

2018

SUSTAINABILITY REPORT



Health and Happiness (H&H) International Holdings Limited
健合(H&H)國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

(Stock Code 股份代號: 1112)

ABOUT THIS REPORT

This Report covers the Health and Happiness (H&H) International Holdings Limited (“H&H Group” or the “Group”), an entity incorporated in the Cayman Islands with limited liability. Globally headquartered in Hong Kong, China, the Group has been listed on the Hong Kong Stock Exchange since 2010.

H&H Group is a global premium family nutrition and wellness provider. The company’s family of brands, products and services fall into four segments: Baby Nutrition and Care (BNC), Adult Nutrition and Care (ANC), not-for-profit brands, and creative services.

The BNC product family includes premium probiotic supplements for children, infant and toddler drink formulas, baby and children’s food products as well as baby care products under the brand names Biostime, Dodie, Healthy Times and Good Goût. It also includes our newly acquired processing facility, Farmland Dairy.

The ANC product family includes premium vitamins, herbal and mineral supplements, skincare and sports nutrition under the brand names Swisse and Aurelia.

Not-for-profit brands include the Biostime Institute of Nutrition and Care (BINC), the Biostime China Foundation for Mother and Child, and the H&H Foundation, which aim to advance the science and community contribution to the story of good health.

REPORTING CONTENT AND PERIOD

This Report provides a comprehensive overview of H&H Group’s vision, strategic approach and performance in the environmental, social and governance areas relevant to our stakeholders. Reporting on other matters specific to financial performance of the subsidiaries can be found in our [2018 Annual Report](#), which was released in March 2019.

The content of this Report covers H&H Group’s global operations, including our six key brands: Biostime, Swisse, Healthy Times, Dodie, Good Goût, and Aurelia, as well as associated manufacturing, warehouse and distribution facilities, corporate and sales offices, and wholly-owned service providers such as creative agency Noisy Beast.

The data presented in the Report is for the calendar year period from 1 January 2018 to 31 December 2018 unless otherwise stated.

All financial dimensions have been converted to US\$ as at the relevant exchange rate as at 2 March 2019, unless otherwise stated.

The reporting structure is aligned to the findings of our assessment of material sustainability issues, involving extensive engagement with internal and external stakeholders between February and April 2018. The process identified 21 issues that were the most important to our stakeholder group, referred to as ‘material topics’ throughout the report. Further engagement has since identified another two topics, as well as recognising that a few of the topics have been combined with increased scope, resulting in a final list of 18 material topics.

The content is organised to report our respective performance against our three sustainability goals: advancing the story of good health, reducing our footprint on the planet, honouring human rights and fairness, and supporting good governance.

See the chapter two ‘Sustainability at H&H’ for more information on our process and boundaries for each material topic.

REPORTING CYCLE & MOST RECENT REPORT

The H&H Group has reported annually on our non-financial performance since 2016. This is the third Group-wide edition. Since our 2017 report, we have adjusted the material issues on which we report to reflect further engagement with internal and external stakeholders. Please see page 20 for a full list of our Material Topics and methodology.

COMPLIANCE REQUIREMENTS

This Report has been prepared in accordance with the GRI Standards: ‘Core option’ and the Appendix 27 Environmental, Social and Governance Reporting Guide (the “Guide”) of the Main Board Listing Rules of the Hong Kong Stock Exchange (HKEx).

Please refer to our disclosure Index listed in the Appendix for a complete listing of GRI disclosures included in this Report. The GRI has not verified the contents of this Report, nor does it take a position on the reliability of information reported herein. For further information about the GRI, please visit: www.globalreporting.org.

The H&H Group sought external professional advice on materiality assessment, stakeholder engagement and Report content and format, this report has not arranged for external assurance for this edition under the new, re-structured format. However, it is the Group’s ambition to seek external assurance for future reports to increase transparency and provide additional credibility to our disclosures.

ANC *Adult Nutrition & Care*



AURELIA
PROBIOTIC SKINCARE

BNC *Baby Nutrition & Care*

Biostime



HealthyTimes

GOOD GOÛT

dodie

BINC
BIOSTIME INSTITUTE
NUTRITION & CARE
北京中藥科學院藥劑研究所



GET IN TOUCH

We are happy to talk to you about the contents of this Report and our Health & Happiness journey to more sustainable business practice. Please reach out to our Group Sustainability team:

Ms. Jessie Broadway
111 Cambridge St, Collingwood,
Victoria, Australia, 3066
Email: jessie.broadway@hh.global

CONTENTS

ABOUT THIS REPORT	02	OUR FOOTPRINT ON THE PLANET	40
Message from our CEO	04	What, why and where it matters	41
H&H Group Milestones	06	2018 Performance	44
		Case Study - Fight Food Waste	47
<hr/>		<hr/>	
OUR BUSINESS	07	HONOURING HUMAN RIGHTS AND FAIRNESS	48
Where we are located	08	What, why and where it matters	49
Developing the Industry	09	Safety	51
Value Chain	10	Diversity and Inclusion	52
Meet our brand families and products	12	Remuneration, Workplace, Culture and Engagement	54
<hr/>		<hr/>	
SUSTAINABILITY AT H&H	14	GOVERNANCE	58
What's changed in 2018	15	What, why and where it matters	59
Stakeholder Engagement	18	Corporate Governance	60
Sustainability Strategy - Materiality	20	Strategy and Growth	62
Sustainability Goals	21	Government Relations and Compliance	64
Commitments	22	Supply Chain Governance	65
Our Sustainability Governance	23	<hr/>	
<hr/>		METHODOLOGY	67
THE STORY OF GOOD HEALTH	24	APPENDIX	68
What, why and where it matters	25	Disclosure Index	69
Health and Wellbeing	26		
Case Study - Future proofing Normande Cows	29		
Case Study - 2018 Swisse Wellness Survey	31		
Quality	32		
Training and Development	34		
Case Study - Introducing NewH ²	35		
Ethical Marketing	36		
Innovation	37		

A MESSAGE FROM OUR CEO



“
*At H&H we believe in shared value:
we can look after our people, reduce
our footprint on the planet and build
strong governance structures whilst
making profitable growth.*
”



2018 has been our second year of Group-wide sustainability reporting and we have seen improvements in all three areas of focus - environmental, social and economic performance - demonstrating our ability and commitment to look after our people, reduce our footprint on the planet and build strong governance structures whilst still being able to grow our revenue and profitably.

In 2018, we achieved a 25.2% revenue increase, growing in our core markets while accelerating the global footprint of our brands, and expanding our product portfolio. We now have established positions in 13 countries in Asia-Pacific, Europe, North America, and Oceania with 2,951 employees working across 97 sites. We have widened the scope of our carbon footprint measurement to include flights, and have offset for the second year to remain carbon neutral. Importantly, we've also managed to reduce our footprint in the first instance by 13%. Equally we still have many areas that we need to seek improvement for, including around waste and packaging with our target of 20% reduction of waste to landfill coming into effect in 2020.

The development of the H&H Group Supplier Code of Conduct (completed in 2018) will support us in looking deeper into our supply chains to ensure we have a supply base that reflects our values and goals, a major milestone in our sustainability journey. In the past year we had two new brands joining the H&H family, Good Goût and Aurelia Probiotic skincare, both with strong operational roots that consider our environmental impact and corporate responsibilities as well as the health of their consumers.

In line with our strategic goal of becoming a global premium wellness player and our commitment to drive innovation, we stepped up our Research and Development (R&D) investment: our 53% increase in R&D spend in 2018 demonstrates our commitment to finding better innovations to meet the health

desires of our consumers. The Group also laid the foundation for future innovation and success with the launch of a new wholly-owned innovation fund, NewH2, which allocated an initial US\$60 million to invest in emerging and innovative technologies, product categories and business models. This initiative enables the Group to leverage external innovation capabilities and entrepreneurial ventures focused on delivering health benefits. Coupled with the launch of our new community arm, the H&H Foundation, we are embarking on clear projects to make our mission of making people around the world healthier and happier a reality.

We are also strengthening our Group Management cultural and gender diversity. We have expanded the H&H Executive Committee to take in a greater number of cultural and geographic perspectives, and I am pleased to report that three of the five new positions have been taken up by women.

As our reporting matures, we gain better visibility of the data behind each of our material topics and a clearer understanding of our impact. We also recognise that we have an ongoing opportunity to strengthen the accuracy of our data so as to ensure that we have more reliable measurement of year-on-year change in outputs, and effectiveness of initiatives. For example, our 2018 water consumption increase is not a clear reflection of our usage due to the integrity of the 2017 data.

With new organisations and many new team members joining the Group, as well as a fast-changing macro environment, we are ensuring our reporting stays relevant in 2019 with a complete refresh of our materiality assessment. This enables us to capture, benchmark, communicate and influence the most important topics for our stakeholders. We will utilise this assessment to mature our reporting and help deliver strong social and environment improvements across the Group for the future of our organisation, our planet and the people that we share it with.

Whilst we are refreshing our material topics we remember and stay true to our heritage and the stories behind our brands. Maintaining this legacy and building on these roots will be key in ensuring a sustainable growth for our business into the future. We are driven and excited to work on all the big plans we have set up for ourselves in 2019: new products, new brands, new channels, new markets, new business models. As we move into the heart of 2019, our diligence in delivering our sustainability objectives will be key to achieve our ambitions collectively.

We hope you enjoy reading the Report and look forward to delivering great results across all areas of sustainability into the future.

Be healthy, be happy!

Laetitia Garnier – CEO



H&H Group MILESTONES

2002

Imported childrens probiotics into China with Lallemand



1999

Biostime established

Biostime

2008

Launched Biostime Super Premium IMF



2007

Mama 100 Member platform officially launched



2013

Strategic partnership with Isigny Sainte Mère



2010

Listed on Hong Kong Stock Exchange (01112.HK)

2015

U.S. organic baby food brand - Healthy Times joined the Group



Swisse Wellness joined the Group



2016

Dodie joined the Group



2017

Renamed to H&H Group



2018

Swisse Wellness expansion in new markets

Launched NewH² Technology Innovation Fund and H&H Foundation



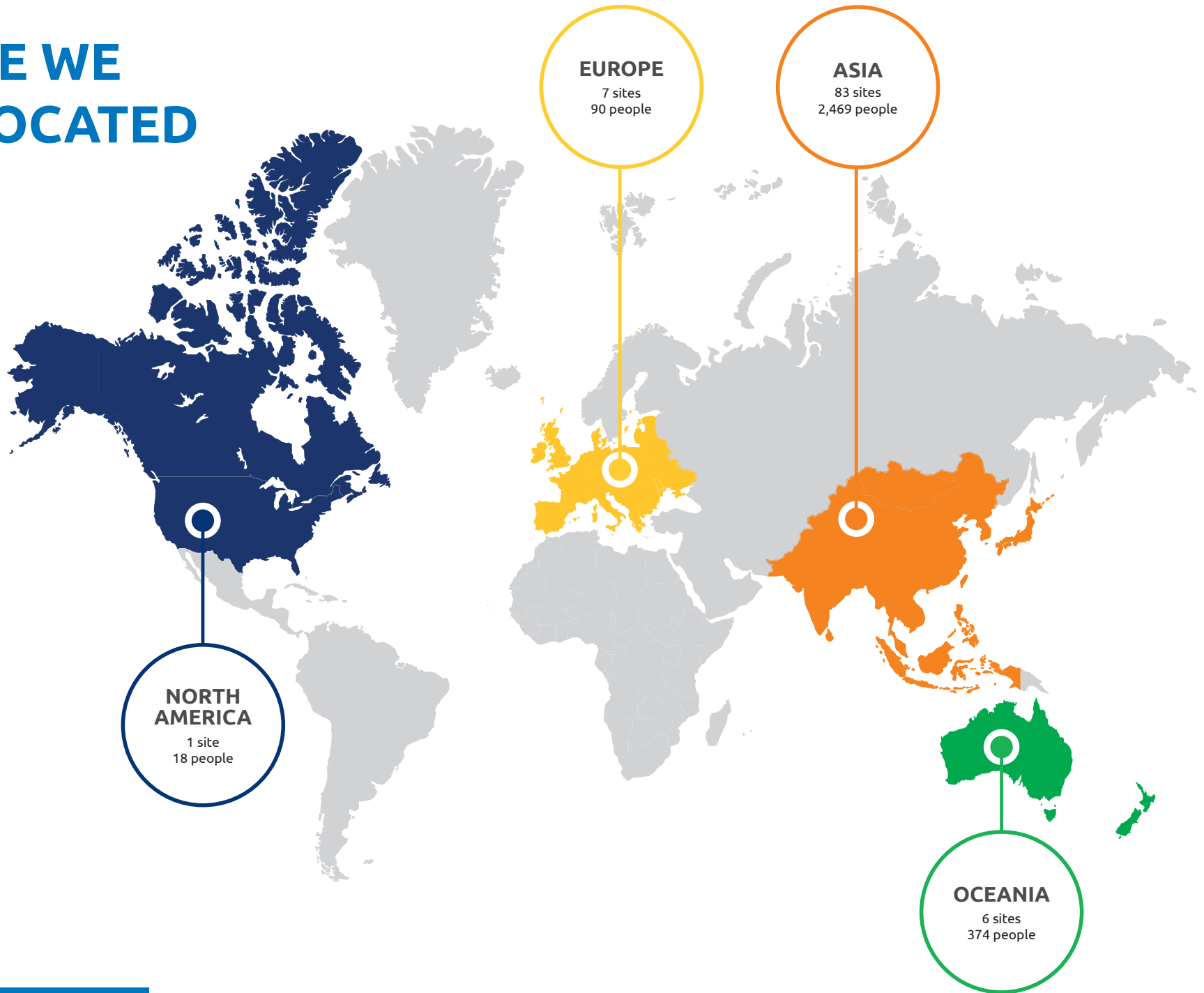
Good Goût and Aurelia Probiotic Skincare joined the Group



Our Business



WHERE WE ARE LOCATED

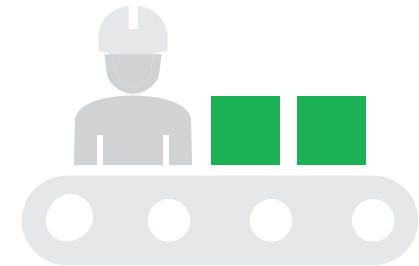




DEVELOPING THE INDUSTRY

We engage in various associations and memberships where we see shared value around certain topics, require certification or verification of claims, or see opportunities for collaboration whether it be in operations or broader advocacy. We do this with an awareness of our responsibility as a multinational company that has the ability to enhance the social and economic climate that we operate in.

VALUE CHAIN



STAGE 1

Research & Development

ACTIVITIES:

- Review or conduct research to understand the consumer health need
- Product design
- Packaging design
- Procurement
- Testing
- Regulatory reviews



STAGE 2

Sourcing

ACTIVITIES:

- Harvesting or sourcing raw material
- Sorting and extraction
- Quality testing
- Packing, labelling and shipping



STAGE 3

Manufacturing

ACTIVITIES:

- Quality testing
- Construction, encapsulation or compression into product or application form
- Quality testing
- Packing, labelling and shipping



STAGE 4

Packaging

ACTIVITIES:

- Quality testing
- Packing into designed consumer packaging to produce finished good units
- Quality testing
- Packing, labelling and Shipping

We enhanced our understanding of sustainability hotspots across our entire value chain during 2018 – from raw materials all the way to disposal. We have drawn upon a number of resources through our sustainability memberships and associations to develop a true reflection of where these hotspots are, and what needs to be further managed. The following diagram shows where in our value chain our topics are material, and this is what largely altered our scope in 2018 and what will impact our reporting this year and in the future. In 2019, we will conduct a complete refresh of our materiality to ensure we are up to date and relevant for all of our stakeholders.



MEET OUR BRAND FAMILIES AND PRODUCTS

H&H Group is a global premium family nutrition and wellness provider, united by our mission to make people healthier and happier. The company's family of brands, products and services are divided into four segments: Baby Nutrition and Care (BNC), Adult Nutrition and Care (ANC), not-for-profit brands, and creative services.

