

未來發展控股有限公司 Prosperous Future Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code : 1259



2022

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Prosperous Future Holdings Limited (the “Company” together with its subsidiaries, hereinafter referred to as the “Group”) is pleased to present our Environmental, Social and Governance Report (the “Report”) for year ended 31 December 2022 to provide an overview of the Group’s management of significant issues affecting the operations, including environmental, social and governance (“ESG”) issues. Both English and Chinese versions of this Report are available on the Company’s website at www.pfh.hk. If there is any conflict or inconsistency, the English version shall prevail. For the corporate governance section, please refer to the Group’s 2022 Annual Report on page 21 to 44 therein.

Statement of the Board of Directors

The Group places business sustainable development at the top of its long-term development goals, and incorporates climate-related issues and environmental, social and governance elements into its long-term planning of business strategies. Taking the most important leadership role of the Group, the board of directors (the “Board”) of the Company has overall responsibility for supervising and directly managing the Group’s ESG issues and progress. The Board considers and evaluates various stakeholders’ concerns and interests by materiality assessment to determine the group’s ESG management approach, strategy, priorities, and objectives.

The Group has set clear and definite short-term and long-term sustainable development goals, and is making continuous progress in emission reduction under the requirements of local governments. Emission reduction goals and strategies have been established. Sustainable development factors have been incorporated into the Group’s strategic planning, business model and other decision-making processes. The Board regularly inspects and reviews management effectiveness, including reviewing the Group’s ESG performance and adjusting corresponding action plans.

The Group endeavours to ensure its risk management and internal control systems are appropriate and effective for identifying and assessing ESG and climate-related risks and opportunities, and responding to the challenges and impacts of different times. In the future, the Board will continue to review and monitor the Group’s ESG performance, provide stakeholders with important, reliable, consistent and comparable ESG information, and make our society and environment better and greener.

ESG Structure

The Group keeps integrating ESG factors into its operations, in order to create sustainable value for its stakeholders and fulfil its responsibilities as a corporate citizen. The executive directors are responsible for formulating ESG management policies, strategies, goals, and annual reporting and promoting related implementation. They also identify, evaluate, review, and manage major ESG issues, risks and opportunities while other departments are responsible for organizing, promoting, and implementing various ESG related tasks under the Group’s ESG management policies and strategies. All performance and relevant recommendations will be reported to the Board on a regular basis.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continued)*

The Board is responsible for developing the Group's sustainable development strategy and emission reduction goals, assessing actual and potential climate-related risks and opportunities that affect the Group's operations, and ensuring the appropriateness and effectiveness of the Group's ESG management and internal control systems. The management is responsible for reviewing the risks in these areas and the effectiveness of the internal control system and reporting to the Board.

Reporting Period

This Report illustrates the Group's policies and performance regarding the environmental and social aspects from 1 January 2022 to 31 December 2022 (the "Reporting Period").

Reporting Scope

As the segment in relation to Provision of Food and Beverage Service accounts for the most significant part of the Group's revenue, as well as its impacts on stakeholders, it is covered in the current year as the core business of the Group in our scope of reporting by the Group as we consider that as material unless otherwise specified. Revenue from the aforementioned segment in Hong Kong accounted for approximately 84% of the total revenue of the Group during the Reporting Period. The Group will keep assessing major ESG aspects of different businesses and major subsidiaries to determine whether covering such in the ESG report. The scope of this Report is different from that of the ESG report in previous year as the scope of the ESG report in previous year mainly covered the manufacturing and sale of personal care products business of the Group, which was disposed during the Reporting Period. As a result, the previous year scope concerning manufacturing and sale of personal care products is considered irrelevant by the Group.

Data Collection and Confirmation

This Report is prepared based on the official documents, statistical data and management and operation information of the Group. The Group has internally reviewed the disclosed information to ensure its accuracy, completeness, and compliance with the ESG Reporting Guide, so that this Report can fairly reflect the overall situation. This Report was reviewed and approved by the Board on 24 March 2023.

Reporting Basis

This Report is prepared in accordance with the Appendix 27 "ESG Reporting Guide" of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Group has complied with the mandatory disclosure requirements and the "comply or explain" provisions set out in the Listing Rules. The key performance indicators ("KPIs") considered material in this Reporting Period by the Group are disclosed in this Report. The Group will continue to optimize its disclosure KPI. The content of this Report follows the four reporting principles of "Materiality", "Quantitative", "Balance" and "Consistency".

