiency of our in-house fleets. In our production plant, designated personnel are assigned to oversee the existing wastewater treatment facilities according to GB8978-1996 PRC discharge standard of water pollutants. The amount of waste water increased along with our operation level. We do not have a comprehensive study on its coefficient at the moment. The major waste water generated by the Group is domestic sewage, which is directly discharged to the municipal drainage system.

The non-hazardous waste of the Group mainly includes general waste. General wastes are collected and handled by the qualified waste processor. Regarding the hazardous waste (raw materials with metal content detected), our business units follow strict procedures for proper treatment, collection and hand hazardous waste over external hazard waste collectors to handle hazardous waste. We are assessing if any reduction target could be set feasibly.

## COMPLIANCE OPERATION

Compliance operation always come first. Our operation policy and process comply with all relevant environmental laws and regulations in PRC during our daily operation namely Prevention and Control of Water Pollution, Prevention and Control of Environmental Pollution by Solid Wastes, Environmental Protection Law and Conserving Energy Law.

To improve our operation efficiency, our management team strictly monitors, manages and evaluates to make every possible improvement in our operation (efficient resource consumption, waste minimization, recycle and reuse promotion).

## RESPONDING TO CLIMATE CHANGE

The Board is of the view that the Group is not subject to material climate change-related risks and impacts. Although, the Company does not perform a study on climate change effect or impact, we do provide various form of resource conversation actions in our operations. Therefore, our emission level follows our production level.

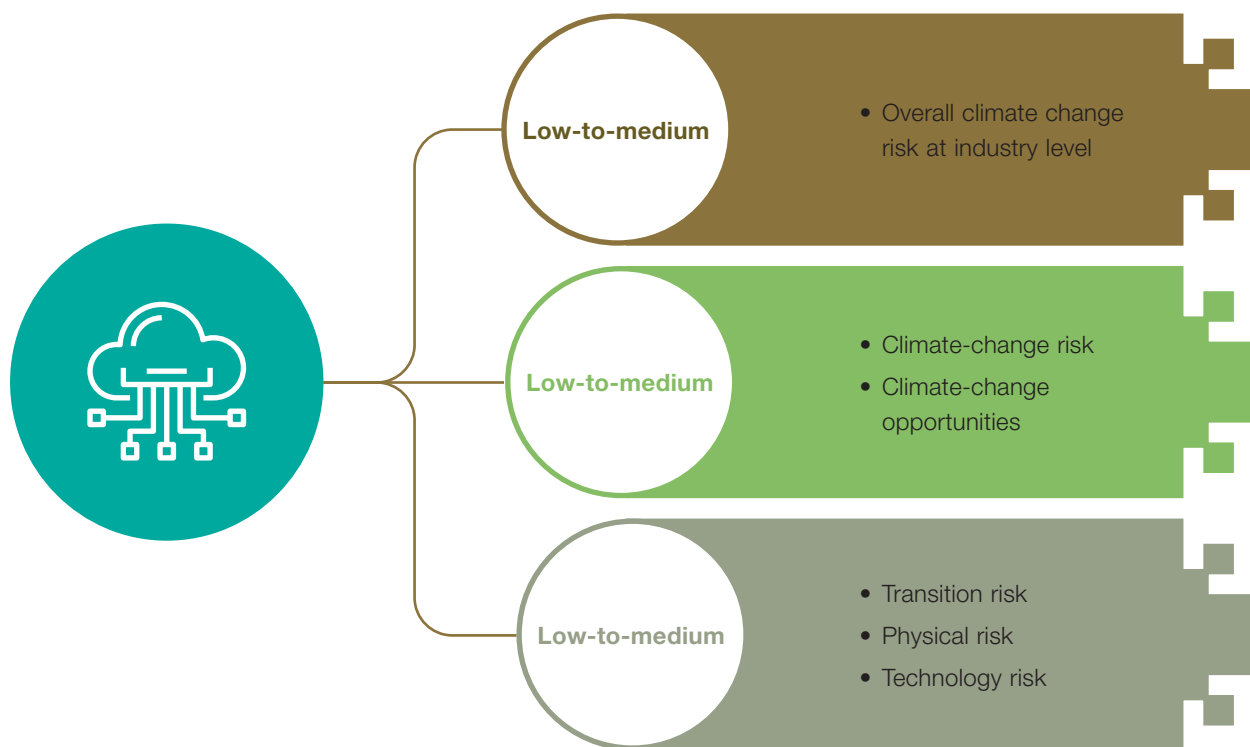
The Group understands the direct relationship between sustainable development and competitiveness. The energy consumed and waste generated by business activity does make an impact on water, air and soil resources, and therefore on the ecosystem. The Group also recognises the importance of balancing economic, environmental and social needs. All Group subsidiaries continue to introduce technical refinements and innovations to fulfil targets for reducing, reusing, recycling and renewing natural resources, reducing emissions and waste, improving the utilisation efficiency of natural resources, and minimising their operations' effect on the environment and natural resources. It is our policy to encourage management and employees to take railway instead of airlines for business trips as to lower indirect emission.