We remain true to our heritage and the stories behind our brands as we look forward to the future. Our BNC segment includes premium probiotic supplements for children, infant formulas, baby and children's baby food, and baby care products under the brand names Biostime, Dodie, Healthy Times, and Good Goût. Dodie celebrated their 60th Anniversary in 2018. These brands provide trusted baby nutrition and care to families in China, the United States and Europe through traditional and organic infant and toddler milk formulas, meals and snacks, probiotics, bottles, teats, nappies and other care products. The BNC segment also includes our newly acquired processing facility in Australia, Farmland Dairy.

Our ANC segment includes premium vitamins, herbal and mineral supplements, sports nutrition and skincare, under the brand names Swisse and Aurelia, both of which are shipped internationally, with Australia, New Zealand, Greater China, Singapore, Italy, the United States and the Netherlands key markets. Swisse was established in 1969 and is known for its top-selling multivitamins and dietary supplements, while Aurelia Probiotic Skincare combines BioOrganic ingredients to provide luxe products for discerning consumers.

In 2018 we launched nine new product ranges, 44 new products and invested US\$22,445,309 in research and development (R&D).

In addition, our not-for-profit brands advancing our scientific and community support contribution include the Biostime Institute of Nutrition and Care (BINC), the Biostime China Foundation for Mother and Child, and the H&H Foundation. We also have a creative agency, Noisy Beast, within our H&H Group family.

ANC Adult Nutrition & Care



Biostime



GOOD GOÛT



HealthyTimez



dodie

Sustainability at H&H



WHAT'S CHANGED IN 2018?

Throughout 2018 the understanding of sustainability across the Group has deepened, largely due to our commitment to communication and training in the majority of our regions and sites.

Our team has demonstrated a high level of interest in learning more about sustainability and how the concept applies across our business balancing environmental, social and economic factors. We have made sustainability a standing item at all meetings of our Board of Directors, with ultimate responsibility for sustainability governance sitting with our Board.

WE SUPPORT



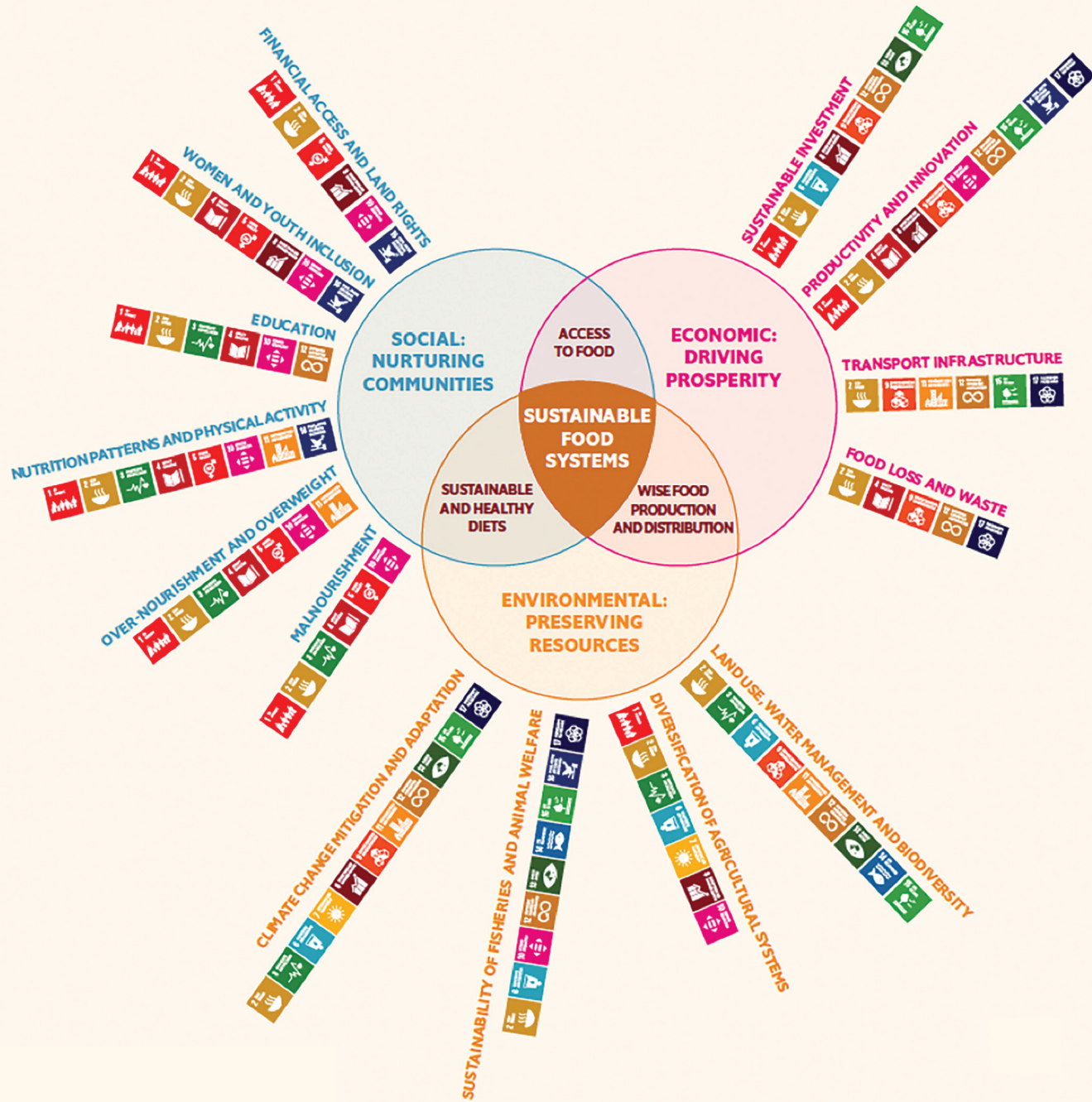
SUSTAINABLE DEVELOPMENT GOALS

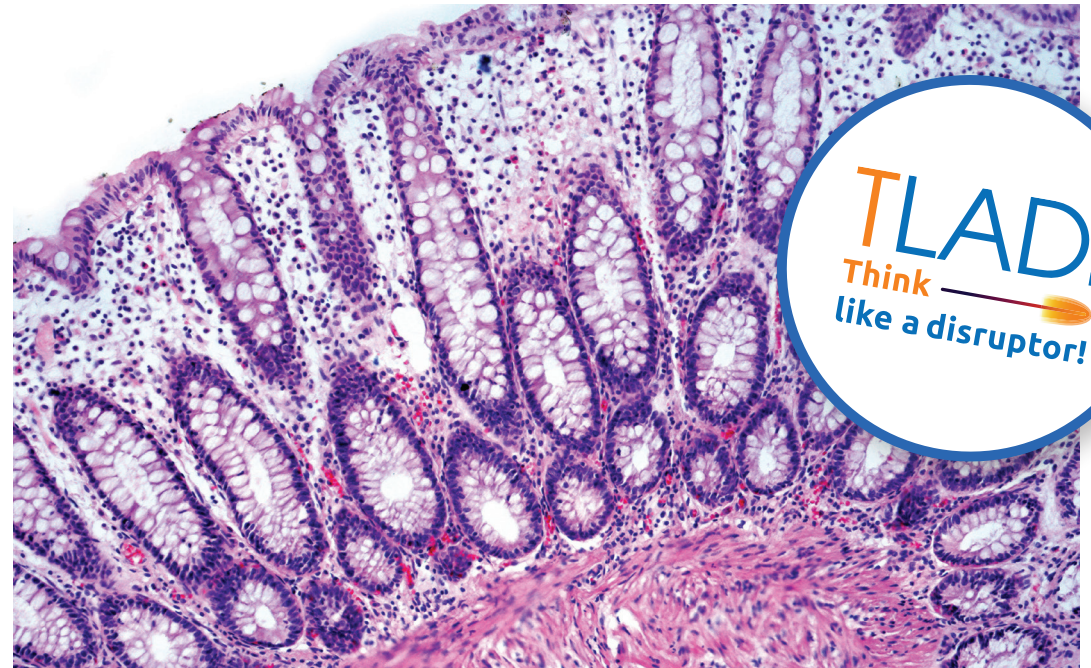


Our increased understanding of sustainability and today's major social and environmental challenges has led us to consider the contribution we have to these issues and the opportunities we have to help combat them. With the identification of the Global Syndemic: obesity, undernutrition and climate change, we believe that as an organisation in the business of making people healthier and happier we can have an impact on all three of these challenges¹. There is no denying that the sustainability of the global food system is going to be a key driver for seeing us overcome these challenges. As identified by The Economist Intelligence Unit, the Barilla Center for Food & Nutrition has estimated that agricultural activities account for up to 30% of global greenhouse gas (GHG) emissions². We recognise that while our supply chains reach back to agricultural activities, we need to strengthen our relationships within this area, and build in measurement and continuous improvement frameworks to influence this important part of how we deliver our products.

¹ The Global Syndemic of Obesity, Undernutrition, and Climate Change: The Lancet Commission report Swinburn, Boyd A et al. The Lancet, Volume 393, Issue 10173, 791 - 846

² Page 17 <http://foodsustainability.eiu.com/wp-content/uploads/sites/34/2018/12/FixingFood2018-2.pdf>





Over the last 12 months we have introduced discipline and structure around the concept of sustainability across our business, focusing on the necessary basics in good sustainability governance including compliance, reporting and aligned community investment.



This was demonstrated by the development of our Supplier Code of Conduct (publicly available), our accounting of all scope 1 & 2 carbon emissions across all locations globally and the subsequent offsetting of those emissions, global activation for World Environment Day, receiving two awards for our 2017 Sustainability Report, and being listed in the top 90 companies on the Hang Seng Corporate Sustainability Index. We built on our community programs, launching our global H&H Foundation that will aim to advance the story of health through the needs of the communities in which we operate, and held our inaugural H&H World Community Day in December with team members from all regions volunteering in their local communities.

In 2019, we will look to increase our team's awareness, understanding and level of support for a more proactive and value-focused approach to sustainability and aim to drive thought leadership. We have become members of three leading sustainability associations to help us get there: The Sustainability Consortium, the Shared Value Project and the United Nations Global Compact. We fully intend to harness the opportunity to move the discussion beyond the basics to a more expansive view of sustainability including the creation of new forms of value for the company and

improving competitive positioning within the various markets we operate. Our NewH² fund will help us achieve this through funding up-and-coming organisations that have the ability to truly Think Like A Disrupter, however need support to do so.

We have introduced an ambitious 10-year goal: by 2030, H&H Group will be the health care industry's most recognised company for sustainability globally. We hope to achieve profitable and long-term growth by striving to make people healthier and happier and maintaining the environment we rely on to fulfil this mission.

In light of the ongoing integration of our brands following recent acquisitions, our sustainability goals are integrated across the Group. We progressed further down the path in 2018, however are still in the early stages of our sustainability journey. We consider it as an important business improvement process: through reviewing our governance and management structures and processes we aim to become a more efficient business operation in the next three years, while making a positive impact on those around us.

OUR EAR TO THE GROUND

Stakeholder Engagement

Regular, open and transparent communication with our stakeholders is essential in sustaining responsible growth and progress across the Group.

We engage with our stakeholders in a number of ways, depending on their needs and expectations.



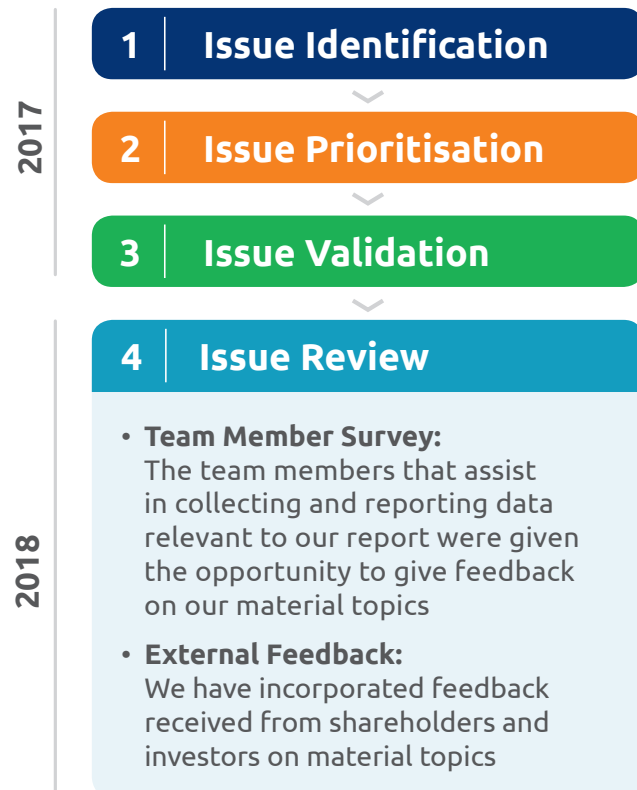
Engagement Channel	Stakeholders	Frequency				
		Daily	Monthly	Quarterly	Annual	Ad-Hoc
Newsletters:						
• H&H Quarterly News	1			✓		
• H&H Journal	2 6			✓		
Social Media (Facebook, Instagram, LinkedIn, Twitter, WeChat)	1 2 6 7	✓				✓
Events:						
• Sponsorships	1 2 6					✓
• Educational/Training	1 2 3 6					✓
• Policy Roundtables	8 10 12		✓			✓
• Trade Shows	3 5					✓
• Industry Based Discussions	5 7 8 12					✓
Website	All					✓
Reports:						
• Sustainability	All				✓	
• Annual (Financial)	All				✓	
Meetings:						
• General	1 3 4 5 6 8 9 10 11 12	✓				✓
• Annual General Meeting	4					
• Store Visits	3					
• Announcements	1 4 11					
Email	All	✓				✓
Customer Service Line	2	✓				✓
Reviews:						
• Performance	1 3 5				✓	✓
Press Releases	8 9 12					✓
In-store	2 3 7	✓				✓

WHAT'S IMPORTANT FOR US

KEEPING OUR MATERIALITY UP TO DATE

We previously conducted a materiality assessment to identify and prioritise environmental, social and governance (ESG) issues that are relevant and specific to our business. The results informed the content and focus of our ESG report and drove the development of H&H Group's Sustainability Strategy. Our materiality assessment was undertaken in line with the *HKEX Appendix 27 Environmental, Social and Governance Reporting Guide* reporting principles and guided by the GRI Standards' principles for defining report content (including stakeholder inclusiveness, sustainability context, materiality and completeness) as well as the United Nation's Sustainable Development Goals (SDG's).

In light of continued integration of our brands and further acquisitions, we have reviewed the topics and how they come into play along our value chain as well as giving team members the opportunity to raise any topics they believe to be material. Our insights have remained front of mind throughout 2018 and have been core to our strategy. With this review in mind we see the boundary and scope of some of our material topics extended to reach back into our supply chain and have removed some of the broader topics such as 'environmental responsibility in supply chain'. The only new topic is biodiversity as a deep dive into the UN SDG's and their subsequent targets has seen us focus on ingredient sourcing in a way that ensures we don't negatively impact biodiversity.



Quality and safety of our products is what our brands are all about.
The foundation of our success is that customers trust that we deliver the best products with the greatest health benefits to adults and infants, backed by the latest scientific evidence.