Reporting Principles	Interpretation	The Group's Application
Materiality	The report should disclose an organization's aspects that have significant impacts on the environment and society, or on stakeholders' evaluation on the organization and their decision-making.	The Group conducts questionnaires to understand stakeholders' expectations. The Group identifies and reports its material sustainability issues based on the results of the questionnaires.
Quantitative	The KPIs disclosed in the report shall be calculable and comparable where applicable.	Under feasible situations, the Group records, calculates and discloses quantitative information and compares it with previous performance.
Balance	The issuer should objectively and truthfully report its ESG performance in the current Reporting Period.	The Group follows the principles of accuracy, objectivity, and fairness to report its achievements and challenges in sustainable development.
Consistency	The ESG report should be prepared in a consistent manner, and the KPIs therein should be comparable to understand corporate performance.	The Group ensures consistency in report preparation and manages its ESG data for future comparison.

Contact Information

The Group welcomes your feedback on the Report for our sustainability initiatives. Please contact us by email to ir@pfh.hk.

Sustainability Vision and Focus

The Group takes an integrated approach to sustainability, incorporating environmental and social considerations into our decision-making and actions. We focus on minimizing the impact of our operations in Hong Kong on the environment and creating positive impact in the community through our business. We are guided by a set of core sustainability values and an effective governance structure.

The Group believes that promoting sustainability is as important as achieving medium and long-term business growth. It has therefore made continuous efforts to maintain a high level of sustainability in its Group office & the subsidiaries in Hong Kong. Moreover, it values opportunities to learn more about the needs and expectations of the communities in which it operates, as well as those of other stakeholders.

STAKEHOLDERS ENGAGEMENT

Stakeholders engagement is an integral part of our business development and commitment to corporate sustainability. We develop medium and long-term relationships with stakeholders and consider their views on our business development through various formal and informal, independent and internal stakeholders engagement exercises.

Through these stakeholders engagement exercises in the Report and regular exchange activities, we are able to keep an ongoing dialogue with our stakeholders, which allows us to make more informed decisions, and better assess and manage any resulting impact.

(1) Investors and shareholders

- Annual General Meeting
- Investor briefings and press conferences
- Face-to-face meetings
- Conference calls
- Corporate website

(2) Customers

- Email and customer service hotline
- Complaint handling mechanism
- Regular meetings
- Sale representatives' visits
- Corporate website

(3) Business partners

- Face-to-face meetings
- Individual interviews
- Briefings and seminars

(4) Suppliers

- Face-to-face meetings
- Daily work review
- Supplier evaluation
- Individual interviews

(5) Employees

- Training, seminars, briefings
- Social club activities
- Face-to-face meetings
- Independent focus groups and interviews
- Recreational and volunteering activities

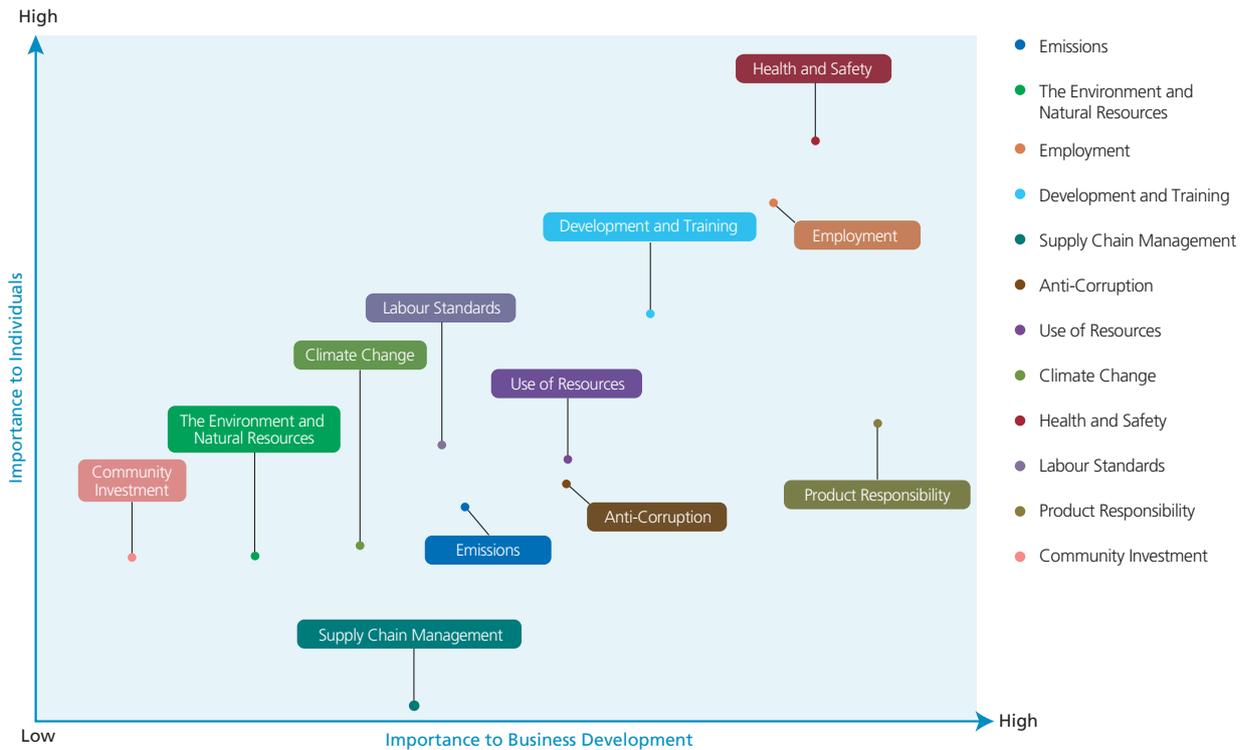
(6) Communities

- Employee volunteering activities
- Organization of public events
- Individual interviews

