

# **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  
Chinese Herbal  
Culture**

**Serve Products  
with a Home-  
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



## Continuous innovation

- No. 1 in Hong Kong** Largest Chinese herbal retailer\* in Hong Kong
- First in industry** Listed on the main board of the SEHK
- Innovative**
  - First to launch glass bottled herbal drinks
  - Launched aluminum foil bag package for herbal jelly
- Stringent Quality Control** Self-operated & highly automated production facilities

## Diversified products

200+ products on offer



## Two Key Business Segments

### Retail Shops



### Wholesale



Sales Channels

\* According to the number of retail shops in May 2019

# ESG of Hung Fook Tong

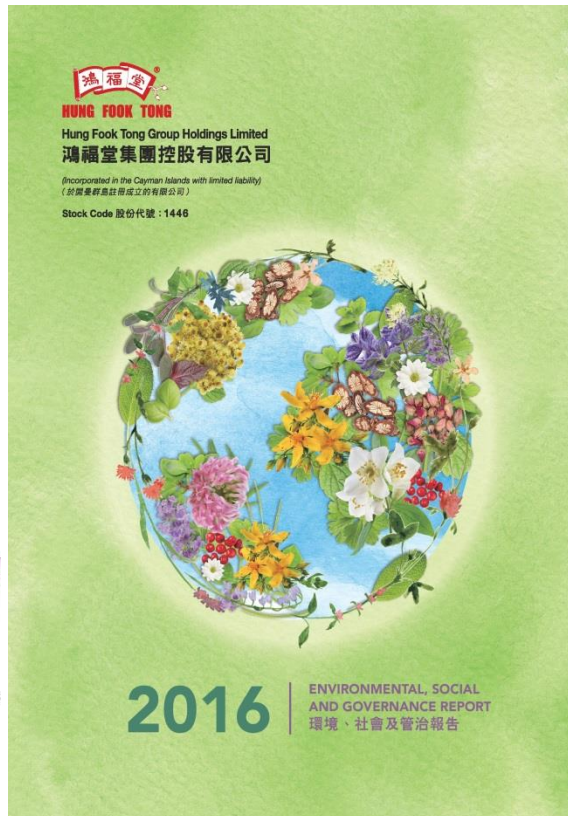


全心 全意  
追求 優質

Dedication to Quality  
Natural Refreshment

# ESG Disclosure

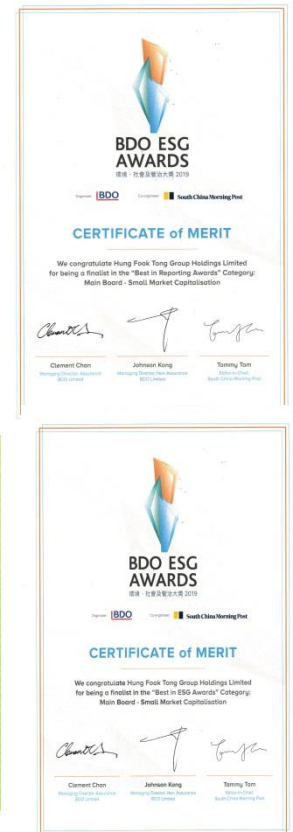
- Comply with HKEx Listing Rule Appendix 27 “**Environmental, Social and Governance (ESG) Reporting Guide**”