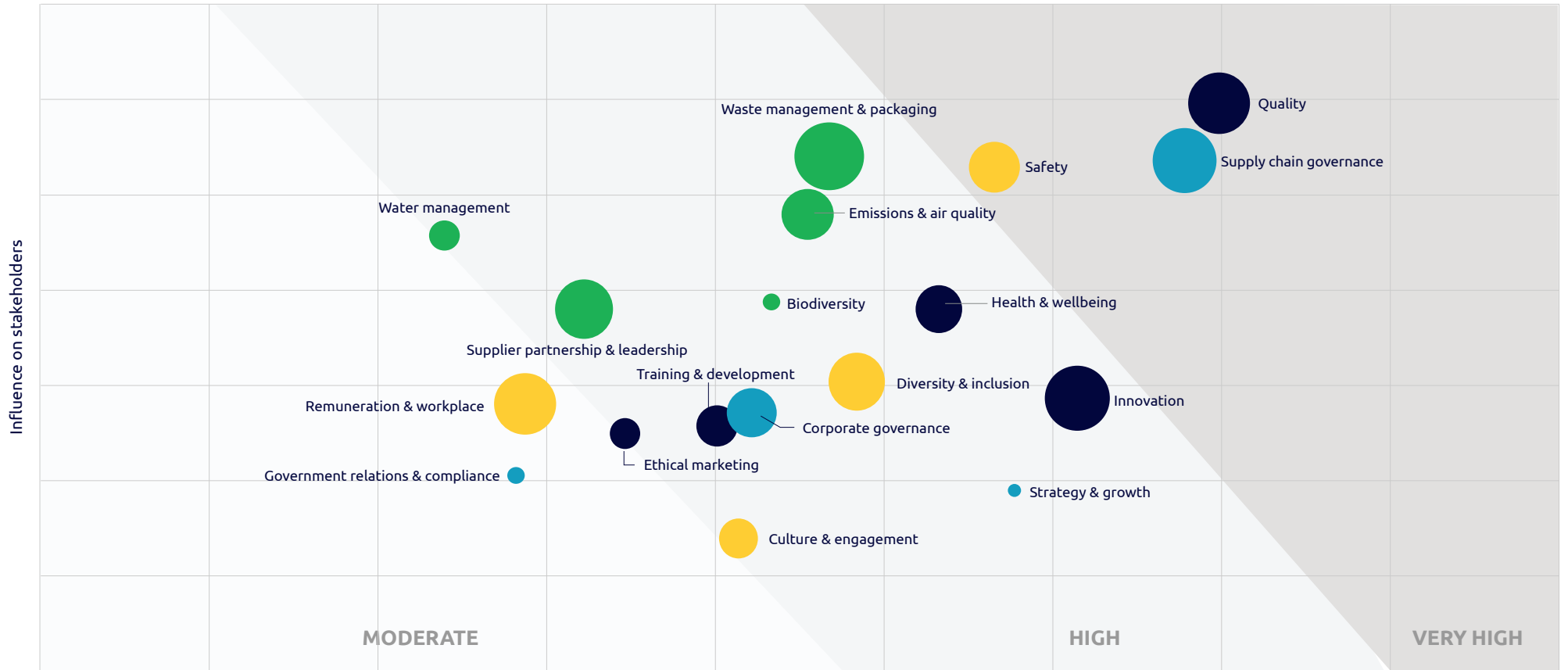
The bulk of our sustainability impact is expected to occur in our supply chain, this is where we will be able to make the biggest difference. It will become the focus of our measurement and management efforts as it is currently a blind spot.



Inspiring health and happiness is all about people.
Starting from the working conditions in our supply chain, over our employee wellbeing over to the health benefits of our products and activities for our customers and the communities we are active in.

SUSTAINABILITY STRATEGY

H&H Material Topics



Significance of impact

Our Goals

- The story of good health
- Our footprint on the planet
- Honouring human rights and fairness
- Governance

SUSTAINABILITY GOALS



THE STORY OF GOOD HEALTH

We advocate & educate to share the benefits of a healthy lifestyle, spread wellness, and team up with like-minded partners

We invest in activities that help people to live healthy lives and promote wellbeing for all ages through the pillars of mind, nutrition, and movement.

We create products that contribute to the health and wellbeing of consumers worldwide.

We build a healthier and happier world, by cooperating with partners and suppliers that share our values regarding people and sustainability.



OUR FOOTPRINT ON THE PLANET

We use resources efficiently and act on climate change to preserve our environment for future generations

We aim to achieve economic growth whilst engaging in sustainable procurement practice and protecting the ecosystems on which we rely for raw ingredients.

We provide consumers with information through standards and labels to ensure traceability and transparency.

We will use resources more efficiently, be mindful of our carbon footprint and make conscious decisions to reduce and offset our emissions.



HONORING HUMAN RIGHTS AND FAIRNESS

We protect human rights as the foundation of health and happiness

We will work to ensure that individuals touched by our business are granted basic rights and fundamental freedoms to which all humans are entitled to.

We will respect and enhance human life in our workplaces.

We will put in place formal and informal structures to reduce inequalities and eliminate discrimination.

COMMITMENTS

BY END OF 2018:

- We will screen 25% of our contract manufacturers using environmental and social criteria
- We will offset 100% of our scope 1 and 2 emissions
- We will develop a supplier code of conduct

BY END OF 2019:

- We will produce three products with ingredients sourced from agricultural waste streams
- We will have 100% of new contract manufacturers sign our Supplier Code of Conduct
- We will complete a review of all product packaging from an environmental perspective
- Sustainability will be a standing item at 100% of Board meetings
- We will sign up to participate in the UN Global Compact
- Formalise a global approach to health and safety
- Develop a Group-wide Code of Conduct
- We will have 2% more females at an executive level
- We will establish a job evaluation system to support the implementation of a banding structure

BY END OF 2020:

- We will launch five new initiatives that contribute to reducing the risk factors of the large preventable health challenges society face
- We will double our expenditure on R&D to support product innovation*
- We will collaborate with at least one reputable scientific partner within each market we operate in
- We will set targets for a reduction in the total recordable rate of accidents
- 100% of our workforce will have access to internal health and wellbeing initiatives
- We will reach 1 million people with health initiatives through the H&H Group Foundation
- We will raise and invest US\$500,000 into the H&H Group Foundation
- We will double our contributions to the protection of the ecosystems for our most critical raw ingredients*
- We will map out the value stream for our top 10 SKUs for every brand
- We will reduce our waste by 20%*

* Based on 2017 levels

BY END OF 2025:

- We will achieve BCorp Certification

BY END OF 2030:

- We will label 50% of product categories across our Group with disposal instructions, country of origin (ingredients and manufacture) and our environmental footprint.



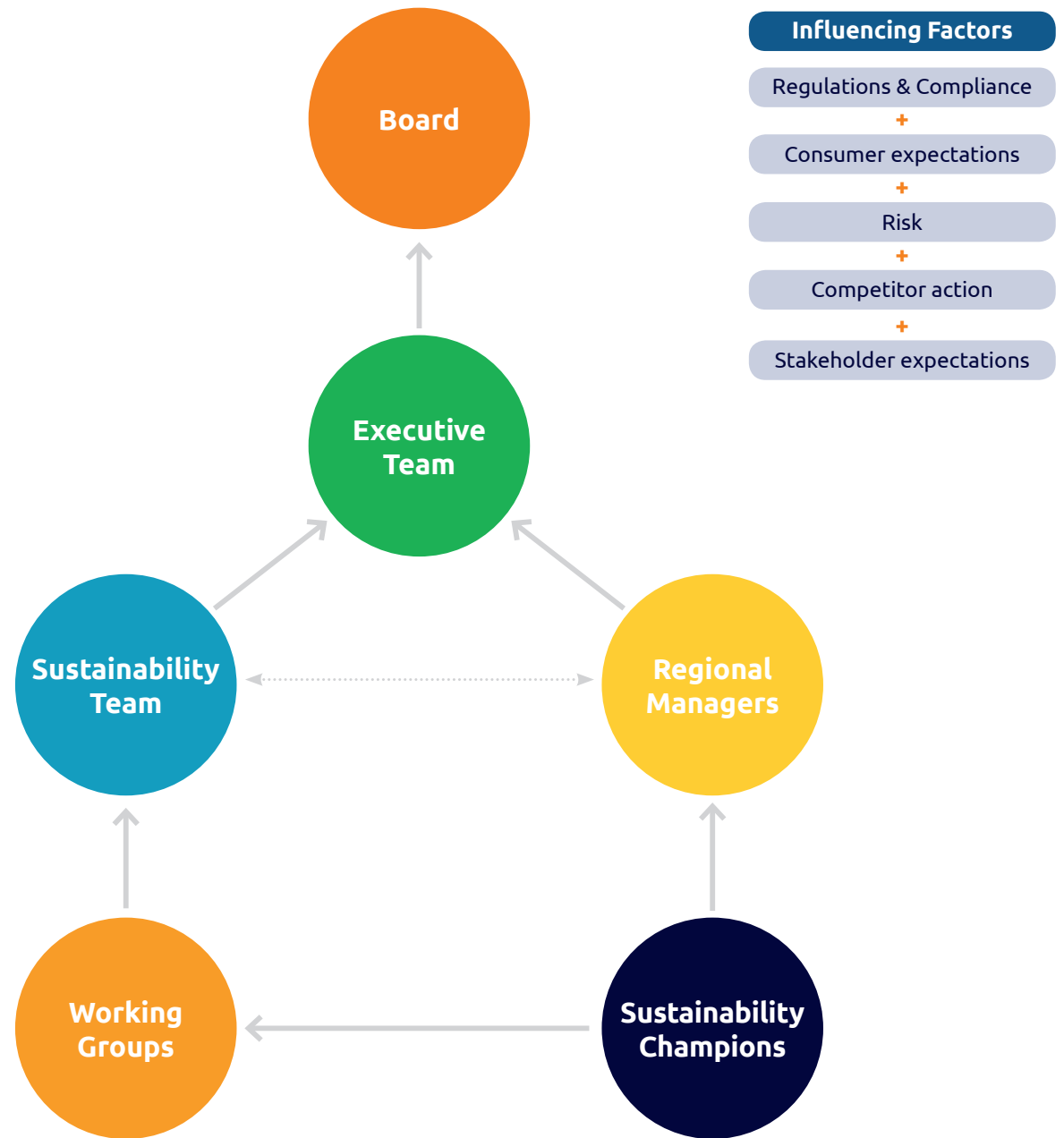
Ongoing

We will continue to be 100% compliant with all mandatory quality requirements in the markets we serve.

OUR SUSTAINABILITY GOVERNANCE

We have expanded our sustainability team and invested more resources in our Asian region to support communication with our Board and directors however our structure is largely unchanged.

Excitingly, we have recently launched a Sustainability Champions program connecting a global network of nearly 100 team members that have voluntarily joined to help drive new ideas within our operations. Sustainability Champions will meet regionally every month and globally every quarter and have already seen some great initiatives put in place. In 2019, we hope to integrate sustainability KPIs into regional executive teams which should see an even more productive integration of sustainability into the way we operate.



The Story of Good Health





MATERIAL TOPICS

Health and Wellbeing

Creating and maintaining a consistent culture across the group and in our communities that integrates H&H's purpose and values of wellness by inspiring wellness.

Quality

Ensuring products and all of the raw materials that go into finished goods are both safe and of the best quality for consumers.

Training and Development

Providing training and development opportunities for staff consistently across the group and ensuring H&H brands are equipped to answer questions from the community on the benefits of its products.

Ethical Marketing

Researching and communicating the effects and benefits of products responsibly.

Innovation

Partnering in research and innovation to improve and realise the full potential of premium products that advance the story of good health.

WHY IT MATTERS



Health and happiness is much more than just the name of our group of entities, it is truly something we aspire to inspire in everything we do. Advancing the story of good health is our number one goal within our sustainability strategy, as it fundamental to how we deliver on our mission to make people healthier and happier.

It starts with innovation and scientific partnerships, we draw upon some of the best and brightest across all of the regions we operate in to help guide product development that is meaningful to the lives of our consumers. That can span from looking at the nutritional gaps in specific populations, to testing the absorption properties of various materials in nappies, to investigating genetic variation in breast milk. It also includes innovation in the way we work with communities and speak with consumers.

It then moves on to ensuring our products are safe and the best quality for consumers. It is no surprise that our materiality

assessment process uncovered this as our most material topic – our brands are positioned as premium, proven and aspirational, and we have to deliver on that promise to provide products combining high levels of safety and quality.

What we say to our customers, and the way in which we say it, can impact our success in delivering the product benefits to the consumer and also their health more broadly. That's why we need to engage in ethical marketing to ensure we communicate accurate and authentic messages about how our products can support each consumer's wellness journey.

Our team is fundamental to delivering on all of our goals, and training and development ensures our team are high performing, skilled and creative thinkers.

While we exist to enhance the wellbeing of our consumers, we also deliver this mission through enhancing the wellbeing of our teams and the communities we operate in.



HEALTH & WELLBEING

HOW WE APPROACH IT

Our philosophy to health and wellbeing focuses on the three pillars of wellness: mind, movement and nutrition. This approach follows the concept that the way you live life will directly impact the joy you experience, and we are firm believers that people should invest in these pillars before developing, and in an attempt to avoid, health challenges.

It also heeds to the World Health Organisation's 2002 report on global health risks, warning that seven of the 10 leading health risk factors – including high blood pressure and high blood glucose, physical inactivity, high cholesterol and malnutrition in children – account for 33% of deaths globally.

We developed the definition and scope of this topic substantially in 2018 to include more broadly how our products impact consumers' health, how we can support research into health more broadly without a necessary product focus, and how we engage the public on health while still maintaining our internal initiatives to support our team members on their health and wellbeing journey.

These pillars consistently flow through all that we do within the boundary of this topic, from what we advocate for in our conversations with governments, to our strategic direction with products all the way to where we invest in the communities we operate in. While prevention is often hard to measure, our approach is measured with our dollar spend on internal initiatives, as well as impact reporting with our community programs. We also gather qualitative information from team members through feedback surveys and interviews, as well as from our

community partners to check we're helping them support their needs. Finally, we rely on consumers and other stakeholders' feedback on the various programs we run, and the products they are using, to determine if we are meeting their expectations on health and wellbeing.

All sites have a 'Celebrate Life Every Day' (CLED) budget, to invest in the three pillars in a way that is meaningful and impactful for team members. A few of the initiatives across the Group are:

- Lunchtime yoga
- Guided meditation at 3pm
- Community garden space and management
- Nutritious team lunches
- Annual body checks
- Spin classes
- High Intensity Interval Training

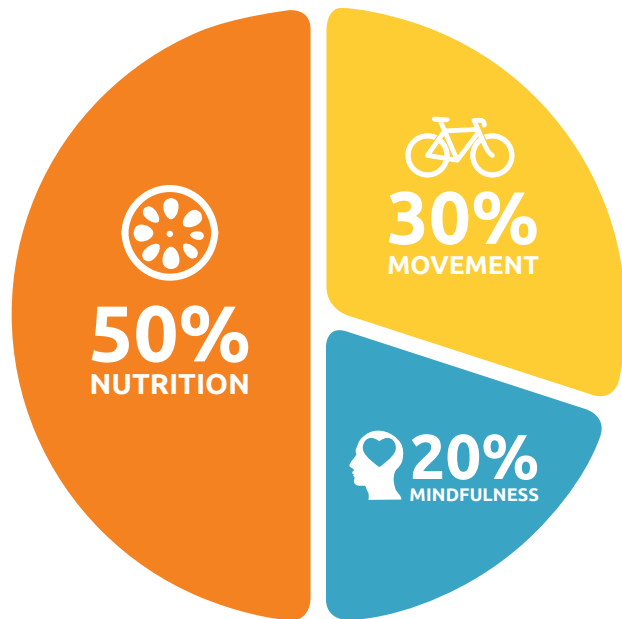
Team members are also provided with a product allowance, although the amount varies based on what products are available in the market and performance of that market.

In 2018 we launched the H&H Foundation as the community arm of the Group. The purpose of the H&H Foundation is to invest in the three pillars of wellness in the community. The Foundation also provides opportunities for teams to volunteer with organisations that are aligned with this purpose. In December 2018 we held our first ever World Community Day where team members volunteered in their local community.



2018 PERFORMANCE

Health & Wellbeing
Spend on H&H Group Team
US\$401,374



BINC (China)

Our BINC China organisation aims to bolster scientific research and technical understanding in nutrition and care for mothers and children in China. It integrates strong resources from across the globe to form a world-class research team of nutrition scientists and maternal and child food and care providers, focusing on providing high-class protection for mothers and children in China. In 2018 BINC China supplied RMB920,000 in grants for research.

BINC (Geneva)

Our BINC Geneva organisation offers a series of grants from research scientists based in universities, hospitals and other academic institutions across Europe. The research grants aim to provide financial support for innovative research projects in the fields of infant gut microbiota and allergy, infant brain development, skin microbiota, infant obesity and postpartum depression.

Five projects were selected by the BINC Scientific Advisory Board, following an application process in which we received 85 high-quality submissions from a range of European and Swiss prestigious universities.

The 2018 funding awardees cover three of BINC's major scientific areas, and received a grant of up to 50,000 euros each. The awardees in 2018 were:



COGNITION/BRAIN DEVELOPMENT

"Gut Bacteria and Brain of the Baby: to link up the dynamic of gut colonisation in preterm babies born at gestational age of 30-326/7 weeks and their psychomotor development at 2 years"

– **Amandine Bellanger**

Division of Neonatology, University Hospital of Rennes France.



GUT MICROBIOTA

"Transmission of obesity from mother to child through microbiota transfer and impact on feeding behavior"

– **Dr Patricia Parnet**

Head of research unit INSERM France.



