



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)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

1. INTRODUCTION

Hung Fook Tong Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) takes its corporate social responsibility to heart, and is fully committed to contributing and making a difference for the community, employees and the common good. As a responsible corporate citizen, the Group recognizes that creating long-term value for all our key stakeholders is most important to the Group’s sustainable development. Since the establishment, the Group has performed different activities caring the environment, employees and the community, embracing good practices and going to great lengths to achieve optimal balance in economic, environmental, social and corporate governance whilst conducting our business operations to satisfy our stakeholders.

2. SCOPE

The policy sets out the framework for managing our environmental, social and governance commitments. It applies to the Group's factories and offices, business units and employees, but not to business partners, suppliers, independent contractors or self-employed employees who operate their own professional or business activities.

3. ENVIRONMENTAL

The Group endeavors to protect the interior environment in our factories, offices, retail stores, warehouses and to educate our employees to implement environmental protection measures so as to save energy, reduce wastage and promote recycling. We support and contribute to environmental protection activities:

- (a) Implementation of energy saving and environmental protection measures in the workplace. The Group provides collection bins for paper reuse and recycling; installs a machine compressing plastic bottles and aluminum cans for recycling; and reminds all employees to turn off air conditioners, lights and other office equipment after work.

- (b) Implementing energy saving measures in the factories, offices, retail stores, warehouses and interior areas, such as the use of LED lighting and equipping the refrigerators with sliding doors or plastic curtains in order to minimize energy wastage.
- (c) Timely and prudent development and adoption of efficient and value-added technologies and processes to continuously improve the production process, including packaging materials and plastic bottles, to reduce the impact on the environment.
- (d) Using environmental friendly equipment for waste treatment and recycling in the factories.
- (e) Trying the best endeavours to reduce carbon emissions in response to global emission standards in order to avoid catastrophic consequences of climate change.
- (f) Effective and prudent use of fuels, water and other natural resources.
- (g) Launching and promotion of e-coupons to reduce the use of paper coupons/vouchers to promote "paperless" transactions.
- (h) Active participation with environmental friendly initiatives, such as food waste recycling, surplus food donation and recycling of tortoise herbal jelly containers.

4. SUPPLIERS, CUSTOMERS AND THE PUBLIC

The Group supports fair trade, it considers and cooperates with suppliers that are accredited with observing fair trade practices by the World Fair Trade Organization in the procurement process, to encourage better trading conditions and promoting sustainability among the Group's business partners.

Food safety is the first priority to the Group. In order to assure the provision of safe and reliable food products to the public, it maintains stringent quality control and safety assurance systems that implements various measures to ensure food safety and production facilities compliant with internationally recognized standards.

In order to satisfy different customer needs and continuously promote traditional Chinese herbal culture as well as modern health concepts to enhance public health, the Group continues to develop and improve our products and implement various measures to enhance customer satisfaction with the products and follow up with customers' feedbacks and comments with a standard procedures. Meanwhile, we pay great attention on our members, conducts regular surveys for their experiences and comments and provides them exclusive privileges and services.

5. CORPORATE SOCIAL RESPONSIBILITIES

The Group is fully committed to bringing positive influence to its employees, community and the public.

EMPLOYEES

The Group provides a safe and healthy working environment to employees and makes effort on prevention of work-related accidents, injuries and physical or mental illnesses; ensures compliance with relevant employment regulations and contracts; respects internationally recognized human rights; implements governance practices and disclosure of senior management's compensation. The Group's employees comes from different locations and backgrounds, regardless of race, gender, religion or physical condition. The Group implements measures to ensure equal opportunities and a zero-discrimination, zero-harassment working environment to promote gender balance and support the social and economic potential of women and people with intellectual disabilities.

To retain talents, the Group also offers competitive, fair and equitable remuneration and benefits to the employees including additional festive leaves and staff discounts, so that they can maintain work-life balance under the family-friendly policies, reasonable working hours and generous holidays. Meanwhile, the Group promotes life-long learning of employees, offers and advocates various trainings enabling them to enjoy and gain a sense of accomplishment, and also enhances their skills and knowledge.

COMMUNITY INVOLVEMENT

The Group concerns about the health, safety and development of the community. We actively participate various charitable and cultural activities through various channels, such as sponsoring and supporting different institutions and their activities. The Group also encourages the employees to participate in these community activities, triggers to positive influence to the society, to understand the social vulnerable groups' needs, to improve their quality of life, to alleviate poverty and promote the community pluralism and harmony.

6. OPERATING PRINCIPLES

The Group fully complies with the laws and regulations of the jurisdiction in the community and is committed to adoption of relevant international best practice principles for ethics, governance, public communications, transparency and sustainability.

7. CORPORATE GOVERNANCE

The Board of Directors (the "Board") of the Company is committed to maintaining the highest possible standards of corporate governance, and strives to transparent, responsible and value-driven management practices that will enhance and safeguard the interests of shareholders. The Board believes that effective and high quality corporate governance is an essential platform for creating value for shareholders, it is committed to continuously reviewing and improving the Group's corporate governance practices, and maintaining the highest standards of ethical corporate behavior across the organization.

The Company has adopted the code provisions set out in the Corporate Governance Code as stated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The corporate governance principles of the Company emphasize a quality board, sound internal controls and risk management, and transparency and accountability to all the shareholders.

8. ASSESSMENT AND GOVERNING STRUCTURE

The Group shall review the environmental, social and governance practices from time to time and develop benchmarks to ensure compliance with relevant regulations and rules, as well as to evaluate performance in peer or industry peers and identify areas for continued improvement.

The governing structure, goals and objectives of the Group shall be established by the Board. The Environmental, Social and Governance Steering Committee of the Company shall work closely with the business units to oversee and implement the policy and report regularly to the Board.

The policy was confirmed, approved and ratified by the Board on 7 December 2021.

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

7 December 2021