2016 ESG report



2017 ESG report



# ESG integration in Business Strategies

Corporate  
Governance

Risk  
Management

Sustainable  
Development

Green  
Economy

Company  
Reputation

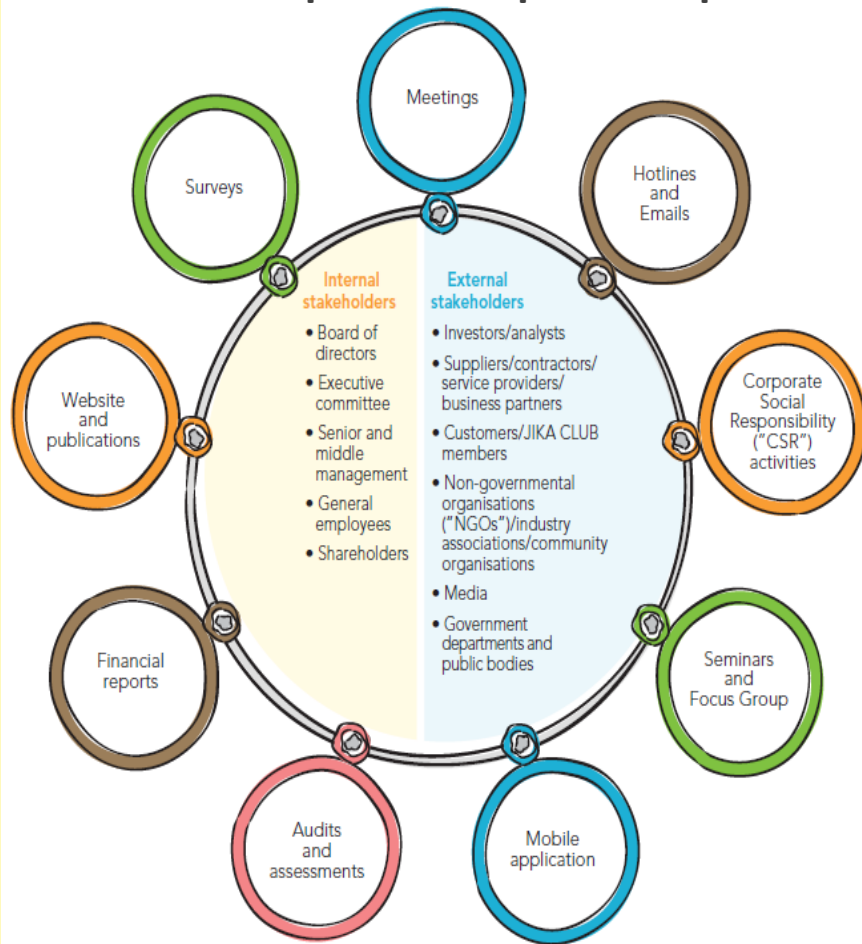
Corporate  
Culture

# Reporting Principles

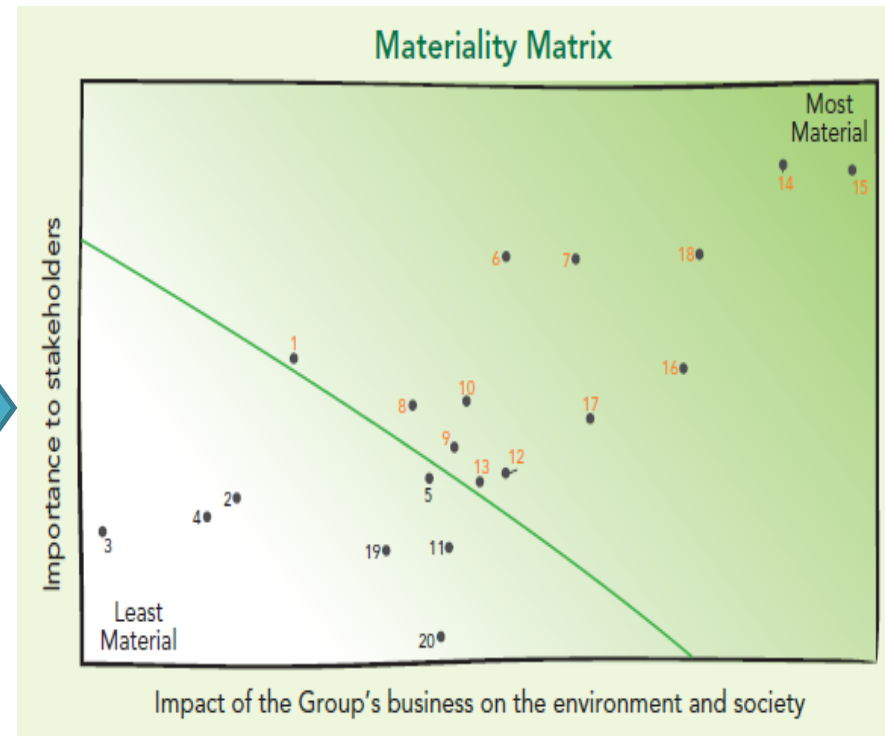


# Materiality Assessment

- ▶ 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) <sup>3</sup>	Packaging materials (carton) <sup>3</sup>	Water consumption	Natural gas consumption
2017	8,512 kg	329.1 tonnes	57.4 tonnes	106,313 m <sup>3</sup>	34,735 GJ
2016	Not available	Not available	Not available	262,961 m <sup>3</sup>	33,633 GJ (i.e. 863,924 m <sup>3</sup> )

