



## **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)*

**(Stock Code: 1446)**

### **CLIMATE CHANGE POLICY**

Hung Fook Tong Group Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") acknowledge that climate change brings risks and opportunities to its business and operations. The Group is committed to identifying and managing climate-related impacts and risks on business operations and financial impacts. The policy covers the Group's management approach on governance, mitigation, adaptation, resilience and disclosure in response to climate-related issues. This policy applies to the Group's factories and offices, business units and employees.

#### **OBJECTIVE**

- Provide regular climate change training to the Company's Board of Directors (the "**Board**"), management and relevant employees to keep abreast of global and local climate-related trends and to ensure that policies and measures are effective in addressing climate-related risks and opportunities;
- Gradually integrate climate-related considerations into the Group's overall business strategy.

#### **GOVERNANCE**

- The Board is at the highest level of decision-making on climate-related issues;
- The Company's Environmental, Social and Governance Steering Committee (the "**ESG Steering Committee**") is responsible for supporting the Board in managing the policy and corresponding initiatives.

#### **MITIGATION**

- Set long-term targets to reduce the carbon footprint by limiting temperature increases to within 1.5°C above pre-industrial levels, in line with the Hong Kong Government's goal of achieving carbon neutrality by 2050;
- Set short-term targets, including emissions reduction, energy efficiency and water efficiency targets;
- Establishing a comprehensive data system to serve as the basis for carbon emissions management;
- Consider climate change in the procurement process and establish a list of lower-carbon products to facilitate the procurement of low-carbon products;
- Proactively explore opportunities to use renewable energy in operations to further reduce carbon emissions from the use of fossil fuels;
- Encourage employees and suppliers to reduce carbon emissions in their daily business activities.

## **ADAPTATION**

- Regularly assess the physical climate-related risks and opportunities, including temperature change, sea level rise, extreme weather events, to ensure that management practices, including supply chain management, adapt to climate change in a timely manner;
- Regularly assess the transition climate risks, including market, reputation, technology and policy and regulation, associated with the transition to a lower carbon economy and, from these, identify the opportunities for the Group during the transition;
- Incorporate climate-related risks (both physical and transition) into the Group's risk management system to manage the operational and financial impacts of climate change on the business;
- Develop emergency response plans to address the climate-related impacts, and conduct emergency drills and enhance emergency awareness training for personnel;
- Conduct corporate level climate scenario analysis to understand the impact of the Group's exposure to different climate scenarios.

## **RESILIENCE**

- 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 factory, examining potential climate-related risks and formulating climate action plans to strengthen the Group's resilience.

## **DISCLOSURE**

- Disclose information on timely basis on the Company's website on matters related to the management of climate change;
- Report in the Group's Environmental, Social and Governance Report on the approach, measures and progress in enhancing our ability to cope with climate-related risks;
- Maintain active communication with stakeholders to enable timely adjustment and refinement of existing initiatives.

The policy was approved by the Board on 7 December 2021. The ESG Steering Committee will work closely with the business units to oversee and implement the policy and report to the Board. The policy is regularly reviewed by the Board and will be revised as necessary.

*Note: If there is any inconsistency between the English and Chinese versions of this Policy, the English version shall prevail.*

*7 December 2021*