"Gut microbiota establishment, perinatal determinants and relationships with growth and overweight in children"

– **Prof. Marie-José Butel**

PharmD, PhD Professor, Director of the research, Microbiologist, Paris Descartes University, France.



SKIN MICROBIOTA

"PREMIPLA project: the effect of antenatal prebiotics supplementation on microbiota in placenta, in the context of allergy prevention"

– **Dr. Marie Bodinier**

Project manager Research scientist at INRA, France.

"Infant gut development and the risk of allergy and atopic dermatitis"

– **Dr. Clarissa Schwab/Christian Lacroix**

EZH (Switzerland) Laboratory for Food Biotechnology Zurich, Switzerland.

Future proofing Normande Cows

Great ingredients are hard to come by, so when we find exceptional quality, we want to protect them.

Isigny Sainte-Mère (ISM) is one such quality producer and supply chain partner. The independent dairy cooperative located in Normandy, France, is one of the world's finest manufacturers and producers of organic and conventional milk products including cheese and butter alongside infant milk powder products and milk cultures for probiotics.

As a mark of its quality and hygiene, the cooperative's infant formula milk was the first to be sold in a pharmacy.

Key to these high stakes on quality is la Vache Normande - the Normandy cow. Brown and white spotted Normandy cows - easily recognizable by its markings - produce milk that is exceptionally high in butterfat. And they produce a lot of it, around 7 gallons a day. In the spring and summer, the cows graze on sweet, fresh grass and in the winter they are fed hay or sugar beets, all of which give the milk a unique character and special properties.

To ensure our consumers can continue to benefit from these very special properties, in 2018 we committed to supporting the local farmers to nurture this cow species.

The H&H Group has committed to incentivising each sale of the special, Normande breed of cow to another member within the

cooperative up to an annual value of 7,500 Euros, keeping the cows within the region. We are also contributing to a bonus farmers receive for every 1,000 litres, an estimated value of around 450K euros.

ISM has a longstanding tradition in resource efficiency and environmental management excellence, including certifications in environmental management (ISO 140001) and energy management (ISO 50004). The facility has treated its own water since 1998, and generates renewable energy through the first large-scale biomass boiler ever built by a French food manufacturing business.

The team continually monitor and improve product quality and efficacy through its in-house research and development engineer and a specialist on-site laboratory, as well as research collaborations with the French National Research Institute for Agricultural Research (INRA) and the University of Medicine at Caen.

The high production and labour standards are supporting the Group in achieving its goal to enhance the wellbeing of all. Further, as an independent dairy cooperative, ISM's members are milk producers who deliver to the cooperative, each having an equal say in company decisions. This structure ensures the sustainability and quality of ISM's milk supply as well as a beneficial business relationship for all cooperative members.



2018 PERFORMANCE



US\$670,868
in community initiatives and programs.

Some examples include:

The Biostime Mother and Child Foundation hosted Family Run 'You participate, I donate' campaigns in 12 cities across China and raised a total of Rmb1,000,000 to provide free public treatments for 50 children with congenital heart disease.

The Biostime Mother and Child Foundation 'Be With You' Campaign involved more than 700,000 people walking or running more than 10 billion steps to raise more than RMB500,000 RMB in one day, to cover costs of surgeries for 7 children that wouldn't have been able to afford surgery otherwise.

The Group hosted a 'Swisse Movement Activity' in Sanya for around 300 participants and donated AU\$100,000 to the H&H Foundation on behalf of all participants.

Biostime ran a 'Breast Milk is Best' campaign throughout China to encourage breastfeeding, the best source of nutrition for babies.

H&H Group broke a World Record in hosting the largest baby yoga session with more than 10,000 families participating.

The team made more than 12,000 sandwiches for children that do not have lunch, and helped prepare more than 2,250 cooked meals for community members that need it.



Biostime China Foundation for Mother and Child won the 2018 Special Tribute award in the 8th China Public Welfare Festival, recognising H&H's commitment to social welfare and actively supporting maternal and child public welfare.





2018 Swisse Wellness Survey

In 2018 and in partnership with Nielsen, Swisse developed a national consumer focused health survey that gains a deeper understanding of Australians health perceptions, behaviours, barriers and information sourcing. At the core of this long-term investment, is the desire to continue to support health and wellbeing through the three pillars of whole-person wellness; movement, nutrition and mind.

This research supports our mission to make millions of people around the world healthier and happier beyond just our premium products, but also through our investment in research and an ongoing industry commitment to advocating more positive health outcomes.

Over time, the research commitment will allow for the mapping of health trends, so a better understanding can be gained of Australians health knowledge and information gaps, behaviour change barriers, and health information sourcing habits.

The survey results will help equip us to better tailor lifestyle initiatives that provide educational information and inspiring support to assist everyone's health journey. We seek to ultimately encourage more people to make more positive health choices by providing them with inspiration, information and the support to make behaviour changes; through moving more, fuelling their bodies with wholefoods and achieving better emotional and mental health.

The research is then supported by campaigns educated and encouraging people to **#livelikeyouloveit**

OVER HALF OF AUSSIES
are not active enough

52% of Australians are not meeting the recommended physical activity levels

#LIVELIKEYOULOVEIT

Swisse

Swisse Wellness Survey, 2018

LACK OF DESIRE AND TIME,
low nutrition recommendation awareness and cost

are the top barriers for Aussies not eating more veggies, fruit and dairy

#LIVELIKEYOULOVEIT

Swisse

Swisse Wellness Survey, 2018

60% OF AUSSIES
would like 8 hours sleep each night

however only 30% of Australians are getting this each week

#LIVELIKEYOULOVEIT

Swisse

Swisse Wellness Survey, 2018

72% OF AUSSIES
believe they have good to excellent diets

but in reality only 6% of Aussies eat enough veggies, 5% consume enough dairy and 30% eat enough fruit

#LIVELIKEYOULOVEIT

Swisse

Swisse Wellness Survey, 2018

MINDFULNESS
is still a novel practice in Australia

only 39% of Australians know a lot about mindfulness and its benefits

#LIVELIKEYOULOVEIT

Swisse

Swisse Wellness Survey, 2018

LACK OF TIME
motivation and energy

are the biggest barriers for Aussies not being more active

#LIVELIKEYOULOVEIT

Swisse

Swisse Wellness Survey, 2018

QUALITY

HOW WE APPROACH IT

Our brands have long traditions and a sophisticated approach to quality and safety. These activities are expressed in brand-specific policies and standards operating procedures (SOP) including supplier qualification and management, bulk vendor specifications and reviewing and approving finished product vendor specifications. Our policies and procedures are reviewed on an annual basis.

All our brands actively manage the potential health and safety impacts of our products. Our products are subject to brand-specific product quality reviews, testing regulatory compliance and a risk-based approach to determine priorities for further investigation. We complete reviews during research

and development and prior to our product reaching the market, and also throughout our products' life cycles, as well as in reaction to customer enquiries or feedback from regulators.

We have quality assurance processes and recall procedures in place, which are periodically tested through mock recalls. For example, Biostime operates a comprehensive quality and food safety management system, and Dodie's product categories are subject to mandatory regulatory quality requirements and follow internal assurance procedures. Market- and product-specific quality requirements and processes apply to our brands, depending on whether products are regulated as foods, medicines, or other categories.

Product Category	Mandatory quality requirements				
	Australia & New Zealand*	China	Europe	United States	Asia Exc. China
Complementary or traditional medicines	Therapeutic Goods Administration (TGA)	State Administration for Market Regulation (SAMR) Guobiao standards, and China customs	European Food Safety Authority (EFSA)	<i>No products in this category</i>	Health Sciences Authority (Singapore)
Health foods	Food Standards Australia and New Zealand (FSANZ)			US Food and Drug Administration (FDA)	Centre for Food Safety (Hong Kong)
Foods			Marketing of Infant Formula in Australia (MAIF)		
Infant Formula	WHO Code				

* New Zealand uses the categories "natural health products," "complementary medicines," and "dietary supplements" and is currently working jointly with Australia to implement a scheme

2018 PERFORMANCE

In 2018, we launched our Group wide Quality charter outlining our expectations and commitment to quality



H&H Quality Charter

At H&H we understand that Quality is everybody's responsibility.

Our commitment to Quality is driven by our core values and is embedded firmly within the culture of our global organisation. We are passionate about being visionary and continuing to drive excellence to ensure we remain a respected and attentive organisation.

We are motivated to deliver products using brave and innovative ideas, whilst guaranteeing compliance with all relevant regulations and industry standards, across all markets and product categories.

We work together as one big team with a shared purpose, collaborating with experts, to develop safe, consistent and effective products that bring high value to our consumers. We also work diligently to assure that they are fit for purpose and stable throughout their shelf life.

We source premium ingredients from across the globe to ensure we provide the best product possible for our consumers. We manufacture using world class techniques and put our products through rigorous quality control. We partner with suppliers in the complete value chain who are carefully selected and committed to our strategy, values, and corporate citizenship.

Through excellence we build trust to become lifetime partners for the whole family, and to provide health and wellness and encourage us all to

Celebrate Life Every Day.

571,409,913

Units produced of our products globally in 2018*

*Excluding Europe

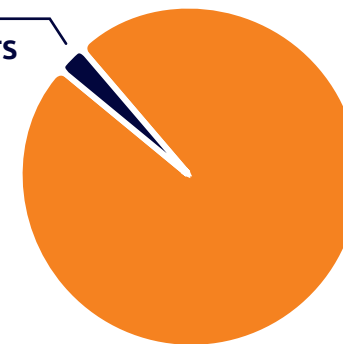
ZERO
product quality
Recalls in 2018

Spend on quality management in 2018 RMB42,103,679

We made two amendments to product labelling as a result of feedback from the market regulator in 2018. We also voluntarily withdrew a product from distribution after an internal review uncovered an ingredient quantity that did not meet specifications for that market. We have also, as a result of regulatory changes for a separate product ingredient, reviewed formulation specifications.

Product enquiries

LESS THAN 3%
WERE COMPLAINTS



1,444,048

Number of products related enquiries in 2018

99%

Responded to

95%

Resolved and assessed for improvement

Channels

Channel breakdown only available for Australian customer service enquiries.

Phone
38%

Email
50%

Social Media
12%

Other
0.29%

TRAINING & DEVELOPMENT

HOW WE APPROACH IT

Strengthening capability across our teams is a key pillar in successfully achieving our goals. We encourage and support our people to acquire new knowledge and skills to be high impact and effective in their work and enhance their individual career, which in turn enables us to deliver on our mission of making people healthier and happier. Each brand and territory, with the support of their People & Culture teams, manage training and development slightly differently.

Throughout 2018 we worked on developing a digital training and development platform that will soon be available to all team members, except those in China where we are tailoring another system. This platform will allow functional training as well as broader training on policies and processes.

Our global training and development approach starts with a sound induction and integration into the local team specialised to the location and brands that are available in that market, and also always contains the following elements:

1. Introduction to our strategy, goals and values
2. Brand and product training
3. Site training

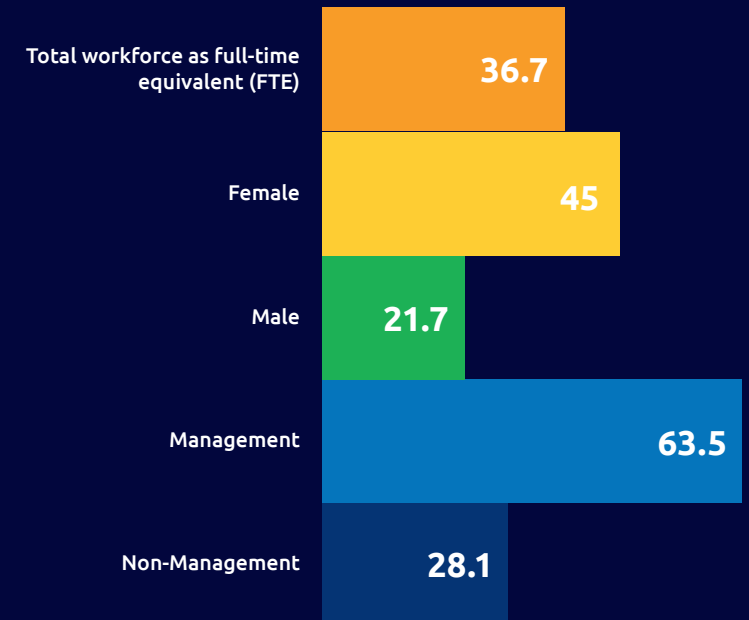
Across the Group we also support on-the-job learning, post-graduate, under-graduate, courses, certificates, and diplomas. Our manufacturing, warehousing and packing sites provide highly specialised safety and licensing training.



106,581

Total training hours across The Group in 2018

Average training hours per team member





The NewH² management operations is managed by our Group strategy team who will source and evaluate projects to be reviewed and approved by the Fund Investment Committee, which consists of our senior executive team. The H&H Board will also review investments annually.

We have launched a website for more information on the fund, our projects and an online application form for investment enquiries. Visit www.newh2.global

Introducing NewH²

We are very that in 2018 H&H Group has created a corporate 'technology, growth and innovation fund' that will sit within our Group structure and will sponsor and support innovation projects brought to us from entrepreneurs.

We have named the Fund NewH² which represents new venture and ideas supported by H&H. The investment scope encompasses projects that are within or linked to our core segments of ANC and BNC and may focus on business model innovation; product or brand innovation and technology innovation but ultimately support our vision of accelerating new innovation ideas for a healthier future.

Our focus is on H&H Group's 'PPAE' – Premium, Proven, Aspirational and Engage model, and we seek brands, products and technologies which bring this concept to life.



PREMIUM

Sourcing premium quality ingredients from around the globe.



PROVEN

Using a science-based approach to develop new and improved products across the food and therapeutic sectors.



ASPIRATIONAL

Creating and marketing products in a way that shares our message of health and happiness and inspires better lifestyle behaviours.



ENGAGING

We have a consumer centric approach that continuously engages with our stakeholders through exciting digital content and experiential moments.

ETHICAL MARKETING

HOW WE APPROACH IT

Marketing gives us the opportunity to reach members of the community with information about our products, ingredients and formulations, and how and why to use them. It also gives us the ability to influence society more broadly and with that we have an opportunity and responsibility to influence for the better. We consider ourselves advocates for a healthy lifestyle and that is encapsulated in our tagline Inspiring wellness. We don't take this lightly, and we plan to deliver more marketing that delivers on our social and environmental objectives.

Our management approach to the marketing of each product category is slightly different, as each category comes with its own compliance risks and opportunities. All of our significant product categories are assessed for compliance with local category regulations regarding marketing and labelling requirements. These vary across product groups and generally fall either into food regulation (infant nutrition and nutritional supplements), infant formula, or complementary medicines (e.g. vitamins).

All brands fully comply with applicable regulations and legislation, and go beyond these in many cases. Please refer to our 2017 Sustainability Report to see examples of how we meet labelling requirements.

In 2018, we recognised the need to develop a standard approach to the responsible marketing of breast-milk substitutes across the Group, as formula products constitute a significant proportion of our business. Our Responsible Marketing of Breastmilk Substitutes Policy addresses our approach and compliance with each article of the World Health Organisation's International Code of Marketing of Breast-milk Substitutes. As this was only finalised in early 2019, we will document the roll-out, training and also disclose any breaches, should they occur, of this policy in our 2019 Sustainability Report.

Our brands that produce consumable products all have internal procedures in place to validate the product claims listed on the product itself and in marketing. Our health food brands maintain product information and labelling policies, and engage third party reviews for labelling requirements for certain markets.



2018 PERFORMANCE

Please refer to the 2017 Sustainability Report for our labelling requirements across all of our brands.

We made two amendments to product labelling as a result of feedback from the market regulator in 2018.

We received the Business Excellence Award for Consumer Services from the Australia China Business Council in 2018, demonstrating our commitment to looking after our consumers.

INNOVATION

HOW WE APPROACH IT

Our consumers' perception of wellness is constantly evolving, and we too need to keep evolving to meet their desire for products that address specific conditions and are effective, safe and convenient to use.

This approach begins by collaborating with world-leading experts to harness the knowledge of partners and strengthen our capability. A diverse mix of partnerships allow us to draw upon very different expertise and knowledge from a global field.