EVALUATION OF MATERIAL SCOPE

In order to better understand the opinions and expectations of stakeholders on our ESG performance, the Group conducted a systematic annual assessment of the material scope and invited stakeholders related to the Group to participate in materiality surveys, rated potential material issues, and referred to the Group’s business development strategies and industry practices. The Group analyzed the materiality survey results into a materiality matrix. The identified material issues and stakeholder concerns were reviewed and discussed with the management, and are disclosed in this ESG report. For this Reporting Period, the Group’s materiality matrix is as follows:

Materiality Matrix



ENVIRONMENTAL ASPECTS

The Group is committed to protect the environment. Environmental impacts are considered very seriously during our decision-making processes. The Board has overall responsibility for group-wide environmental considerations, while each business segment has its own responsibility to implement appropriate environmental measures. The Group strives to protect the environment and achieve sustainable development of the Group and environment. In general, as a food and beverage importer and distributor with the operating activities at office premises, the Group focuses on commitments of emissions and the use of resources while there are no significant direct impacts on the environment or climate-related issues.

A1 Emissions

The Group primarily acts as an importer and distributor of frozen food and beverage products, such as frozen meat and poultry. The Group integrates environmental concerns into its decision-making processes and considers potential positive and negative environmental impacts of its businesses.

Given the business nature of the Group, the Group believes that there are only minimal direct environmental impacts in its operations. Nevertheless, the Group continues to stay alert to the potential environmental impacts and enhance its environmental governance practices and mitigate potential environmental impacts caused by its operations.

On the other hand, the Group is committed to raising employees' environmental awareness and complying with relevant environmental laws and regulations. In the long run, the Group will continue to enhance its environmental management strategies regularly in monitoring and minimizing the environmental impacts brought by its businesses. As such, during the Reporting Period, we have set preliminary directional targets in reducing greenhouse gas ("GHG") emission, energy consumption and waste production. We will review its progress and explore more opportunities to set diverse environmental protection goals. In the future, we will develop more specific quantitative environmental goals to nurture the environment and cherish natural resources. The Group will strive to achieve the targets by implementing appropriate measures in its operation. The following table summarises the directional targets established by the Group:

Environmental aspects	Targets
Greenhouse Gas Emissions	– The Group implements electricity-saving plan and measures in order to maintain or reduce the intensity of greenhouse gas emissions.
Energy Conservation	– The Group implements electricity-saving plan and measures in order to maintain or reduce the intensity of electricity consumption.
Waste Production	– The Group implements the material-saving plan and measures in order to maintain or reduce the intensity of waste production.

For each target established, the corresponding measures to achieve such target will be disclosed in the sections of “Emissions” and “Use of Resources”.

During the Reporting Period, the Group did not have any violation of relevant local environmental laws and regulations in relation to exhaust gas and GHG emissions, water and land discharge, and the generation of hazardous and non-hazardous wastes, including but not limited to the Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong) that have a significant impact on the Group.

Exhaust Gas Emissions

As the Group’s operation mainly focuses on import and sale of frozen food and beverage products, no material emissions of nitrogen oxides (“NOx”), sulphur oxides (“SOx”) and particulate matters (“PM”) were identified during the Reporting Period.

GHG Emissions

The principal GHG emissions of the Group is energy indirect GHG emissions from purchased electricity (Scope 2) due to the use of lighting systems, air-conditioning and office equipment as well as the use of office paper in the course of office operation. Consumption of electricity is accounted as the most significant source of indirect GHG emissions. The Group has implemented measures as stated in the section headed “Use of Resources” of this ESG Report, in order to reduce energy consumption, and thereby minimizing carbon footprint.

