



## Board Statement

At HFT, our utmost commitment lies in establishing a resilient business model that incorporates ESG considerations into every facet of our operations and value chain. To achieve this, we diligently address our key ESG strategic priorities, keeping up with the evolving ESG reporting standards and ensuring a comprehensive approach to environmental, social, and governance responsibilities. In 2023, we have established our own sustainability strategy framework based on our vision and mission set forth for HFT's sustainability development.

We recognise the transformative power of collaboration and caring. Thus, we are dedicated to developing better and healthier product choices, forging partnerships to promote sustainability, supporting charitable organisations that contribute to our communities, and prioritising employee well-being. We aim to enhance the overall quality of life within our community.

## HFT's Vision and Mission

### 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

- Leverage our industrial strengths and know-how to create long term values for corporate sustainable development.
- Keep the authentic herbal tradition while producing products in a modern and innovative way
- Conserve the resources used during production and business operation to help ensuring a sustainable environment for future generations.
- Believe that promoting well-being of people is the core of a positive society.

### Our Core Values

#### • 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 Operation

- 0 complaint case related to product health and safety received in 2023
- 63.0% fresh beverage products are sugar-free or in low sugar content, and 21.6% are low in salt
- 298 key suppliers

## Our People

- 792 employees, 634 in Hong Kong, 158 in Mainland China
- 8,659 training hours involving all employees
- 100% of employees trained, with 9.2 average training hours per employee

## Our Environment

- 9,862 tonnes of CO<sub>2</sub>-e of Greenhouse Gas (GHG) Emissions, decreased by 18%
- 11,619 MWh of electricity consumed, decreased by 22.9%
- 962.2 tonnes of food waste recycled, 205.0 tonnes of CO<sub>2</sub>-e of Greenhouse Gas Emissions reduced

## Our Community

- Contributed 256 service hours to the community
- Supported over 155 community projects and 154 organisations
- Over HK\$2 million of cash, coupons and in-kind products sponsored

## 2030 Sustainability Targets

### Our Operation

- Increase % of fresh beverage products in low sugar content to 80% and % of food products in low salt content to 30%
- 50% of HFT's products have front-of-pack nutrition label
- 99% of suppliers have adopted the HFT's Supplier Responsibility Principles

### Our People

- Maintain 0 fatality rate
- 78% reduction in work-related injury rate against 2020 baseline
- Maintain gender equality for middle management and above, the proportion of each gender is not to exceed 70%

### Our Environment

- 40% reduction in carbon emission intensity (tonnes of CO<sub>2</sub>-e/ HK\$1,000 revenue) against 2019 baseline
- 28% reduction in energy intensity (MWh/HK\$1,000 revenue) against 2019 baseline
- 80% waste diversion rate for non-hazardous waste
- 50% application rate of rPET as packaging material
- 30% reduction in water intensity (m<sup>3</sup>/HK\$1,000 revenue) against 2019 baseline

### Our Community

- Donate/invest HK\$2.5 million to the community through in-kind products, coupons and cash sponsorship
- Support at least 200 community projects and organisations

# Our Sustainability Strategy



## 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 assist the Board in managing relevant risks.

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

## Waste Disposal Risks

### Risk to HFT

The Waste Disposal (Charging for Municipal Solid Waste) (Amendment) Ordinance 2021, passed by the LegCo, will come into effect on 1 August 2024. It will require waste producers to manage and bear the costs of waste disposal, leading to increased operational expenses and potential compliance challenges for the Group.

### HFT's response:

HFT will update waste management policies and procedures, conduct waste audits for reduction opportunities, and set targets for non-hazardous waste reduction.



## Packaging Material Selection Risks

### Risk to HFT:

Increasing environmental awareness influences customer choices regarding product packaging. The local government began public consultation for the Producer Responsibility Scheme on Plastic Beverage Containers (PPRS) in 2021, with positive community response. The government is refining the PPRS regulatory framework, considering legislative amendments, and planning future consultations with relevant trades for regulatory details.

### HFT's response:

HFT began using recycled packaging material (rPET) in certain beverage bottles in 2022. They are also gradually phasing out plastic tableware in their stores and replacing them with paper or wooden alternatives starting from January 2023. HFT has set targets for using rPET bottles in packaging materials.

