Business with Higher Purpose

Ricky Szeto

Our Core



Naturally Made, Wholeheartedly Good "真心製造 自然流露"

No added MSG and Preservatives Quality and Reliable Ingredients Cultivate Cultivate Chinese Herbal Culture Made Feel

Our Story Begins in 1986...

Opened first herbal tea shop under the "Hung Fook Tong" name in Kwai Chung, Hong Kong



....Turns a New Page in 2014



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

(Stock Code: 1446)



Leading the industry with continuous breakthroughs





* According to the number of retail shops in May 2019

ESG of Hung Fook Tong

Herbal Lifestyle Sustainable Future



ESG Disclosure

• Comply with HKEx Listing Rule Appendix 27 " Environmental, Social and Governance (ESG) Reporting Guide"



2016 ESG report

2017 ESG report

ESG integration in Business Strategies

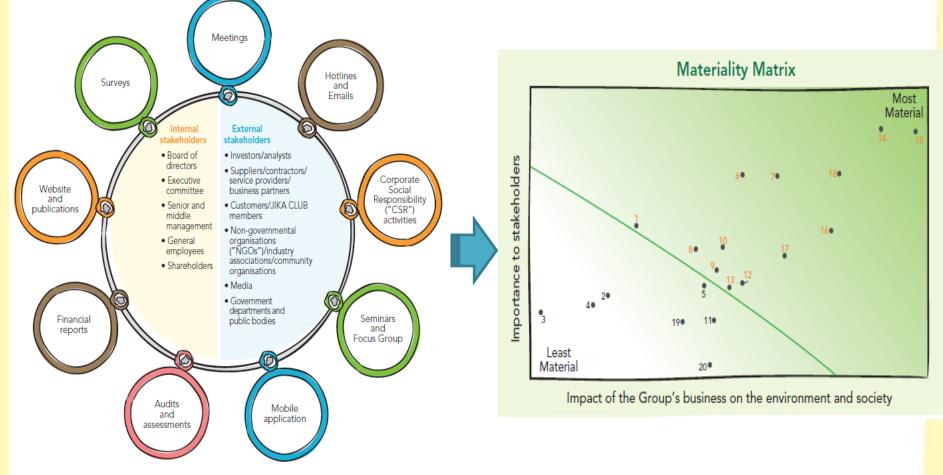


Reporting Principles



Materiality Assessment

- Identify material issues through stakeholder engagement
- Help the Group review potential risks and business opportunities



Regular communications with Stakeholders

Materiality Analysis

Quantitative Data & Consistent Methodology for Meaningful Comparison

Year	Consumption of office paper	Packaging materials (plastic) ³	Packaging materials (carton) ³	Water consumption	Natural gas consumption
2017	8,512 kg	329.1 tonnes	57.4 tonnes	106,313 m ³	34,735 GJ
2016	Not available	Not available	Not available	262,961 m ³	33,633 GJ (i.e. 863,924 m³)

SOCIAL PERFORMANCE

1,059 Full-time Total workforce Part-time 97 1,156 Total Total workforce by gender, Gender 41 to 50 30 to 40 Above 50 Under 30 Total age group and region ratio Male 46 41 23 36 Hong Kong 891 195 169 247 134 Female 1:2.13 Male 103 91 28 1 Mainland China 265 (male to 9 7 Female 25 1 female) Male 149 132 51 37 369 Total 220 178 254 135 787 Female 369 310 Total (by age group) 305 172 1,156

Total workforce by employment level ²¹		Under 30	30 to 40	41 to 50	Above 50	Total
Marana Balana	Male	0	3	3	9	27
Manager & above	Female	0	4	6	2	21
Deputy Manager &	Male	1	17	8	4	50
Assistant Manager	Female	0	13	3	4	
Senior Officer & Officer	Male	12	28	8	6	135
Senior Officer & Officer	Female	41	24	12	4	135
Assistant Officer &	Male	136	84	32	18	944
general employee	Female	179	137	233	125	944