## SOCIAL PERFORMANCE

Total workforce	Full-time	1,059
	Part-time	97
	Total	1,156

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

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

## ENVIRONMENTAL PERFORMANCE

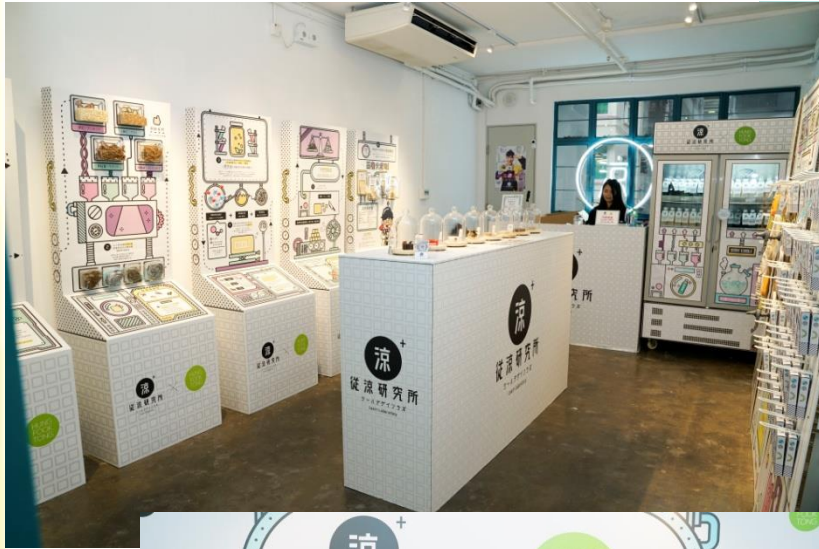
	Type	Emissions (kg)	
		2017	2016
Air emissions	Nitrogen oxides <sup>12</sup>	1,229.8	Not available
	Sulphur oxides <sup>13</sup>	1.9	Not available
	Particulate matter <sup>14</sup>	26.8	Not available

	Scope	Emissions (tonnes of CO <sub>2</sub> -e)	
		2017	2016*
GHG emissions	Scope 1: Direct emissions <sup>15</sup>	3,678	1,734
	Scope 2: Energy indirect emissions <sup>16</sup>	5,924	3,365
	Scope 3: Other indirect emissions <sup>17</sup>	51	112
	GHG emissions in total (Scope 1, 2 and 3)	9,653	5,211
	GHG intensity (tonnes of CO <sub>2</sub> -e/HK\$1,000 revenue <sup>18</sup> )	0.013	0.007

	Type	Amount	
		2017	2016
Waste	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