Through these GHG emissions mitigating measures, the employees’ awareness on GHG emissions mitigation has been enhanced. During the Reporting Period, the performance summary of GHG emissions of the Group was as follows:

Type of GHG Emission	GHG Emission
	2022 Equivalent CO ₂ emission (tonne)
Scope 1 Direct emissions	–
Scope 2 Indirect emissions	6.40
Total	6.40
Intensity (tonne/revenue HK\$ Million)	0.01

Notes:

1. GHG emission is calculated based on the Greenhouse Gas Protocol jointly developed by World Resources Institute and World Business Council for Sustainable Development, ISO14064-1 formulated by the International Standardization Organization, the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for buildings (Commercial, Residential or Institutional Purpose) in Hong Kong prepared by Environmental Protection Department (EPD) and the Electrical and Mechanical Services Department (EMSD) of Hong Kong.
2. Scope 1: Emissions mainly directly produced by the Group.
3. Scope 2: Emissions mainly produced from the generation of purchased electricity consumed by the Group.
4. Scope 3 is not disclosed as the corresponding emission is not material to the Group.
5. The scope of this Report is different from that of the ESG report in previous year as the scope of the ESG report in previous year mainly covered the manufacturing and sale of personal care products business of the Group, which was disposed during the Reporting Period, thus the data for the Corresponding Period is not available and comparable.

Waste Treatment

The Group did not generate hazardous wastes due to its business nature. In case there is any hazardous waste produced, the Group would engage a qualified chemical waste collector to handle such waste, which is complied with the relevant environmental regulations and rules.

The Group's wastes mainly come from office operation, including non-hazardous wastes such as paper. With the aim of minimizing the environmental impacts from non-hazardous wastes generated from its business operations, the Group has implemented measures to handle such wastes and launched different reduction initiatives.

- Used double sided printing or photocopying wherever possible;
- Utilized electronic media for communication;
- Recycled one-sided printed paper; and
- Avoided single-use disposable items.

The Group is in the process of arranging and assigning responsible departments and personnel in quantifying the non-hazardous waste generated, and looking forward to disclosing such data in the coming financial year.

A2 Use of Resources

Responsible use of resources is one of the Group's missions in achieving sustainability. During the Group's operations, electricity is frequently consumed. In order to optimize the Group's resource usage, it has established relevant procedures in governing the efficient use of resources, implemented initiatives to increase energy efficiency, and adopted eco-friendly approaches in its operations. The Group will also learn from the best practices in the industry in order to improve its environmental performance for use of resources.

Energy Consumption

The major energy consumption of the Group in daily operation is electricity consumption.

Since energy consumption accounts for the major resource consumption in the Group, it aims to identify and adopt appropriate measures to minimize its potential environmental impacts. The Group has developed related procedures and initiatives on energy conservation to show its concern on energy efficiency. Regular review is conducted on its energy objectives and targets to seek continuous improvement in the Group's energy performance. Unexpected high electricity consumption will be investigated to find out the root cause and preventive measures will be taken.

During the Reporting Period, the Group has performed the following measures relating to promote and enhance energy efficiency:

- Raised energy saving awareness among employees with posters;
- Gradually replace obsolete equipment with new energy-efficient certified equipment;
- Turned off all unnecessary lights, air conditioners, computers and other office equipment in office areas, conference rooms and corridors when they are not in use to avoid waste of electricity;
- Regulated the use of air conditioners strictly to prevent waste of electricity;
- Turned off computers (host and monitor) when employees go out for a long time, and switched computers to standby or sleep mode when employees go out for lunch; and
- Enhanced the maintenance and overhaul of equipment, maintain the best condition of all electronic equipment for efficient use of electricity.

As a result, the employees' awareness towards energy conservation was increased through these energy-saving measures.

The energy consumption performance of the Group during the Reporting Period was summarised as follows:

Type of Energy	Energy Consumption
	2022 Energy consumed (kWh in '000s)
Purchased electricity	17.29
Total	17.29
Energy Intensity (kWh in '000s/revenue HK\$ Million)	0.04

Notes:

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Water Consumption

Water consumption of the Group is mainly for daily consumption needs of employees in the course of office operation. The Group has been vigorously advocating for water conservation, encouraging all employees to develop a habit of water conservation, and guiding employees to use water reasonably. In order to improve our water efficiency, the Group has taken the following measures:

- Encouraged staff to reduce water wastage, for example, by not running water taps in tea rooms and toilets;
- Fixed dripping taps immediately; and
- Reduced water pressure to the lowest practical level.

With the above measures, the Group is able to raise employees' awareness on water conservation. We operate in leased office premises of which water supply and discharge are controlled by building management who considered provision of water usage data to individual occupant not feasible. The Group therefore did not set quantitative target for water efficiency as it is considered immaterial and the relevant data is not available.

Regarding the usage of water, the Group did not encounter any problems in sourcing water that is fit for its purpose.

Use of Packaging Materials

During the Reporting Period, the Group had not consumed significant packaging materials due to our business nature.