## Environmental Performance (Continued)

The Company takes reference to the recommendations and approach set out by The Task Force of Climate-related Financial Disclosure (“TCFD”) in assessing the climate changes impacts on the Group. We have assessed a series of risks, including:

1. Transition risks that may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change in the course of Transitioning to a lower-carbon economy. There are four sub-risks, namely Policy and Legal Risks, Technology Risk, Market Risk and Reputation Risk.
2. Physical risks that may have financial implications for the Group, such as direct damage to assets and indirect impacts from supply chain disruption, which can be driven by acute events (“Acute Events”) or longer-term chronic shifts (“Chronic Shift”) in climate patterns.

Based on the on-going assessment of the Company, the Company believes the Group is subject to lower physical risk, particularly those driven by acute events. The overall risk-rating of climate-change-related risks and opportunities of the Group is considered low.



# Environmental Performance (Continued)

## Climate Change impact assessment

The board has instructed the ESG working Committee to perform an assessment on the climate-change-related risks and opportunities of the Group. The following table presents the summary of the Group's assessment.

Type	Climate-Related Risks and Opportunities	Our measures or approach	Potential Financial Impacts when risks are realized
Transition Risk	Policy and Legal	The Group is of the view that there are no regulatory or market policies or technology changes directly related to the Group operations that would have significant impact on the Group.	Remote <ul style="list-style-type: none"> <li>The risks and impacts are considered remote.</li> </ul>
	Technology		
	Market	✓ Customers may have higher expectations of our image and services from an environmentally friendly perspective.	Possible <p>There is a possible impact on the reputation of our Company.</p>
	Reputation		
Physical Risk	Acute events	The Group is of the view that it is not subject to physical risks brought alone from climate change. However, the Group will take a monitoring approach and will continuously monitor the change in physical risks.	Remote <ul style="list-style-type: none"> <li>The risks and impacts are considered remote.</li> </ul>
	Chronic shifts		
Opportunities	Resource Efficiency	The Group is of the view that there are no regulatory or market policies or technology changes required or on the trend that would have significant impact on the Group.	Remote <p>The opportunities and benefits are considered remote.</p>
	Energy Source		
	Products & Services		
	Market	Customers may have higher expectations of our image and services from an environmentally friendly perspective.	Possible <p>There is a possible market if we can build an environmental supply chain.</p>
	Resilience		

# Social Key Performance Indicators

Social indicators	2024	2023
Employments		
Total number of employees <sup>1</sup>	670	682
<b>By Gender</b>		
Male	193	208
Female	477	474
<b>By age group</b>		
Below 30 years old	20	193
30 to 50 years old	566	475
Above 50 years old	84	14
<b>By ranking</b>		
Managerial grade and above	97	87
General staff and sales force	573	595
<b>By geographical region</b>		
Mainland China – Guangdong province	318	348
Mainland China – Other provinces	352	334

Note 1 – employees here refer to staff with employment contractual relationship with the Group.

Employee turnover rate <sup>1</sup>	2024	2023
General turnover rate	31.8%	28.3%
<b>By gender</b>		
Female	31.1%	18.2%
Male	32.1%	10.1%
<b>By age group</b>		
Aged 50 or above	15.0%	21.4%
Between 30 and 49	25.0%	28.4%
Between 18 and 29	82.1%	28.5%
<b>By geographical region</b>		
Mainland China – Guangdong province	38.1%	33.9%
Mainland China – Other provinces	26.1%	23.2%

Note 1 – employees here refer to staff with employment contractual relationship with the Group.