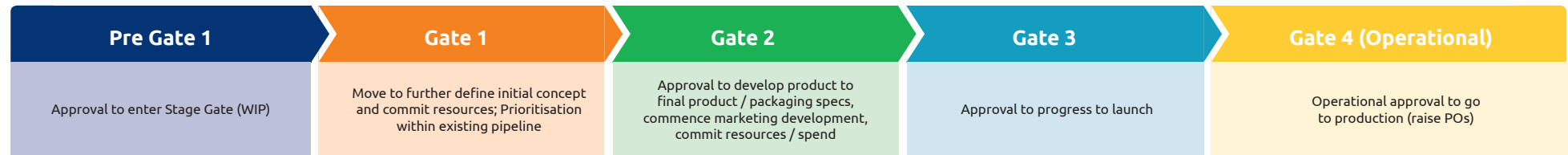
Our focus for product innovation is built around three categories: Wellness, Beauty and Children.

We constantly look for new ingredients and new formulations that will deliver benefits to consumers, grow our product range, increase our brand presence and grow our market share in these categories. We will continue to partner in research and innovation to improve and ultimately realise the full potential of natural and organic premium products.



PRODUCT INNOVATION

In the second half of 2018, H&H Group implemented the Stage Gate process to better manage the growing innovation ambition and pipeline. The Stage-Gate process model is the global industry standard for managing new product development. The process integrates and engages users of all decision-levels and functions, enabling quality execution, timely 'Go' or 'No Go' decisions, alignment and efficiency resulting in superior products reaching markets faster, generating better growth, profits and ultimately meeting our consumers' needs in a product capacity. A successfully implemented Stage Gate process creates a culture of product innovation excellence delivering quality products to market whilst driving accountability and alignment. Benchmarks suggest companies who have successfully implemented a Stage Gate process are twice as likely to launch successful products with reduced risk.



CSIRO is Australia's national science agency with the core objective of making a positive impact on people's lives through science and research. Everything they do is focused on creating measurable economic, environmental and social benefits that better our world and Australia's place in it. Our partnership with CSIRO will provide a framework for translating research opportunities into commercial activities and investigating new opportunities and innovations right through the supply chain, through fostering collaboration and undertaking projects of mutual interest. Read more in our case study 'Clinical trials a success for women and children' in the 2017 Sustainability Report.



Teagasc is the Agriculture and Food Development Authority, the national body of Ireland providing integrated research, advisory and training services to the agriculture and food industry and rural communities.

Our partnership with Teagasc involves three programs looking at milk quality, composition and fermentation.



Biostime Institute of Nutrition and Care (BINC) is a non-profit research organization committed to improving maternal and child health globally. Focused on the research of nutrition, care and psychology, BINC has two centers in Geneva, Switzerland and Guangzhou, China. Cooperating with domestic and overseas academic societies, universities, institutes, hospitals and innovative enterprises, BINC conducts scientific research and regularly hosts academic events. They also offer research funding and scholarships to promote scientific research in the fields of maternal and child health.



Genclis is a privately-held biotechnology company incorporated in France that discovered a unique biological mechanism referred to as Transcription Infidelity (TI). TI produces RNA transcripts that differ from their originating DNA sequence. This mechanism explains the non-random occurrence of RNA to DNA divergences (RDD) that lead to translated proteins with sequences diverging from the canonical form. Genclis applies its artificial intelligence platform to extract, from large Genomic data sets, these low-intensity signals. Genclis has shown in both humans and animal models that specific RDD events shape selectively the repertoire of natural immunoglobulins and contribute to both allergy and other immunological disorders.



Relief Therapeutics Holding AG is a clinical-stage biotechnology company with a portfolio of drug candidates derived from natural human origins.

H&H Group has established a partnership with both Genclis and Relief Therapeutics to follow a four-year development plan, including pre-clinical and clinical milestones, aiming to reduce allergenicity or even preventing food, particularly milk, allergy in humans.



Swinburne University's Centre for Human Psychopharmacology is the largest group in the world researching the cognitive and mood effects of natural products, nutritional supplements and other nutritional interventions. The Centre conducts government and industry-funded trials, as well as investigator-initiated studies. They conducted what is believed to be the first study to examine the subjective experience of taking a multivitamin, during a clinical trial using Swisse Ultivite multivitamins. The Centre's aim is to understand fundamental aspects of neurocognitive change and to use the methodologies of applied human psychopharmacology in order to benefit behavioural and brain processes, and to translate this knowledge for the public good. It also aims to examine the efficacy and safety of natural medicines and illicit drugs on the human brain.

2018 PERFORMANCE



US\$22.4M

spend on R&D

53%

increase in spend on R&D

1 Patent filed in 2018:

PCT/IB2018/000464 "Nutritional Supplements comprising of Osteopontin and 2'-fucosyllactose"

44 NEW PRODUCTS LAUNCHED IN 2018:

Biostime

- Biostime probiotics sachets
- Biostime organic IMF launched
- Biostime organic anti-reflux formula



dodie

- Peppa Pig Range Dodie
- Dodie Cosmetic range
- Dodie Pull-ups
- Dodie Soothers Range



Swisse

- Swisse Ultinatal
- Swisse Ultibiotics
- Swisse Lifestyle
- Swisse Collagen Drink & Hyaluronic Acid



Our Footprint on the Planet





MATERIAL TOPICS

Emissions and Air Quality

Minimising the carbon footprint and air quality emissions of H&H operations and the supply chain.

Water Management

Seeking minimal reliance of operations and suppliers on water resources and ensuring runoff is of a quality that does not pose a risk to human health and the environment.

Waste Management and Packaging

In partnership with suppliers, rethinking packaging materials to reduce waste, facilitate recycling and source materials from more environmentally sustainable sources, where compliance requirements allow.

Biodiversity

Ensuring our supply chains do not impact biodiversity loss in a material way especially where ingredients are in either endangered or critically endangered categories.

WHY IT MATTERS



We are a global citizen and dedicated to serving mothers, babies and families for the preservation of a healthy planet for future generations. Our participation in the United Nations (UN) Global Compact – the business platform for the UN – requires us to demonstrate our commitment to the environment in a time where one of the biggest challenges we face as a planet is global warming and the subsequent impacts of climate change.

If the world keeps growing in population on our current trajectory by 2030, it is estimated that 50% more food than what is produced today will be required to feed the world. Simultaneously, according to the UN's Food and Agriculture Organization, 75% of the world's global food supply chain comes from just 12 crops and five animal species. That concentration is having a massive impact on food security and makes resilience to the impacts of climate change and pests even more challenging.

Further, as a multinational organisation with operations across the world we are conscious of how our use of resources can contribute to global warming, and we are committed to reduce the size of that footprint and help to prevent the effects of it.

Therefore, our sustainability strategy focuses on resources and climate as core priorities. In line with our focus on sustainable food systems, we need to consider the way we use resources efficiently and act on climate change to preserve our environment.

OUR ASPIRATIONS ARE TO:

- use resources more efficiently
- make conscious decisions to reduce and offset our carbon footprint
- achieve economic growth whilst engaging in sustainable procurement practice
- protect the ecosystems on which we rely for raw ingredients



HOW WE APPROACH IT

INTERNAL FUNCTIONS

Our first step is to manage what is in our immediate control, within this scope we operate:

- Offices
- Laboratories and research facilities
- Packing and packaging facilities
- Warehouses
- Manufacturing facilities

The functions that occur at each of these sites vary greatly and therefore what is drawn from the environment needs to be managed slightly differently. On top of this, the local and national regulation and requirements vary. For example, our factory sites in China have a levy tax through the Environmental Protection Tax Law on air pollutants, water consumption, solid waste and noise pollution. Our teams at these sites, in particular Changsha and Guangzhou, are also collaborating with Government through the cleaner production project taking action on energy efficiency and saving, which has been in progress since 2017. Each of our sites fully comply with all relevant laws and regulation and set operational expectations through their own suites of environmental policies and standard operating procedures (SOPs).

We recognise however that there are inconsistencies across the Group on our management approach, so in 2019 we will look to create Group minimum standards and

guides on how to make different functional sites operate with minimal impact on the environment, and without imposing too much of an economic burden.

Our focus areas include environmental pollution such as noise, air emissions, and effluents in our factories and warehouses (Changsha, Sydney, Melbourne and Guangzhou) and resource efficiency in our corporate offices. These are supported through internal initiatives, education and training and some formal and informal provisions in procurement guidelines (e.g. the preference for carbon neutral product supply for Swisse).

In 2019 we will continue our global network of Sustainability Champions – people across a range of business functions and locations to instigate diverse ideas, bring insights on how we operate and how we can be better. The champions will meet once a month regionally and best practice initiatives will be shared at a quarterly global online get-together. We are aiming for this to help to build out the initiatives and standards across the Group in all of our sites, as our sustainability team are only physically based in Hong Kong and Australia. We currently have more than 100 team members signed up, giving us representation from all functional teams and most of our sites globally.

We have had no incidents of non-compliance with environmental laws and regulations in 2018 across the Group.



IN OUR SUPPLY CHAIN

As a large proportion of our sites are rented properties as well as shared with other organisations, energy, water, and waste are often managed by our respective landlord and therefore challenging to influence. Where they are not, we are working with our procurement teams and budgets to broaden the considered options moving away from a purely cost decision making basis. In some of our larger sites we have procured many amenities from social enterprises at a slight increase in price, however with added environmental and social value. We have also increased discussions with a number of suppliers around providing social and environmental information in the online ordering platforms and tender documentation.

Our Supplier Code of Conduct stipulates our mandatory supply standards and encompass a range of social and environmental considerations and set expectations for all new suppliers within our product-related supply chain.

In 2019 this will be strengthened with new terms in all of our standards supplier forms and templates that address social and environmental criteria as well as a new internal procurement policy.

We also have a new material topic – Biodiversity – and we will develop a management approach to this topic in 2019 however the scope will fall purely in the sourcing of raw materials as this is where this topic is material.

We celebrated the UN's World Environment Day on 5 June 2018 with activations in almost every location across the Group – this was an exciting initiative and the first time we came together as One Big Team for an international awareness campaign. World Environment Day is the UN's most important day for encouraging worldwide awareness and action for the protection of our environment, which is one of our three sustainability goals. To celebrate the Day, we shared with our team some simple 'Environmental Friendly' initiatives to use in everyday life, as small steps by each person can result in great change. We also encouraged our team to grow greenery in their own environments through supplying either plants, herbs or vegetables to enjoy many benefits including production of oxygen, increasing feelings of happiness (a natural response to having living greenery in your surrounds) and growing organic produce.



2018 PERFORMANCE

We assessed our carbon footprint and continue to commit to carbon neutrality for scope 1 and 2 emissions for the second year in 2018.

Within these two scopes we look at most of the material topics within this goal: electricity, gas, petrol, waste, water consumption and other emissions.

Our carbon emission footprint has reduced in 2018, largely due to a reduction in petrol consumption in our regional teams in China. This is a great achievement for us, particularly when you consider the financial growth we've been experiencing in the same period.

Our Australian operations continue to manage, measure and voluntarily offset its corporate carbon footprint and achieves carbon neutral certification under the Australian National Carbon Offset Standard (NCOS) on an annual basis through the Swisse entity. In 2019 we will shift the entire Group footprint to this model to further verify this important part of our environmental impact as a continued commitment to the future of our planet.

Swisse is a signatory to the Australian Packaging Covenant Organisation (APCO), a co-regulatory program to reduce the harmful impact of packaging on the Australian environment. The latest annual report on progress to reduce product packaging can be viewed on the APCO website.

ENVIRONMENT AND NATURAL RESOURCES –

the start of life for our products

We understand that our largest environmental impact comes from the resources that go into making our products. One of the most pressing challenging for the global food supply chain is fertile and healthy soil with organic matter, as it is the basis for healthy plants, animals and ultimately humans. Healthy Times and Good Goût have both pioneered organic products in the toddler snacks category, and we will continue to source inspiration from these brands on how we can apply that care to our other brands as we seek to understand more the importance of soil in producing our products and ultimately the future of food and healthy diets.

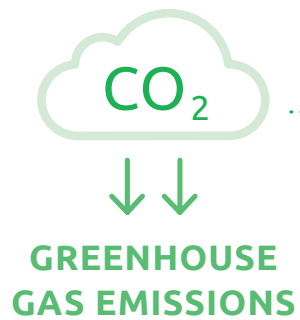
Our premium ingredients set our products apart – the active substances in many of our hero products such as cranberry, krill oil and algae are grown in fragile ecosystems. We have a strategic interest in securing supply through partnerships and we aim to act as an environmental steward in the ecosystems we rely upon for raw ingredients. This will be a real focus for 2019, and we will draw on industry and category-based environmental hotspots through our resources available in associations such as The Sustainability Consortium and seek more information from our supply partners. We are also reviewing our innovation process and will have a solid management approach for assessing new products through an environmental lens.

All of the following data relates to our own operations only and not that of our downstream and upstream partners.

Boundary for each Scope:

Scope 1	Scope 2	Scope 3
Natural Gas	Electricity	Flights
LPG Stationary		Waste
Diesel		Water
Petrol from transport		
Refrigerants		





25,438 tonnes CO₂ equivalent

Total Carbon Footprint
(as total of scope 1, 2 and selected scope 3 Greenhouse Gas (GHG) Emissions)

Scope 1	Scope 2	Scope 3
1,539	9,807	14,092

5,634 tonnes equivalent

Commercial carbon footprint
(average for our office locations)

8.62 tonnes equivalent

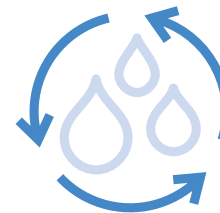
Emissions per employee
(as full time equivalent)

19,802 tonnes equivalent

Industrial carbon footprint
(average for our manufacturing and logistics facilities)

17,675 ASIA	127 NORTH AMERICA
4,424 AUS & NZ	2,804 EUROPE

Emissions per region
(tonnes CO₂ equivalent)



WATER

50,335kL

Total water consumption
(all of which purchased from commercial or municipal water utilities)

19.4kL

Water consumption per FTE*

We did not experience any issues in sourcing water that is fit for purpose across our locations.

ENERGY

Direct and indirect energy consumption

	Total (in '000s)	Intensity Per FTE
Electricity (kWh)	11,931	4.04
Liquid Petroleum Gas (L)	1.4	0.45
Petrol (L)	229	77.60
Diesel (L)	163	55.04
Natural Gas (L)	5,563	1,885

Note: We did not consume any biofuel, methanol, oil or coal and we do not have data on what electricity was renewable.

WASTE

Total waste generation: 2,839 tonnes

	Non- Hazardous waste (tonne)	Hazardous waste (tonne)
Total	2,836	3
Average per facility	257	1

Note: Hazardous wastes are defined by national regulations in the markets we operate in. The contractual agreements for waste disposal differ in locations across the Group's operations and we faced challenges in quantifying waste quantities and disposal methods for all brands except Swisse. The above is, therefore, not representative of the Group and we will work to provide more detailed information in the next reporting cycle.

AIR EMISSIONS

None of our global facilities emit emissions to air such as nitrogen oxides (NOX), sulphur oxides (SOX) or other hazardous or non-hazardous pollutants in quantities significant enough to be regulated under national laws and regulations.

300Kg of Refridgerant (R-22) used in 2018.

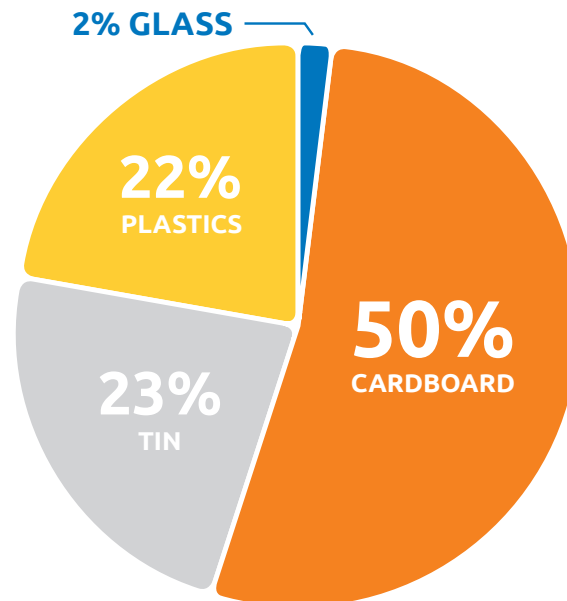
PACKAGING

We have control over the design and procurement of all of our brands' packaging. To date, we have completed a full audit of Swisse and Biostime packaging, and will complete a full packaging audit of all our brands in 2019.