A3 The Environment and Natural Resources

The Group raises staff's awareness on environmental issues through education and enlists employees' support in improving the Group's performance, promotes environmental awareness amongst the customers, business partners and shareholders, supports community activities in relation to environmental protection and sustainability, and evaluates and monitors regularly the impact of past and present business activities impacting upon health, safety and environmental matters. With the integration of policies and impacts of the Group's activities on the environment and natural resources mentioned in the aforesaid sections headed "Emissions" and "Use of Resources" of this ESG Report, the Group strives to minimize the impacts to the environment and natural resources. The principal business activities of the Group do not have a significant impact on the environment and natural resources.

A4 Climate Change

Climate change has caused frequent extreme weather and has an impact on the business operations of the Group. Therefore, the Group has formulated working mechanisms to identify, prevent and mitigate climate change issues that may have a significant impact. At the same time, we would adjust the use of resources and energy. In response to disasters and accidents which are easily induced by extreme weather, we always enhance the capability to the disaster response.

Physical Acute Risk

The Group identified extreme weather such as typhoons, heavy rain and flooding that can cause physical acute risk. The potential consequences include delivery or shipment delay as well as even damage to employees' health and life. The above potential consequences will cause economic losses to and increase operating costs of the Group.

The Group has established different measures as below to prevent and minimize the negative effect of extreme weather.

Extreme weather	Preventative and mitigation measures
Typhoons	<ul style="list-style-type: none"> – Close office operations with advance notice – Inform staffs to stay home if Typhoon Signal No.8 is hoisted during working hours – Inform and negotiate with clients and suppliers regarding potential shipment delays in advance
Heavy rain and flooding	<ul style="list-style-type: none"> – Inform staffs to stay home if Black Rainstorm Warning is hoisted during working hours – Require staff who are already at work should stay where they are unless it is dangerous to do so

Physical Chronic Risk

The Group has identified extreme weather such as extremely hot weather which can cause physical chronic risk. The potential consequences include a higher chance of getting heatstroke for employees, increasing turnover rate and work-related injuries. The demand for cooling for the working environment will be increased, which may lead to an increase in power demand and operating costs of the Group.

The Group has established different measures as below to prevent and minimize the negative effects of extreme weather.

Extreme weather	Preventative and mitigation measures
Extremely hot weather	<ul style="list-style-type: none"> – Keep a First-aid kit convenient – Keep cold water available 24 hours a day

Transitional Risk

The Group has identified related matters such as the tightened laws and regulations imposed by the government which can cause transitional risk. The potential consequences include a higher chance of breach of relevant laws and regulations.

The Group has established different measures as below to prevent and minimize the negative effects of transitional risk.

Climate-related risks description	Preventative and mitigation measures
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Legal risk

<p>We have to adapt the tightened law and regulations imposed by the government or any regulatory bodies due to climate change, as well as bear the risk of potential litigation once we fail to obligate the new regulations.</p>	<ul style="list-style-type: none"> – Monitored the updates of environmental laws and regulations in advance – Continued monitoring of the ESG reporting standards of the Hong Kong Listing Rules
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Market risk

<p>More customers are concerned about climate-related risks and opportunities, which may lead to changes in customer preference.</p>	<ul style="list-style-type: none"> – Fulfilled the climate-related regulations by the government or any requirements by our customers – Prioritize the climate change as a high concern in the market decisions to show to the clients that the company is concerned about the problem of climate change
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SOCIAL ASPECTS

B1 Employment

The Group believes that employees are the most valuable wealth and resources, and that they are the driving force for corporate growth. So, the Group is committed to providing employees with a diverse working environment with equal opportunities and inclusiveness, so as to attract and retain suitable talents in a highly competitive labour market to maintain the Group's competitiveness in the industry. The Group continuously evaluates the available manpower and determines whether additional manpower is required to support its business development. The Group's employee handbook sets out criteria for recruitment and onboarding, attendance and leave, compensation and performance, training and development, resignation and dismissal, and other benefits and welfare.

The Group keeps caring its employees with sincerity. Apart from the welfare stipulated by laws, the Group also provides other benefits and welfare to fulfill its social responsibilities. The Group prohibits discrimination and has formulated the policy on equal employment opportunities, which makes it clear that employees should not be treated unfairly due to personal characteristics such as age, gender, marital status, religion, nationality and pregnancy. Opportunities for promotion, internal transfer and recruitment should be provided on an equitable basis. At the same time, the Group emphasizes to build a culture of diversity, and actively recruits employees with different backgrounds, which will enable the Company to develop into a diversified and integrated big family. The Grievance Procedure was established by the Company to provide guidance and channels for employees to complain to human resources department.

The Group was not aware of any material non-compliance with related laws and regulations during the Reporting Period, including but not limited to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong).