## Climate Risks

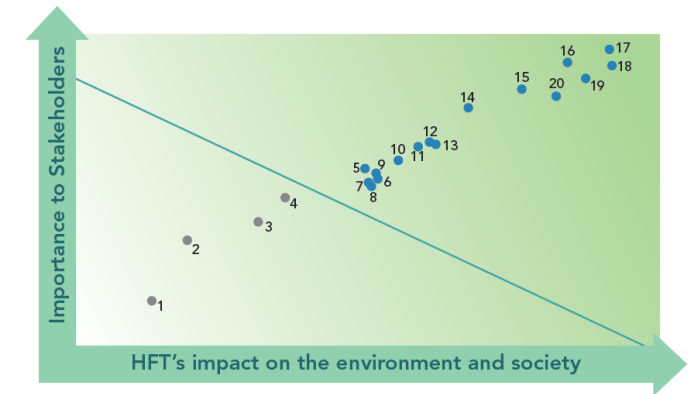
### Risk to HFT:

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:

HFT has set targets for reducing emissions and water intensity. In response to frequent typhoon occurrences in Kaiping, they hold meetings, assess risks, and implement preventive measures such as inspections, rainwater channel maintenance, and 24/7 surveillance.

## Stakeholder Engagement & Materiality Assessment



The 16 material sustainability topics are marked in green 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 well-being                             | ✓              |
|                 | 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  | ✓              |

# Our Approach to Sustainability

## OUR OPERATION

### • Safeguarding Product Safety and Quality

- Quality Management System
- Product Recall System

### • Protecting Customers' Rights

- Customer Privacy and Intellectual Property Rights
- Responsible Marketing and Labelling

### • Upholding Business Standards

- Whistleblowing
- Anti-corruption Training

### • Delivering Better and Healthier Products

- Sugar-free, low sugar or low salt content products
- Low-calorie Rare Sugar (稀少糖) Products
- Introducing Healthy Products in HFT Life Stores
- Launch of Postpartum Care Products

### • Enhancing Customers' Experience

- Customer Services
- Ongoing services of JIKA CLUB

### • Sourcing Responsibly

- Supplier Selection and Engagement Process



| Indicator   | Target    | 2023                         | 2022       |
|---|-----------|------------------------------|------------|
| Average number of complaints received per month relating to product health and safety | <10 cases | 0.75 cases (Target achieved) | 1.92 cases |

Total number of employees trained for anti-corruption: **43 employees**

Total anti-corruption training hours: **86 hours**



## OUR PEOPLE

### • Creating a Desirable Workplace

- Remuneration and Compensation
- Recruitment, Promotion and Dismissal
- Working hours and Holidays
- Fair, Inclusive and Diverse Workplace
- Employee Welfare
- Labour Standards

### • Nurturing Talents

HFT designs targeted programmes to develop employee skills:

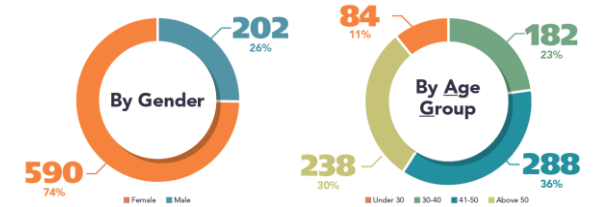
- HFT Life Training
- Food Safety Training
- E-Learning Mobile Application

### • Protecting the Health and Safety of Employees

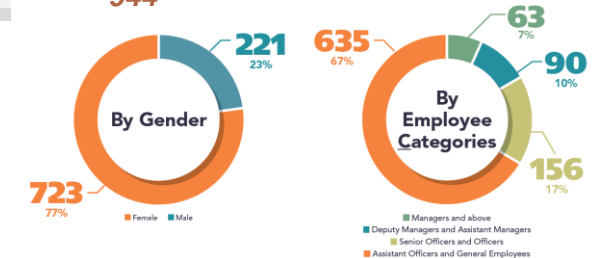
The Group's Safety Committee, comprised of various departments and chaired by the Chief Executive Officer, oversees the overall health and safety management, while the Workplace Safety Guidelines are designed for monitoring the workplace.