Details on Swisse and Biostime's packaging use in 2018 are:

Total weight of packaging material used was 15,436 tonnes, for every US\$88 in revenue we produced 1kg of packaging. Of that packaging, 15% is complex recyclables, our biggest area for focus and improvement in packaging.

Break down of weight



We intend to set strong packaging commitments in our 2019 report:



- 1. Increase recycled content of inputs**
 - 2. Increase bio-based inputs**
 - 3. Decrease total amount of materials intensity**
-
- 1. Decrease footprint of packaging manufacturing**
-
- 1. Increase recyclability of packaging**
 - 2. Increase % of packaging that is biodegradable**
 - 3. Increase % of packaging that is compostable**



FIGHT FOOD WASTE

Cooperative Research Centre

REDUCE - TRANSFORM - ENGAGE

Swisse is proud to be a participant in the Fight Food Waste Cooperative Research Centre (CRC) an industry-led collaboration with researchers and the community to address food waste through a range of government-funded programs.

These programs focus on:

- **reducing** food waste throughout the value chain;
- **transforming** unavoidable waste into innovative high value products; and
- **engaging** with industry and consumers to deliver behavioral change.

Swisse is the “industry lead” on the transforming program and as a result there is a strong emphasis on utilising food waste (by-products, imperfect or excess food production) into ingredients and sustainable packaging options for the nutraceutical industry.

The CRC has 46 industry partners and 10 research institutes, and has a funding commitment of \$121m. Individual projects are developed throughout the 10 year life of the CRC, and will include:

- Identification of food waste streams appropriate for transformation;
- Scientific validation of bioactives (ie for TGA compliance);
- Clinical trial activities;
- The development of new processing technologies; and
- Other activities that lead to the development of a full value chain for the Australian nutraceutical industry.

The objectives of this CRC fit well with Swisse’s sustainability agenda. The broad membership of the CRC will give us good access to research being undertaken Australia-wide, and the long term funding commitment by the Government enables Swisse to participate in early-stage research. We have category exclusivity and therefore first mover advantage on any commercial opportunities developed.



Participants

\$121M
Over 10 Years

Total CRC Resources

Honouring human rights and fairness





MATERIAL TOPICS

Safety

Proactively manage health and safety risks and incidents by creating supportive policies, procedures and an environment that supports the wellbeing of H&H employees and our partners.

Diversity and Inclusion

Embracing and being inclusive of the diversity of staff, while also making a positive impact on diversity and inclusion issues in local communities.

Remuneration and Workplace

Providing consistent fair and attractive remuneration and working conditions for all employees across the group and in the supply chain.

Culture and Engagement

Creating and maintaining a consistent culture across the group that integrates H&H's purpose and values of wellness and embraces and includes the diversity of different regions and staff

WHY IT MATTERS



We are a truly global team with diverse backgrounds unified by our passion to make people around the world healthier and happier. Our people and our passion are the reason we prosper, and therefore our mission begins with ensuring a healthy and safe working environment for all our team members and those along the supply chain.

The International Labour Organization estimates that Forced Labour and Modern Slavery generates annual profits of US\$150 billion, and more than US\$100 billion out of regions that we operate in¹. While we have processes and guidelines internally to ensure that we are not directly complicit in these abuses as an organisation, we rely heavily on our supply partners to deliver our products and therefore it is important we have governance mechanisms to ensure we are not complicit in either beneficial or silent labour abuses in our supply chains.

As our business grows, our people and the communities in which we operate are also becoming more diverse. We understand that accepting and embracing the unique individuals within our Group enhances the potential of our business and also promotes social cohesion in our local communities.

In order to protect one of our greatest assets – our people – we need to value each team member's expertise and lifestyle through attractive remuneration and an engaging workplace that provides the flexibility to work around unique life circumstances both in our direct operations and our supply chains.

1. <https://www.ilo.org/global/topics/forced-labour/statistics/lang-en/index.htm> 2014



HOW WE APPROACH IT

OVERARCHING FRAMEWORKS

Internally...

We have policies across China, Australia, New Zealand and the United States that outline our values and corresponding behaviours that keep us focused, help us stay true to our mission, and enable us to continue growing our high performing business. Each team member for the respective brand is required to read, sign and conduct themselves in line with these policies. These documents include recruitment, labour relations and contracts, working hours, wages, health and safety, regulatory requirements, training and development and much more. In 2019 we will be creating and rolling out a Global Code of Conduct so that we have a standard set of expectations for team members across the Group on these important topics.

Externally...

In 2018 we developed a Supplier Code of Conduct (Code) which has been available publicly on our H&H Website under our policies since December 2018. This Code outlines our expectations of suppliers including:

- Business practises – Intellectual property, business resilience, sub-contracting
- Research and training – Research and development and training and development of team members
- Responsible sourcing – Human rights, working hour, wages and benefits, freedom of association, Diversity and inclusion, raw material procurement and animal welfare
- Health, safety and quality – Team member health and safety and quality assurance
- Global citizenship – Environmental footprint and community education and health

Please refer to Supply Chain Governance on page 65 for full details on the roll out plan of the Supplier Code of Conduct.



Employee handbook



Supplier Code of Conduct



SAFETY

HOW WE APPROACH IT

Internally...

During 2018, each of our regional offices had their own processes and systems for managing and tracking workplace health and safety. We are in the final stages of developing a H&H Group Health and Safety Policy that will apply to all H&H sites globally, however also allows for localisation to reflect the nature and location of our operations, under local laws and regulations. This Policy will outline the purpose and application of seven key elements:

1. Hazard management
2. Definitions of responsibilities and authority
3. Incident management
4. Contractor management
5. Emergency response
6. Return to work procedures
7. How we induct new team members to our workplaces

While our approach to health and safety varies to reflect the nature and location of our operations, we are uncompromising on these seven key elements within each region. We also ensure that globally:

- Risks and incidents are recorded and tracked in registers, and our team members are responsible for logging these issues as they occur in the workplace.

- A team member at each of our sites has designated responsibility for managing identified risks and communicating with management on site-specific challenges raised in the registers.
- Larger sites of more than 200 employees and contractors have a committee to drive training and implementation of health and safety improvements.

Externally...

While we conduct supplier site audits and inspections on a regular basis, the assessments do not include health and safety as standard practice. Our Australian and New Zealand team developed an informal assessment method of the working conditions of a potential supplier in 2018, however was not implemented consistently across the region. Going forward, we will develop a Group management approach to supplier health and safety engagement and auditing. In 2019, we will assess our onboarding processes with suppliers and look to integrate quality, safety and broader sustainability assessments as part of global practice. We have developed the supplier code of conduct which outlines our expectations in this area, whilst we work on our approach to auditing.

2018 PERFORMANCE

0 There were no workplace fatalities across our Group sites in 2018.

We are proud to say that across the Group we have had no incidents of non-compliance with relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards.

We had 14 injuries across all of our sites in 2018 which resulted in eight lost days of work.



DIVERSITY & INCLUSION

HOW WE APPROACH IT

As play on words for our company mantra 'CLEW' (Celebrate Life Every Day), we have created 'CLEW' – Celebrate Life Every Way. CLEW is underpinned by the philosophy that everyone is unique, special and welcome – it celebrates our diverse team and provides an opportunity for team members to celebrate what is unique about them.

While CLEW has not been rolled out across all regions, there have been communications regarding the philosophy behind it and expressions in many of the offices or regions we operate in.

Some examples of this in 2018 were:

- On the United Nation's World Day for Cultural Diversity, our teams hosted heritage baking events in a number of our regions, where team members brought in a dish that had cultural significance to them and raised money for a local charity
- We sponsored Midsumma in 2018, a festival celebrating gender and sexual diversity
- Some of our team members volunteered for the Special Olympics, supporting the movement of those with an intellectual disability

HIRING NEW TEAM MEMBERS

Our hiring process does not discriminate; we search for the best talent who are aligned with our values and ways of working.

In 2018 we launched an internship program, offered across various work areas in an attempt to connect bright, high-performing university students with development opportunities within the industry. The program provides a learning environment for interns to develop skills and shape their careers while creating potential business leaders for the future.

Recruiters hold onto the details of all stand-out talent they meet, building a strong pool of capable candidates to draw upon when there is a need to resource a role. This facilitates a speedy and efficient hiring process for both the candidate and the organisation.

As the business expands globally, we encourage team members to take up secondment opportunities in different locations, a means of resourcing unique roles quickly and providing team members with great internal development opportunities. In 2018 team members relocated to the UK, the US and Hong Kong as part of this global mobility initiative.

A multi-stage interview process, involving telephone screening, in-person interviews and Skype calls, allows us to assess candidates against the values and behaviours of the organisation. Practical exercises, problem-solving, presentations and psychometric assessments also form part of the interview process and allow candidates to demonstrate their capability and emotional intelligence in varied mediums, catering to individual strengths.

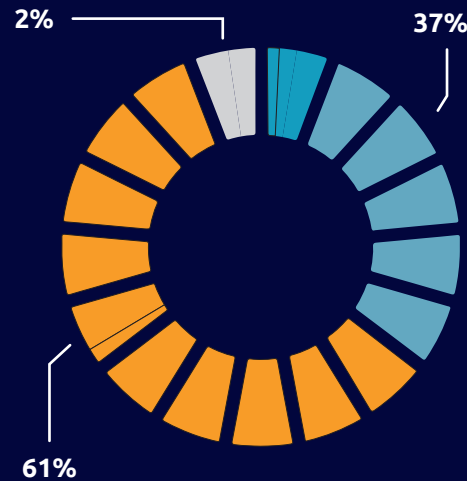
2018 PERFORMANCE

While we have seen a 13% reduction in the number of women in the Executive category in 2018, we believe this is due to our newly developed banding structure that was not clearly defined previously. We are proud to now have a female CEO and will look for ways to ensure our women/men split in the Executive category rises to as close as we can get to 50% before the end of 2019, to achieve our 46% females in the Executive category commitment.

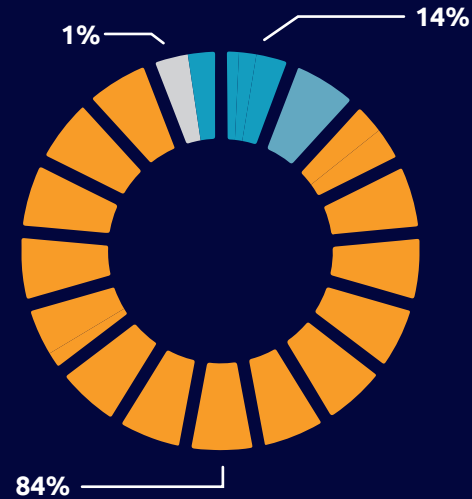
Key

- UNDER 30
- 30 - 50
- OVER 50
- MALE
- FEMALE

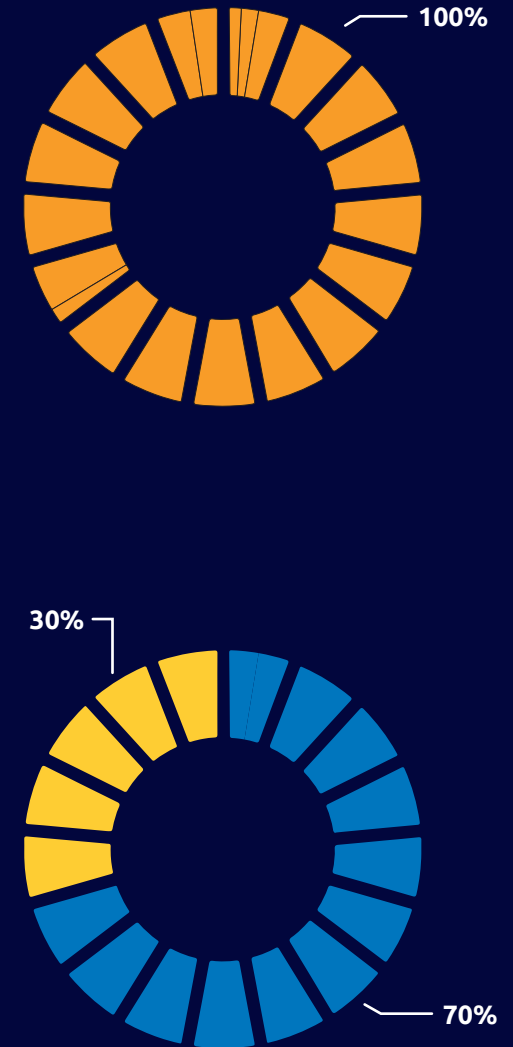
NON-MANAGEMENT



MANAGEMENT



EXECUTIVE



REMUNERATION, WORKPLACE, CULTURE & ENGAGEMENT

HOW WE APPROACH IT

Our people are key to our success. Teams that are engaged and enabled are more productive, higher performers and have a positive effect on others.

Internally

Our People and Culture teams across our business units manage our remuneration processes and understand that our people must be treated with respect and dignity. All of our brands are united by our reputation for looking after our people. This means that our people are of an appropriate age, paid fair wages, work is conducted on a voluntary basis and working hours are reasonable. Our benchmark is often set far above this and this team also monitors market rates and conditions to ensure we are providing attractive benefits and equal opportunity to our team members. They also monitor employee retention, seeking to understand why our employees sometimes choose to leave, and our success in attracting new talent.

We subscribe to global data providers with specialisations in the fields we operate in (FMCG, Life Sciences, Retail etc). We pay to participate and receive the aggregated data from hundreds of companies in exchange for our data. We have data covering every single one of our markets; to ensure our roles are competitively benchmarked and paid. Each team member will have a salary range for their role; and a position within that range. Remuneration differs to account for different levels of skills and

experiences; reflective of where team members are in their career path. Salaries are reviewed at least once per annum, with consideration given to individual role, responsibilities and performance.

The company's Short-Term Incentive and Sales Incentive Plans are financial rewards for company, team and individual achievement. They are based on the achievement of financial targets and individual contributions. Living and role modelling the H&H Group's core values and behaviours are also key components of these plans.

The Executive team participate in the Long-Term Incentive Plan, providing them with the opportunity to become a shareholder in the global parent company, sharing in the value they have created within the Group, by delivering profitable, sustainable results.

We use H&H Team Insights, a benchmarking survey that each team member across the Group has access to, aiming to:

- Measure engagement as well as other factors such as leadership, enablement and communication
- Understand what we are doing well and where we have opportunities
- Inform actions and key focuses for each region.