Below is a detailed breakdown of employees by gender, age group, employment category, geographical region and employment type under our reporting scope as at 31 December 2022:

	2022	
	Number of employees	% of total
By gender		
Male	13	68
Female	6	32
Total	19	100
By age group		
30 or below	3	16
31-40	7	37
41-50	6	31
51 or above	3	16
Total	19	100
By employee category		
Normal	6	32
Supervisor	3	16
Middle	8	42
Senior	2	10
Total	19	100
By geographical region		
Hong Kong	19	100
Total	19	100
By employment type		
Full-time	19	100
Part-time	–	–
Total	19	100

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continued)*

Notes:

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During the Reporting Period, the table below shows the employee turnover rate of the Group by gender, age group and geographical region, respectively. The turnover rate is defined by the categories of employees leaving employment divided by the average number of employees in these specified categories.

	2022
Employee turnover rate by gender (%)	
Male	15
Female	31
Employee turnover rate by age group (%)	
30 or below	33
31-40	25
41-50	18
51 or above	–
Employee turnover rate by geographical region (%)	
Hong Kong, PRC	21

Notes:

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B2 Health and Safety

Environmental, Health and Safety

The Group is committed to providing and maintaining a safe and healthy working environment for the benefit of employees and suppliers. Section in relation to Health and Safety was incorporated in the Employee Handbook, in which the Group is committed to provide, with the assistance of employees, a working environment that protects the health and safety of each employee. The Group will continue to invest sufficient resources and devote efforts to maintain and enhance safety management to reduce the risks involved in health and safety.

In order to enhance the safety awareness of employees, we provided our new employees the Employee Handbook, summarizing health and safety guidelines, including Adverse Weather Arrangement, Alcohol and Drug Use Policy, Accident at Work, Fire, etc., to enhance the safety awareness of employees.

During the Reporting Period, the Group was not aware of any material non-compliance with health and safety-related laws and regulations including but not limited to the Occupational Safety & Health Ordinance (Chapter 509 of the Laws of Hong Kong), that would have a significant impact on the Group. During the past three years including the Reporting Period, there were no work related fatalities and lost days due to work injuries. The Group has established an internal management team responsible for monitoring the implementation of the aforementioned occupational health and safety policies and measures.

Response to the COVID-19 Pandemic

To cope with the COVID-19 pandemic, the Group has set up special work arrangement plan and adopted enhanced health and anti-pandemic measures in its premises to minimise disruption brought by the pandemic to its operation. To secure employees' health and safety and control the risks arising from the pandemic, the Group has stringently monitored the health and safety inspections, routinely disinfected and maintained the cleanliness of its premises and reminded its employees of personal hygiene and social distance.

B3 Development and Training

An excellent corporate team is critical to the Group's sustainable and long-term business development. Therefore, we establish a long-term talents development training strategy and encourage staff to continue study and lifelong learning. This not only enhances the quality and capability of employees, but also raises the cohesiveness among them, resulting in increased productivity. We provide on-the-job training and mentorship for new hires to help them adapting to the new work environment quickly, and enhance team cohesion. The development and training data was not available during the Reporting Period since currently the routine on-the-job training prevails in the course of daily operation.

B4 Labour Standards

The Group cherishes human rights and prohibits any unethical hiring practices, including child and forced labor. The human resources department of the Group reviews the identity documents of the candidates in the hiring process to prevent employment of child labor. Once violations are found, the Group will seriously follow up and deal with them in accordance with relevant national and local laws and regulations, for example, we will contact its guardian to escort the child home.

Besides, the Group also strictly implements various measures to prevent any form of forced labor, including prisoner, indentured servitude, bonded labor; for example, labor contract is signed by the employee on a fair and voluntary basis, ensure employees do not need to bear any onboarding costs, never deduct wages, benefits or property of employees without reason, detention of employee's identity card or other identification documents is strictly prohibited, any form of physical abuse, assault, body search or insult, or forcing an employee to work by means of violence, threat or unlawful restriction of personal freedom is all forbidden. Employees' consent for work overtime is required to avoid involuntary overtime work, and the employees are compensated as appropriate in accordance with the applicable labor laws and regulations.

The Group and its employees signed labour contracts in accordance with relevant laws and regulations which ensures that employees can resign within the terms of their employment contract to avoid forced labour. For the use of false information or in violation of the provisions of the Group, the Group will terminate the probation period or the labour contract immediately.

The Group strictly complies with relevant laws and regulations including but not limited to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong). During the Reporting Period, we did not identify any issues relating to child labour or forced labour that had a significant impact on the Group.

B5 Supply Chain Management

Ensuring a stable supply and safety of food and beverages is our top priority of the Group's supply chain management during the unprecedented development of the global pandemic. We are committed to upholding the highest quality of food by implementing stringent measures on food sourcing and procurement.

Supplier Selection and Evaluation

The Group highly values its relationship with suppliers and regards them as important business partners. All suppliers are evaluated carefully and subjected to regular monitoring and assessment. The Group has formulated related policies and procedures to manage its suppliers and the policies and procedures are reviewed regularly. In addition, the Group complies with relevant laws and regulations and purchases from suppliers of frozen food that are allowed to enter the market.