# Social Key Performance Indicators (Continued)

Training statistics <sup>1</sup>	2024	2023
Total hours of training received by employees	14,978	10,265
Average training hour (staff divided by total training hours)	22.4	15.1
<b>Percentage of employee trained by gender</b>		
Female	100%	100%
Male	100%	96%
<b>Percentage of employee trained by ranking</b>		
Managerial grade and above	100%	96%
General staff	100%	100%
<b>Average training hours per employee by gender</b>		
Female	33.1	21.5
Male	18.0	0.4
<b>Average training hours per employee by ranking</b>		
Managerial grade and above	2.0	2.0
General staff	25.8	17.3

Note 1 – employees here refer to staff with employment contractual relationship with the Group.

Work health safety – injury and fatalities statistic	2024	2023	2022
<b>Cause of incident</b>			
while operating machinery	1	4	0
Injured by heavy object impact	3	1	1
Others	23	48	34
<b>Lost of workings days due to reported injuries</b>	272	1,947	1,666
Legal case related to reported injuries	0	0	0
Compensation other than paid leave related to reported injuries	81,458	126,688	339,706
Case of Loss of life or induce permanent disability	0	0	0
<b>Compensation paid</b>	81,458	126,688	339,706

Note 1 – employees here refer to staff with employment contractual relationship with the Group.

Note 2 – Previous year's figures are updated based on confirmation from medical and insurance company.

B5 Critical suppliers statistic	Number of suppliers
By geographical region	
Northern area of PRC	23
Southern area of PRC	4
New Zealand	4
Total	31

# Environmental Key Performance Indicators

KPIs	Indicators	Unit	2024	2023
A1.1	NOx emissions	Tonne	5.5	5.5
	SOx emissions	Tonne	10.2	10.0
	Particulate matters	Tonne	1.1	1.1
	Scope 1 GHG emissions <sup>2</sup>	Tonnes	3,958.1	3,459.1
	Scope 2 GHG emissions <sup>3</sup>	Tonnes	8,124.1	6,913.2
	Scope 3 GHG emissions <sup>4</sup>	Tonnes	176.7	54.3
A1.2	Total greenhouse gas ("GHG") emissions (Scope 1, 2, and 3)	tCO <sub>2</sub> e	12,258.9	10,478
	GHG emissions intensity (Total GHG emissions/number of employees)	tCO <sub>2</sub> e/person	14.5	15.1
A1.4	Non-hazardous waste produced <sup>6</sup>	Kg	300	285
	Non-hazardous waste intensity (Total non-hazardous waste produced/number of employees)	Kg/person	0.4	0.4
A2.1	Total electricity consumption	kWh in '000s	10,063	9,876
	Electricity consumption intensity (Total electricity consumption/number of employees)	kWh in '000s/ person	15.0	14.5
	Total Liquefied Petroleum Gas ('LPG') consumption	Tonne	859	1,134
	LPG consumption intensity (Total LPG consumption/number of employees)	Tonne/person	1.3	1.7
A2.2	Total water consumption	Tonne	108,276	105,775
	Water consumption intensity (Total water consumption/number of employees)	Tonne/person	161.6	155.1
	Total paper related consumption	Tonne	1.0	1.1
	Paper consumption intensity (Total paper consumption/number of employees)	Kg	0.0	0.0
	Total diesel fuel consumption	Liter	321	312
	Diesel fuel consumption intensity (Total diesel fuel consumption/number of employees)	Liter/person	0.5	0.5

# Environmental Key Performance Indicators (Continued)

## Notes to above table:

- 1 GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, Appendix II: Reporting Guidance on Environmental KPIs" issued by the Hong Kong Stock Exchange.
- 2 Major source of Scope 1 emission came from usage of LPG and diesel.
- 3 Major source of Scope 2 emission came from usage of purchased electricity. The increase in consumption of electricity due to substitute of diesel forklift to electric forklift applied in product production.
- 4 FY2023, indirect emission from value chain was included in our scope 3. FY2024, we recognize that downstream transportation and distribution as well in our Scope 3 emissions. This was calculated based on estimate fuel consumption of the 44-tonne heavy lorries used in the orders we offered to our logistics partner and standard diesel emission factors suggested by the manufacturer. As part of our commitment to reducing our Scope 3 footprint, we are actively engaging with our partner to identify effective measures includes route optimization, driver training on fuel-efficient driving techniques, assessment of alternative fuel options.
- 5 Hazardous waste means raw material with metal content which has been returned to raw materials supplier or disposed where quantity immaterial to our operation and did not include in the scope of this report.
- 6 Non-hazardous waste includes paper box waste, stickers, and domestic wastes.
- 7 The group consumed a total of 300 tonnes of packaging materials for product packaging and protection, which mainly comprised paper and plastic-based materials. Total packaging materials consumption intensity (by employee) is 0.45.