We also give out H&H Heroes Awards, recognising stand-out team members who demonstrate our values:

- CLED
- Power our Passion
- I Trust You
- Be Brave
- One Big Team

Externally

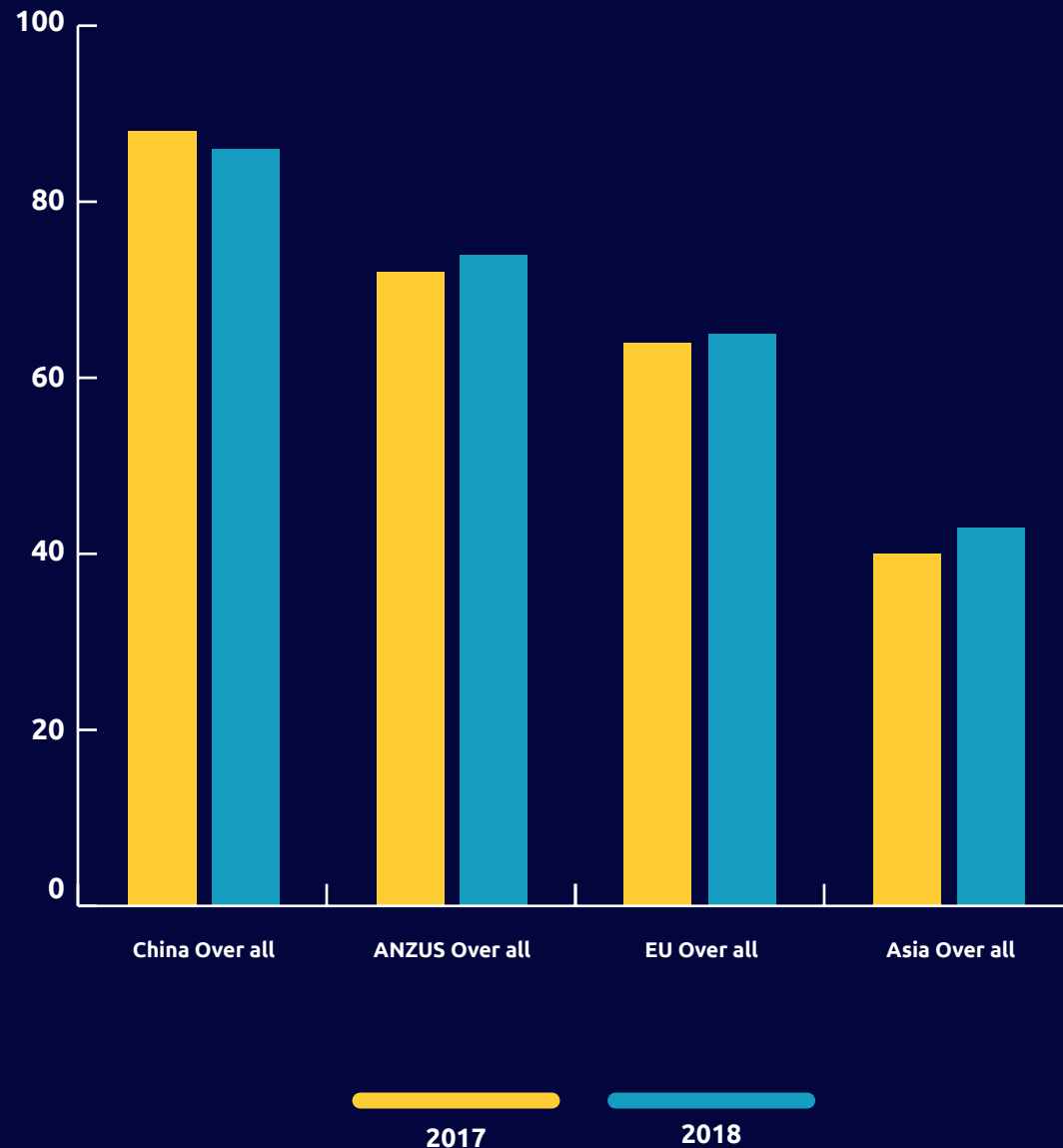
Currently, our Supplier Code of Conduct is the mechanism we have in place to track and manage remuneration and workplace within our supply chain.

AWARDS FOR CULTURE AND WORKING ENVIRONMENTS:

Swisse Wellness Best place to work 2018



ENGAGEMENT SCORES



In 2018 we had no incidents of non-compliance relating to compensation, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare and national labour laws and standards. However, we had four cases of unfair dismissal with three resulting in a penalty.

In 2018 we implemented a banding structure, with 10 bands. This has helped us in our reporting for remuneration, however as we have only developed this in 2018 we cannot provide consistent data in the 2018 period.

92% of our team members said they felt trusted to work flexibly.

2% of our team members are covered by collective bargaining arrangements.

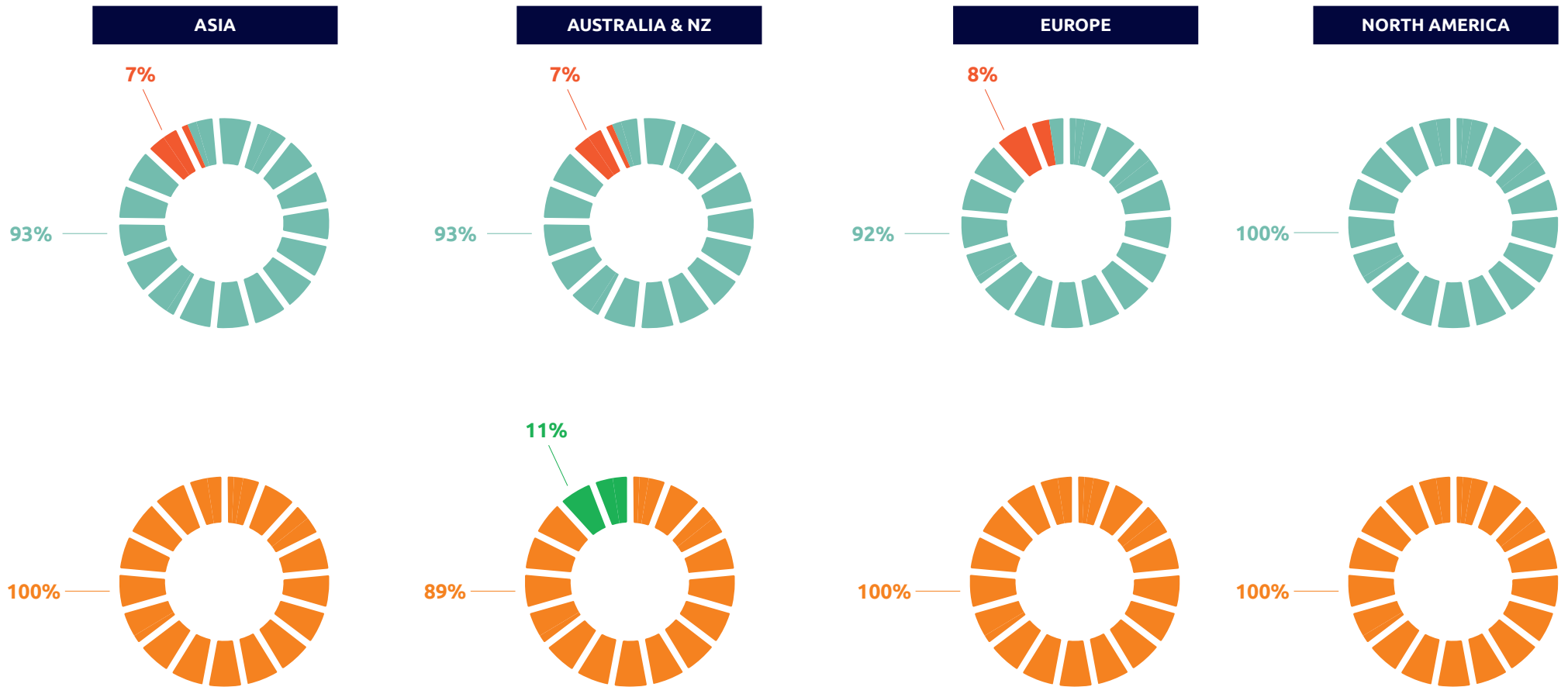
Whilst we believe our results are well above benchmark, to help us achieve even greater engagement results we have three areas of focus for 2019;

- 1. Leadership** – building capabilities, better inductions and professional development
- 2. Reward and recognition** – more regular incentives, recognition for ‘GaBa’ behaviour and innovation competitions
- 3. Enablement** – education and performance check-ins and a global HR management system (as it is currently localised by region).

2018 PERFORMANCE

Contract Type

PERMANENT TEMPORARY FULL TIME PART TIME



Key:



UNDER 30



30 - 50



OVER 50



MALE



FEMALE

New Team Members

ASIA



AUSTRALIA & NZ



EUROPE

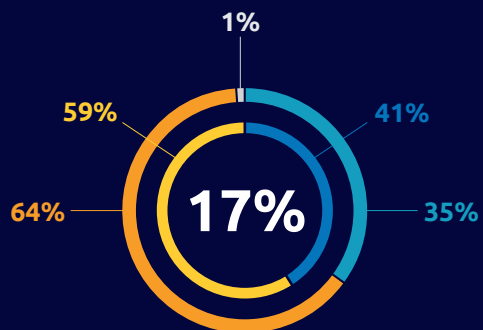


NORTH AMERICA

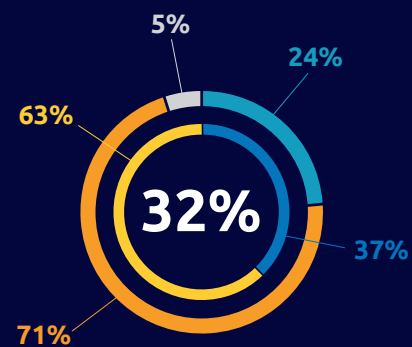


Turnover

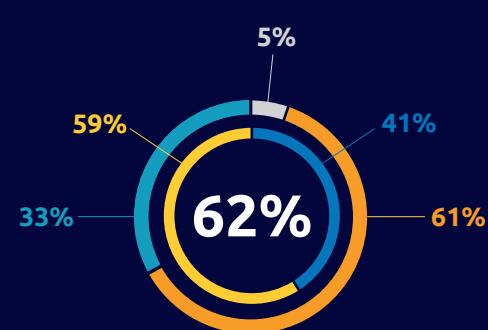
ASIA



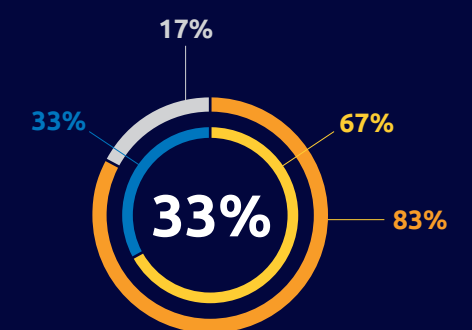
AUSTRALIA & NZ



EUROPE



NORTH AMERICA







MATERIAL TOPICS

Corporate Governance

Corporate governance across the group has a consistent purpose with supporting strategies, policies, leadership and systems for each brand and region.

Strategy and Growth

Integrating the H&H brands to grow the premium wellness products market on a global-scale in-line with a consistent strategy.

Government Relations and Compliance

Active participation in policy debates and engaging with government at all levels on behalf of the industry and to ensure regulatory compliance.

Supply Chain Governance

Ensuring our supply chain and the organisations within it are operating consistent with our expectations and values.

WHY IT MATTERS

Across the H&H Group we demonstrate authentic industry leadership and operate and conduct business with integrity – ensuring we maintain the trust and confidence of our stakeholders, such as healthcare professionals, customers, supply and retail partners, government officials and people within the communities we serve.

To do this and continue to strengthen the Group brand, we have developed a thorough understanding of our risks and opportunities, and built a robust governance and operating strategy with clear performance indicators.

We continually assess our supply chain partners, to ensure they are operating in line with our expectations and values through good supply chain governance. We also closely follow government announcements, and engage with policymakers and regulators to ensure we are in compliance with the most up-to-date industry regulations and operating frameworks.



CORPORATE GOVERNANCE

HOW WE APPROACH IT

Our Board plays an essential role in determining strategic priorities and has ultimate responsibility for performance and governance. The Board therefore approves any Group policies, strategy and governance mechanisms. The Board recognises that sustainability is an integral part of delivering on our mission to make people healthier and happier, and has made the topic a standing item in every board meeting.

Our Board trusts our Executive team to oversee the implementation of policies, strategies, programs and related risks that concern key public policy and sustainability matters.

As our Group footprint has grown and our brands have entered more countries, we have moved towards more of a geographical operational model rather than a brand-specific operational model. This has led to a new system of management based on territory. General Managers oversee the performance of brands across the Group that are operating in their geographical remit, and play an important part in supporting the executive team to deliver their objectives. Some business functions, however, have a global footprint yet a specific purpose, and those functions are also led by a Director that works alongside a General Manager, at the same level.

Every team member – regardless of location, brand or level – has a responsibility to know and follow all the relevant laws and regulations that apply to our business as laid out in our employment agreements, and further supported in the local policies such as the Swiss Code of Conduct and the H&H Employee Handbook.

In addition, to ensure team members understand their responsibility as an employee of the Group, we have a number of policies managed by our Risk team that highlight our expectations.

We have a Group-wide Anti-Corruption and Whistle-Blowing Policy and system, called H&H Speak Up. This applies and is available to all team members across regions, suppliers and retailers. We regularly train and communicate with our team members on appropriate conduct in our business and the broader marketplace. Once a new or revised policy is approved, the applicable team members are notified with an email, then supported with training sessions.

We have also set up a comprehensive consumer service and complaint channel for the China region, including an investigation process and accountability mechanism.

In 2018 we investigated seven cases of fraudulent activity within our team, and responded in line with our Group Rewards and Punishment Policy, as well as increasing communications about implications for team members that are involved or conduct this kind of behaviour.

We had no legal cases regarding corrupt practices against any of our brands during 2018.

In 2019, we plan to develop and launch our Group Code of Conduct, supported through training in each region. The Code of Conduct will cover the Group's approach to preventing corruption, bribery, money-laundering and fraud, as well as our approach to whistle-blowing.

INTELLECTUAL PROPERTY (IP)

We maintain a central, Group-wide Intellectual Property and Trademark Register, which is administered by the Group's Legal department with support from external law firms. This process manages disputes alongside any other IP challenge. Each brand also monitors the market for local infringements on IP rights and trademarks, and escalates issues to the Legal department where they occur. We investigated five cases in 2018 regarding IP, however none were found to be in breach. We also established a Group product information database, where confidential product information on our brands and product categories can be safely stored and used.

PRIVACY

All brands fully comply with privacy legal requirements in the markets in which they operate. We completed GDPR (General Data Protection Registration) compliance in June 2018, and the Privacy Act and Personal Data (Privacy) Ordinance compliance in December 2018. We have created the 'Personal Data Breach Response Procedure' and 'H&H Privacy Impact Analysis Procedure' for global markets to better respond to privacy challenges.

We have specific consumer data protection and privacy policies in place, and deploy Information Security Management Systems or equivalents to prevent breaches and resolve incidents. For example, our China team conducts periodic awareness training, conduct risk assessments and test the resilience of key business processes and systems against security breaches. In the Australian market, we comply with Australian privacy law, and ensure our customers first agree to clear terms and conditions at the point of data collection. We are working to enhance the consistency of our approach to privacy management across the Group, and raise internal awareness about these policies.

LEADERSHIP

Board Members



Executive Director
CEO
Mrs. Laetitia Garnier



Non-executive
Director
Mr. Luo Yun



Executive Director
Group Chairman
Mr. Luo Fei



Non-executive
Director
Dr. Zhang Wenhui



Executive Director
CFO
Mr. Wang Yidong (Jason)



Independent
Non-executive Director
Dr. Ngai Wai Fung



Independent
Non-executive Director
Mr. Tan Wee Seng



Independent
Non-executive Director
Professor Xiao Baichun



H&H Group Senior Leadership



General Manager
Europe
Benoit Le Gavrian



Managing Director
Asia
Charles Ravel



Managing Director
ANZ & North America
Oliver Horn



Executive Director
CEO
Laetitia Garnier



Executive Director
CFO
Wang Yidong (Jason)



Group Senior Director
of Strategy and
corporate affairs
Akash Bedi



Managing Director
BNC China
Leo Zhu



Chief Technology
Officer
Patrice Malard



General Manager
ANC China
Suceka Li



General Manager
DTC & New Business
Victor Zhang



General Manager
Group Baby Food Global
Pascale Laborde



Chief Operations
Officer
Abel Benzakour



Senior Director
Risk Management &
Internal Control
Wendy Yang

STRATEGY AND GROWTH



USD \$360 million
EBITDA[†]

[†] Converted from RMB2,480,738,000 (Adjusted EBITDA) for the year ended 31 December 2018 based on the exchange rate as at 14 May 2019. Net profit for the year ended 31 December 2018 amounted to RMB843.1 million (2017: RMB928.5 million). Adjusted net profit = Net profit + EBITDA adjustment items of RMB322.1 million (2017: RMB185.1 million) + Other non-recurring losses of RMB123.8 million (2017: RMB28.3 million) + Other non-cash losses of RMB34.0 million (2017: RMB66.5 million)

BUSINESS PLAN

In 2018 we worked towards our 2020 goal for our brands to become global and achieve our sales target.

Considering our rapid growth and results, we have revised the goal to achieve this figure by 2019, and created a new net sales target for 2023. To do this, we will:

CONTINUE TO POSITION OUR BRANDS AS PREMIUM, PROVEN AND ASPIRATIONAL:

- **Premium** – We source the most premium ingredients from all over the world
- **Proven** – We use a science-based approach to develop new and improved products
- **Aspirational** – We connect with sports stars, actors and actresses, and celebrities who share our brands’ values and help us to inspire wellness, sharing our messages of health and happiness at both a local and global level.
- **Engaging** – We have a consumer centric approach that continuously engages with our stakeholders through exciting digital content and experiential moments.