The Group has standard procedures in engaging any new suppliers and on evaluating and follow-up with existing ones regarding their performance on meeting the product or service specifications, pricing, meeting delivery lead-time and schedule, as well as responsiveness. As Covid-19 presented unprecedented challenges to our supply chain, we have taken a proactive approach to mitigate any disruption of our supplies. For example, we maintained regular communication with our suppliers to monitor our food source and have established a contingency plan to substitute supplies in our order in case of suspension of frozen food delivery due to unexpected conditions.

The Group would ensure that the procurements are carried out based on the principles of openness, fairness and impartiality to raise efficiency, secure quality, lower risks concerning procurement. The senior management has overall supervision of the procurement process and will regularly carry out supervision and evaluation work, and implement rectification against non-compliance if any.

During the Reporting Period, the Group had 52 suppliers within the reporting scope, which are all subject to supplier engagement practice. The breakdown of the Group's suppliers was as follows:

By Geographical Region	Number of Suppliers 2022
Brazil	29
Hong Kong	8
Netherlands	4
Poland	4
Others	7
Total	52

Notes:

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Environmental and Social Responsibilities of Suppliers

Apart from managing quality and cost, the Group also considers suppliers' environmental and social responsibilities as one of the assessment criteria during its procurement processes. For example, the Group will give priority to companies holding ISO14001 environmental management system certification. The Group maintains close contact with our suppliers and meets regularly to share market information and to ensure compliance with local laws and regulations. Looking forward, the Group will continue to require business partners to attach more importance to the sustainable development performances, to promote the sustainable development of the industry as a whole.

In addition, the Group gives priority to suppliers that use environmentally preferable products and services in the selection process. Furthermore, the Group concerns about the integrity of suppliers, and selects suppliers and partners with a good business track records and without any material violations of laws or business ethics in the past. The Group would not tolerate any behaviours regarding bribery and corruption, and strictly forbid suppliers from obtaining procurement contracts or partnerships through any forms of transfer of benefits or gifts. If any material violations of laws and regulations are found, the Group will terminate the contract with such suppliers.

B6. Product Responsibility

The Group highly values customers' satisfaction and end-users' requirements in its services and products provided. In pursuit of quality excellence, the Group is committed to producing the highest quality food products in a safe and clean environment, adhering strictly to industry hygiene, safety and quality standards.

Quality Assurance and Recall Procedures

The Group highly emphasises on its product quality, especially focusing on food safety and quality management. This year, we continue to operate in full compliance with the Food and Environmental Hygiene Department ("FEHD") related regulations which require periodic inspections. All the food products imported are obtained health certificate issued by an issuing entity recognized by the Food and Environment Hygiene. Each consignment of the frozen food is to be covered by import license issued by the FEHD. The Group only partners with reliable and reputable licensed vendors and suppliers in product sourcing to enforce food safety.

The Group has standard recall procedures for imported food products. All requests for returns or refund will be reviewed on case-by-case basis and subjected to the Group's approval. Qualified third-party quality inspection companies will be engaged to investigate and issue survey report if necessary.

During the Reporting Period, to the best knowledge of the directors, there was no product sold or shipped that is subject to recall for safety and health reasons. Random checks are carried out often to prevent occurrence of such incident.

The Group has complied with relevant laws and regulations including but not limited to the Food Safety Ordinance (Chapter 612 of the Laws of Hong Kong), the Imported Game, Meat, Poultry and Eggs Regulations (Chapter 132AK of the Laws of Hong Kong), the Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong) and the Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong), that have a significant impact on the Group.

Customer Services

To understand our customers' needs and provide products that meet their expectations and standards, the Group has long established procedures to handle customers' feedbacks or complaints in a professional manner. Customers' information will be recorded and enquiries or complaints cases received will be transferred to the Sales Department for further handling. Reviews on feedback or complaints is conducted, and action plans are in place promptly to address the identified issues. Complaint cases and details are documented to reduce the possibility of future recurrence, and feedbacks or complaints may be circulated to management if necessary.

During the Reporting Period, to the best knowledge of the directors, there were no material complaints received.

Data and Privacy Protection

The Group values the privacy of personal data. We strictly follow the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) in our operation and adopt them as our Personal Data Privacy Policy.

As our products are all wholesaled to corporate customers, we only obtain minimum client information, and a proportion of which is publicly available. Thus, we consider the risk of leakage of customer information and privacy immaterial. Yet, to prevent any breach of the regulations in this matter, we prohibit our employees from attempting to access unnecessary personal information during sales processes while no unauthorised access to client information is allowed in our offices. The Group has established internal control systems for monitoring the use of personal information and implementation of the aforementioned procedures.