ENVIRONMENTAL PERFORMANCE

Wast

	Туре	Emissions (kg)			
		2017	2016		
Air emissions	Nitrogen oxides ¹²	1,229.8	Not available		
	Sulphur oxides ¹³	1.9	Not available		
	Particulate matter ¹⁴	26.8	Not available		
	Scope	Emissions (tor	nnes of CO ₂ -e)		
		2017	2016*		
	Scope 1: Direct emissions ¹⁵	3,678	1,734		
	Scope 2: Energy indirect emissions ¹⁶	5,924	3,365		
GHG emissions	Scope 3: Other indirect emissions ¹⁷	51	112		
	GHG emissions in total (Scope 1, 2 and 3)	9,653	5,211		
	GHG intensity (tonnes of CO2-e/HK\$1,000 revenue ¹⁸)	0.013	0.007		
	_				
	Туре	Amo	ount		
		2017	2016		

	Туре	Amount		
		2017	2016	
ite .	Hazardous waste (tonnes)	Not applicable		
	Intensity of hazardous waste (tonnes/1,000 pieces of products)			
	Non-hazardous waste (tonnes)	1,904	1,468	
	Intensity of non-hazardous waste (tonnes/1,000 pieces of products)	0.13	Not available	

Creative & Green

- Herbal tea grounds → natural handmade soaps (涼茶渣再生手工皂)
- Pop-up store @PMQ → promote the benefits of up-cycling





GREENSEED

- An energetic committee to promote a healthy and sustainable lifestyle namely "GREENSEED"
- Organizes various programmes to raise the awareness of a healthy diet and lifestyle among our staff and the general public in large such as 著綠有著「素」,咖啡渣磨砂工作坊,舊TEE 變身環保袋工作坊 etc



ESG Integration

1 Green Finance: Meaning

Definition of Green Finance (IDFC):

The International Development Finance Club (IDFC) defines green finance as financial investments flowing into sustainable development projects and initiatives, environmental products, and policies that encourage the development of a more sustainable economy

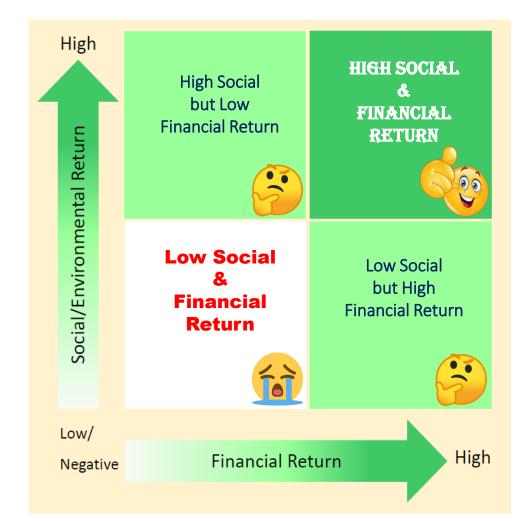


In June 2007, the European Investment Bank issue the world's first <u>labelled</u> green bond – a 600 million Euro-dollar transaction labelled a 'Climate Awareness Bond'

Measuring ESG performance: A benchmarking issue

The Key Challenges:

- Quantify Social Return using scientific or systematic KPIs.
- Integrate Social and Financial Return into a composite performance indicator.
- Large scale research to profile ESG preference in terms of utility function is needed to form a scientific database to construct benchmarks related to ESG investments.





Corporate Social Responsibility (CSR)

 Doing Well by Doing Good (Mark Kramer)

Good Corporate Citizen

(Michael Porter)



Stages : Defensive, Charitable, Promotional & Strategic



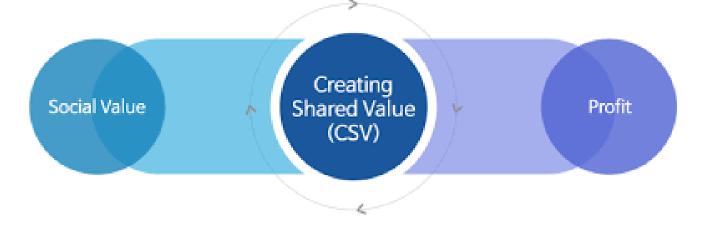
Transformative

• CSR 3.0

Sustainable Development of Companies and Society and Overcome Societal Issue

Creating Shared Value (CSV)

- CSR is about Responsibility
- CSV is about Creating Value



"..... Shared value is a logical progression from CSR, because incomes are raised for everyone, not through charity and by a being a "good corporate citizen," but by "being a better capitalist – it's a win-win."

Michael Porter



- CSV concept supersedes CSR for it is a way for corporations to sustain in the competitive capitalistic market
- CSV is internally generated not confined to financial budget as CSR
- Vision for growth