| Indicator                    | 2023  | 2022  | 2021  |
|------------------------------|-------|-------|-------|
| Lost days due to work injury | 351.0 | 226.0 | 555.0 |

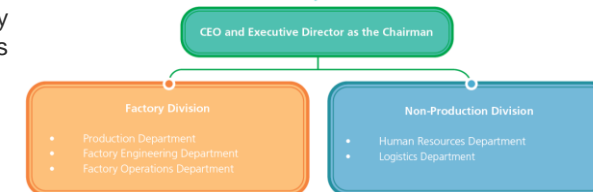
Total workforce: **792**



Number of employees who received training: **944**



#### HFT's Safety Committee



# Our Approach to Sustainability



## OUR ENVIRONMENT

### Managing and Reducing Wastes

#### 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

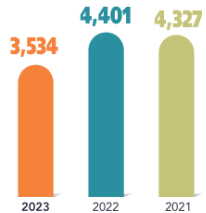
#### Other general wastes

- Engage qualified waste collectors to dispose of in landfill

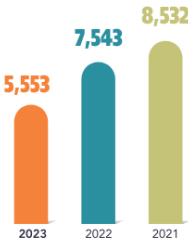
### Responding to Climate Change

HFT actively reduces greenhouse gas emissions by implementing energy efficiency measures. They measure and project emissions following reputable guidelines and international standards like ISO 14064-1 and the GHG Protocol. HFT aims for carbon neutrality by 2050, considering a study on Scope 3 emissions and engaging with markets and teams for climate response measures.

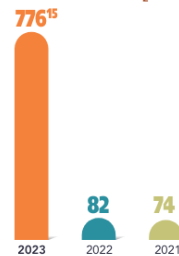
Scope 1: Direct GHG emissions<sup>12</sup>  
(tonnes of CO<sub>2</sub>-e)



Scope 2: Energy indirect GHG emissions<sup>13</sup>  
(tonnes of CO<sub>2</sub>-e)



Scope 3: Other indirect GHG emissions<sup>14</sup>  
(tonnes of CO<sub>2</sub>-e)

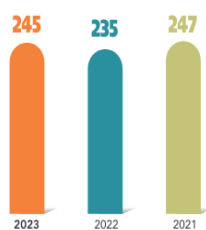


### Managing Natural Resources Efficiently

Total energy consumption (MWh)



Plastic packaging materials consumption in Hong Kong Factory (tonnes)



Office paper purchases volume



Total water consumption (cubic meters)



## OUR COMMUNITY

### Our Focuses in Connecting Communities

#### Contributing to a Loving Community

##### Oxfam Trailwalker 2023

HFT sponsored and participated in Oxfam Trailwalker.

##### Skip Lunch Day 2023

HFT donated 17,000 food coupons, which raised over HK\$1.1 million for the Community Chest of Hong Kong.

##### Sending Warmth and Kindness to Turkey – Collecting Relief Supplies

HFT opened all of its 100+ HFT stores to collect earthquake relief supplies. Over 5,600 boxes of supplies were collected from the public in 2 days.



#### Treasuring our Environment

##### Earth Hour 2023

To raise awareness of climate change by displaying the poster in store.

##### Plastic Reduction Initiative

HFT signed the Environmental Protection Pledge with MTR.

##### Plastic Bottles Recycling

HFT is one of the sponsors of the trial bottle recovery scheme.



#### Contributing to a Loving Community

##### Health and Wellness Workshop Series

HFT held a series of workshops covering both physical and mental health.



#### Driving Inclusion

##### Sponsoring and Participating in Barrier Busters 2023

Allowing the public to personally experience the challenges faced by people with disabilities and long-term illnesses.

##### Sponsoring Hong Chi Climathon 2023

HFT sponsored Hong Chi Climathon 2023 which was held to support people with intellectual disabilities while promoting social integration.

#### Entrepreneurship and Innovation

##### Expansion of Ambient Products

Introduced a range of convenient, on-the-go ambient products and tapped into the souvenir market.

##### "No Additives" Pet Food Series

Introduced the "No Additives" pet food series. Two HFT Life stores were designated as "Pet-Friendly" with signage, welcoming customers to bring their pets.