Intellectual Property Rights

The Group respects intellectual property rights. Employees are not allowed to possess or use copyrighted material without the permission of the copyright owners. We were not involved in any proceedings with regard to, and we have not received notice of any claims of, infringement of any intellectual property rights that may be threatened or pending in which we may be involved either as a claimant or respondent.

The Group is not aware of any material non-compliance with relevant laws and regulations that have a significant impact relating to health and safety, advertising, labelling and privacy matters regard to products and services provided by the Group during the Reporting Period.

Advertising and Labelling

As the Group's operational process does not involve advertising and labelling practices, the information relating to advertising and labelling is considered as immaterial to the Group.

B7. Anti-corruption

Maintaining an ethical working environment is one of the Group's core values. The Group has adopted a zero-tolerance approach for all kinds of corruption, bribery and extortion situation. To comply with the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) enforced by Hong Kong Independent Commission Against Corruption, and laws and regulations of other applicable jurisdictions, we demand all employees to build a habit of strict compliance with policies and procedures, and to prevent all bribery. We bring the disciplinary monitoring work in business process, ensure that there are channels for reporting suspected cases of obtaining personal interests in carrying out one's job duties, briberies, extortion, fraud, money laundering in breach of policies, regulations, and laws in strict confidence. We are determinant in combating corruption and contribute in building a clean society. The management of the Group is responsible for overseeing the implementation and monitoring of the Group's measures to prevent bribery, extortion, fraud and money laundering.

During the Reporting Period, we had not provided any anti-corruption training to our directors and staff because we were in the process of determining and arranging appropriate resources in promoting such topics within our organization. Yet, looking ahead, we will invest more resources devote more efforts to our anti-corruption training and expand the scope of anti-corruption training data disclosure.

During the Reporting Period, the Group did not identify any material non-compliance of laws and regulations related to the prevention of bribery, extortion, fraud and money laundering, and there was no legal case regarding corrupt practices, extortion and money laundering brought against the Group or its employees.

B8. Community Investment

The public awareness on corporate social responsibility keeps rising these years. They expect corporations to operate and take long-term development of the society into consideration instead of focusing on short-term financial results and shareholders' return. Being a social-responsible corporation, the Group is committed to contributing to our community.

However, during the Reporting Period, the social distancing rules and other epidemic prevention and control measures have restricted the number of persons allowed for individual group gathering in public places. In view of such restriction and with due consideration of employees' health risks, the Group faced difficulty in organising physical volunteer works, and there was no donation arranged during the Reporting Period. Nevertheless, we will continue to explore opportunities in supporting the community by donating surplus disinfectants, masks and food to non-governmental organisations, liaising with charitable organisations in fundraising activities and engaging with environmental organisations in organising beach cleaning or tree planting etc.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continued)*

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Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources. including energy, water and other raw materials.	"Use of Resources"	9-10
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh) and intensity (e.g. per unit of production volume, per facility).	"Use of Resources"	10
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	"Use of Resources"	10
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	"Use of Resources"	9
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	"Use of Resources"	10
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	"Use of Resources"	10
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	"The Environment and Natural Resources"	11
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	"The Environment and Natural Resources"	11
Aspect A4: Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	"Climate Change"	11-13
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	"Climate Change"	11-13

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Social			
Aspect B1: Employment			
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.	"Employment"	14-16
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	"Employment"	15
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	"Employment"	16
Aspect B2: Health and Safety			
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to providing a safe working environment and protecting employees from occupational hazards.	"Health and Safety"	17
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	"Health and Safety"	17
KPI B2.2	Lost days due to work injury.	"Health and Safety"	17
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	"Health and Safety"	17

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Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	"Development and Training"	17
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	"Development and Training"	17
KPI B3.2	The average training hours completed per employee by gender and employee category.	"Development and Training"	17
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to preventing child and forced labour.	"Labour Standards"	18
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	"Labour Standards"	18
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	"Labour Standards"	18

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Operating Practices			
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	"Supply Chain Management"	18-19
KPI B5.1	Number of suppliers by geographical region.	"Supply Chain Management"	19
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	"Supply Chain Management"	18-19
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	"Supply Chain Management"	19
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	"Supply Chain Management"	19
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	"Product Responsibility"	20-21
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	"Product Responsibility"	20

Subject areas, aspects, general disclosures and KPIs		Section	Page
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	"Product Responsibility"	20
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	"Product Responsibility"	21
KPI B6.4	Description of quality assurance process and recall procedures.	"Product Responsibility"	20
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	"Product Responsibility"	21
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to bribery, extortion, fraud and money laundering.	"Anti-Corruption"	21-22
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	"Anti-Corruption"	22
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	"Anti-Corruption"	21
KPI B7.3	Description of anti-corruption training provided to directors and staff.	"Anti-Corruption"	22

Subject areas, aspects, general disclosures and KPIs	Section	Page
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	"Community Investment" 22
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	"Community Investment" 22
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	"Community Investment" 22