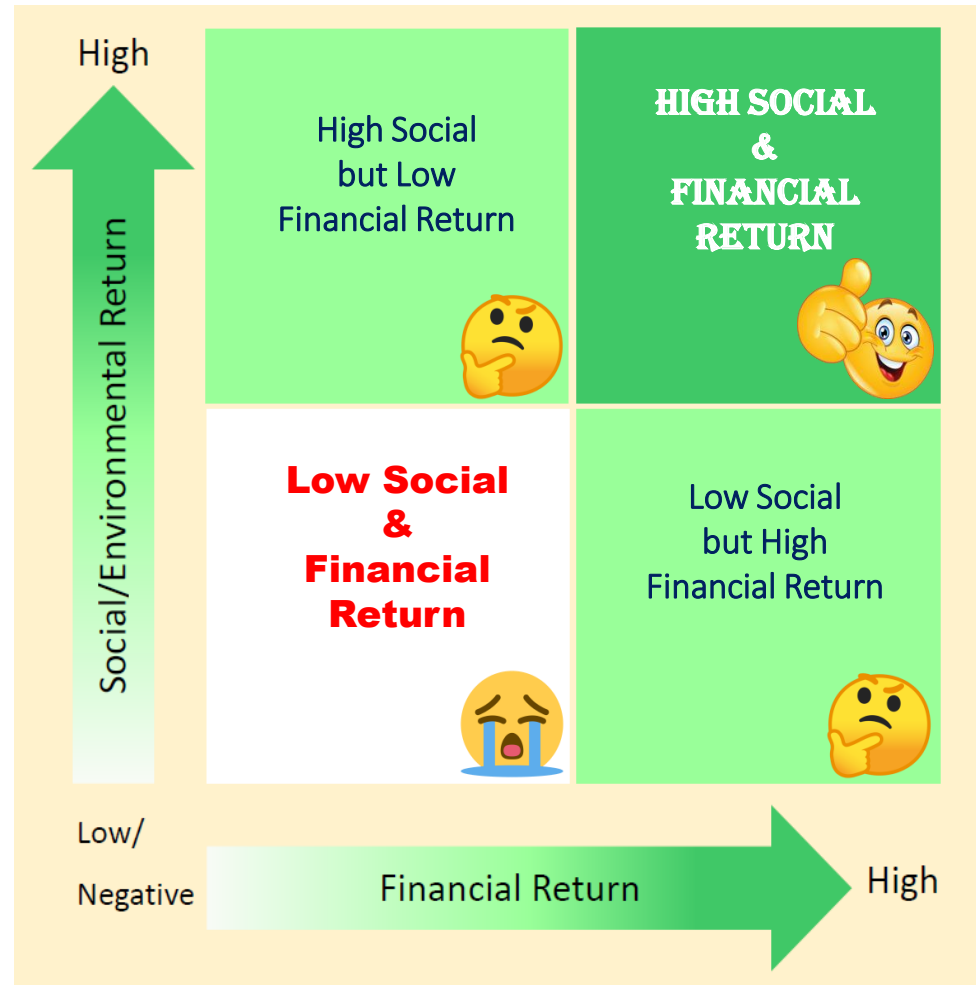
# Sustainability

In June 2007, the European Investment Bank issue the world's first labelled 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.



**CSR** **TO** **CSV**  
CORPORATE SOCIAL RESPONSIBILITY CREATING SHARED VALUE

# Corporate Social Responsibility (CSR)

- Doing Well by Doing Good  
(Mark Kramer)
- Good Corporate Citizen  
(Michael Porter)

- **CSR 1.0** 

Stages : Defensive, Charitable, Promotional  
& Strategic

- **CSR 2.0** 

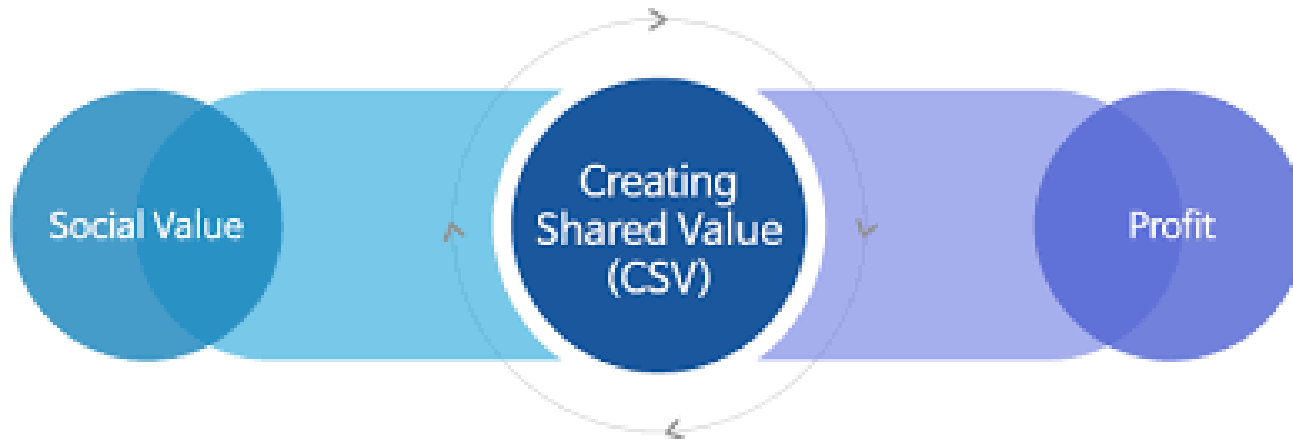
Transformative

- **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

Thank  
you!!