EXPAND OUR CATEGORIES THROUGH INNOVATION:

- We will continue to grow our product portfolios through product innovation, extending our existing and introducing new ranges
- We have set ourselves a brave innovation sales target: revenue gained through new products launched by 2023

GEOGRAPHICAL EXPANSION IN TO NEW MARKETS AND SALES CHANNELS OF ALL OF OUR BRANDS

We believe our values and culture are going to support our teams in achieving these goals. To remind every team member of the fast moving, innovative culture we are trying to build we have developed the term ‘GABA’ which is:

GA – do it first

BA – do it fast

Each team develops a team plan detailing how they are going to help us achieve our strategic goals and then individuals within the teams produce and agree on an individual plan with their manager that supports the team’s objectives.

GaBa
Do things first. Do things fast.



H&H ACHIEVEMENTS MAP

GLOBAL

According to Euromonitor statistics certification, Biostime is the No.1 brand of pediatric probiotic supplements in the world

AMERICAS

Healthy Times

Healthy Times Packaging Refresh

EUROPE

Dodie

Dodie available in 7,656 stores in France.

Swisse

#2 Beauty supplements in Italy

#3 Beauty supplements in Netherlands

Good Goût

Joined the H&H Group

Aurelia

Joined the H&H Group

ASIA

Biostime

China:

#7 IMF player in the IMF market¹

#3 in the super premium tier² in the IMF market

#4 in IMF sales in baby specialty stores

#6 in IMF sales in supermarkets

#12 in IMF sales in e-commerce

Swisse

#1 VHMS Brand Online in China³

#1 Beauty supplements in Hong Kong

OCEANIA

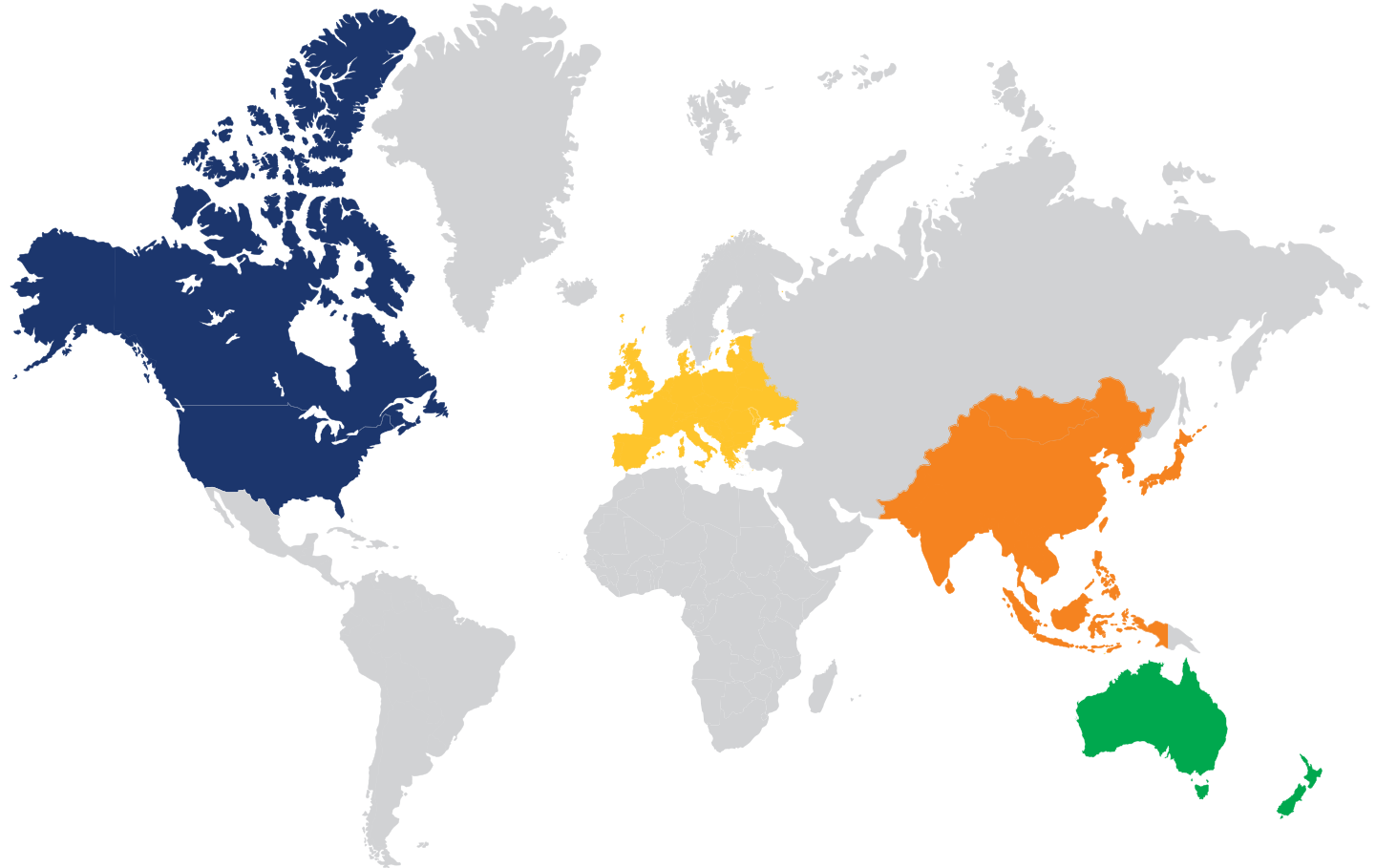
Swisse

#1 Natural Health brand in Australia⁴

#1 Multivitamin brand in Australia⁴

Biostime

Acquisition of new Organic Goat Milk Formula manufacturing facility



1. Source: Nielsen market share data for the past twelve months as of 30 June 2018
2. According to a Nielsen report, super premium tier products is the fastest growing segment in the IMF market and is driving the continuous growth towards premiumization.
3. Based on sales data from Earlydata for the past twelve months as of 31 December 2018
4. This data is based on LTM IRI scan data for the past twelve months as of 31 December 2018

GOVERNMENT RELATIONS AND COMPLIANCE

HOW WE APPROACH IT

Our engagement with policymakers is managed by our Government Affairs & Industry Development team, which works to strengthen the Group's relationship with Governments in all of our markets, positioning the company as an industry leader and a trusted advocate on a range of important industry development issues. We do this through long-term relationship building and advocating particular policy solutions through one-on-one meetings with politicians and their advisors, as well as participating in key forums and events.

Our key focus areas during 2018 were supporting increased market access in key growth markets, strengthening the integrity of regulatory requirements on product and efficacy claims, and seeking Government support for key expansion projects. The team commissions an annual, independently conducted Perceptions Audit, measuring key industry and government stakeholder feedback on the effectiveness of our Government Relations Program. In 2018 Swisse's score rose from 8% to 8.5%, with 35% of respondents scoring the Swisse brand and our engagement programs a 9/10 or 10/10. Our rating against other competitors again shows that we are perceived as a trusted brand and a strong industry voice.

- A major highlight was one of Swisse's products, Swisse Calcium + Vitamin D, becoming the first Australian-made product to obtain China's blue hat 'filing' approval.
- Access to \$30million AUD in commonwealth funding through our role as an industry partner in the fight food waste CRC. We are in the process of drawing down on these amount in 2019.
- We have successfully been awarded two government grants in Australia in 2018.
- We do not have any government entity in our shareholding structure.
- The H&H Group did not make any financial or in-kind political contributions in 2018. Our China operation received RMB4.76 million in financial assistance from the Chinese Government. Our Australian operation received AUD\$123,370 in financial assistance from the Australian Government in 2018, for R&D incentives in the 2017 period.

SUPPLY CHAIN GOVERNANCE

In line with our strategic objectives, we are strengthening our supply chain governance across our Group.

We are working to safeguard the supply of active ingredients for our hero products, and introducing sustainability-related considerations such as transparency on working conditions and minimising kilometres travelled. With more than 80% of our products manufactured by our key contract manufacturing suppliers, we are further investing in and expanding these strategic partnerships.

Our Supplier Code of Conduct has been our first big step and achievement in building out our management

approach to supplier governance. This Code outlines our sustainability strategy as well as specific expectations and values in relation to:

- Business practices
- Research and training
- Responsible sourcing
- Health, safety and quality
- Global citizenship

We ensure that all the Group's business units engaged in sourcing and product related purchases follow the Code, and arrange new suppliers to sign the code prior

to engagement. The Code applies to upstream supply chain, raw material, manufacturing and packaging suppliers which we have direct relationships with. We then give responsibility to direct suppliers to communicate, educate and exercise due diligence on their supply base to implement requirements equivalent or similar to our Code.

We conduct supplier screening from a quality perspective, and initial screening on environmental and social factors was conducted on more than 30% of spend of our contract manufacturers globally in 2018.

Healthy Times and Good Goût have established sets of social and environmental criteria in alignment with what is required to the certify products as organic.

Our roll-out plan with existing suppliers is to have the following suppliers sign The Code as follows:



H&H CONTRACT MANUFACTURER LOCATIONS

AMERICAS

United States of America

EUROPE

Czech Republic
France
Germany
Italy
Romania
Norway
Denmark
Sweden

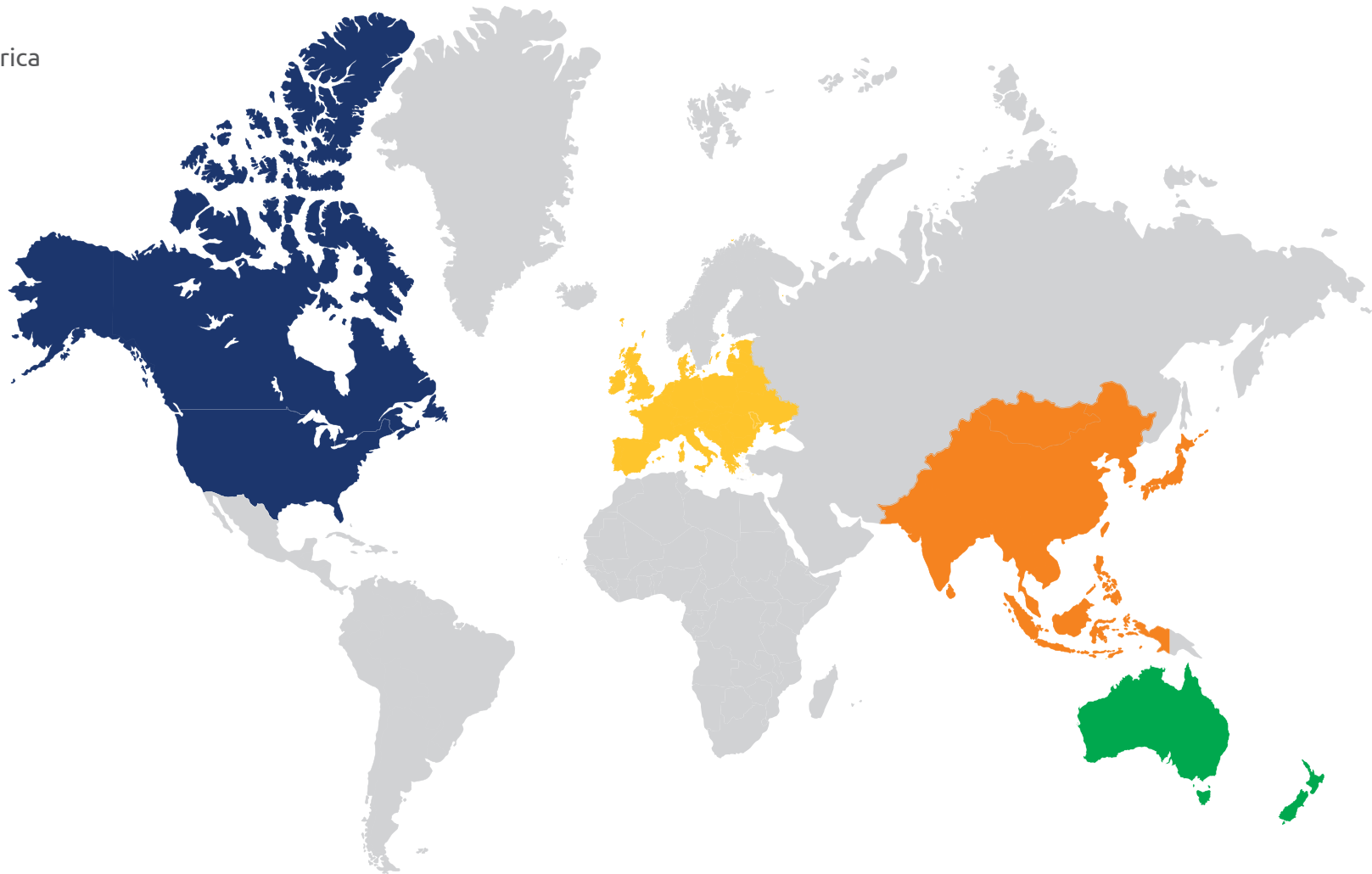
ASIA

China
South Korea

OCEANIA

Australia

*Note: Does not include
Dodie, Aurelia and Good
Goût manufacturers for
the 2018 period.*





A Note About Our Methodology

Survey results were provided by a sample of 18 sites in the H&H Group which represented the different countries the Group operate in and the different site types, e.g. warehouse, factory or office. The survey results captured the amount of resources being used by the organisation at their place of business including electricity, natural gas and water as well as the tonnage of waste being produced. The data was separated into individual sources of emissions and converted to carbon dioxide equivalents by using appropriate emission factors. In the case that there was a data gap, for example if an organisation did not have access to weights of waste disposed of in the year, an appropriate factor or rate was calculated using data from other similar sites and extrapolated as required.

Emission factors were sourced from an appropriate publication for each country represented in the sample and applied to the survey activity data. Emission factor sets used in the analysis includes the National Greenhouse and Energy Reporting (Measurement) Determination 2008 (Australia), Ministry for the Environment Guidance for Voluntary Greenhouse (New Zealand) and DEFRA GHG Conversion Factors (UK). Where appropriate factors could not be found (e.g. for a specific waste type in a specific country), a suitable substitute was selected from an alternative, reputable emission factor set. Emissions from material reuse and recycling were assumed to have an emission factor of 0, all other waste emission categories were conservatively assumed to be Municipal Solid Waste sent to landfill. The gasses included in the calculation of emissions include CO₂, CH₄ and N₂O.

After a complete inventory was created for the sample of H&H organisations represented in the survey, the data was then extrapolated across the entire H&H organisation. This was done by dividing down key data such as emissions to a per FTE basis than extrapolating this across the entire H&H Group. Extrapolation considered the country of origin of the responding organisation and the organisation type. The countries represented in the H&H Group include Australia, China, France, Switzerland, Italy, Netherlands, Singapore, Hong Kong, USA and the UK. Organisation types represented include factories, warehouses and offices.

Where data for a specific organisation type and country had insufficient information to calculate an appropriate factor for extrapolation, substitute factors were derived from a culturally similar country and organisation type (e.g. a UK office was used as a proxy for an office in the Netherlands). Emissions calculated from survey results accounted for 81% of the extrapolated emissions inventory with 19% of emissions estimated through extrapolation.



GRI Disclosure	Disclosure Description	Chapter	HKEx ESG Reporting Guide
102-1, 102-3, 102-5, 102-45, 102-46, 102-49, 102-50, 102-51, 102-52, 102-53, 102-54	General Disclosures	About this Report	
102-2,	Activities, Brands and Products	Meet our brand families and products	
102-7, 102-10, 102-14	Scale of Organization, Statement from senior decision-maker	A message from our CEO	
102-4, 102-6, 102-7	Location of Operations, Markets Served, Information on employees and other workers	Where we are located	
102-9	Supply Chain	Value Chain	
102-12, 102-13	Membership of associations	Developing the Industry	
Sustainability at H&H			
102-40, 102-42, 102-43	Stakeholder Engagement	Sustainability at H&H > Stakeholder Engagement	
102-47	Material Topics	Sustainability at H&H > What's Important for us > Sustainability Strategy H&H Material Topics	
Health & wellbeing			
103-1, 103-2, 103-3	Management Approach	The story of good health > Health & Wellbeing > How we approach it	B1, B8.1
102-16	Values and wellbeing Initiatives	The story of good health > Health & Wellbeing > How we approach it	
413-1	Operations with local community engagement, impact assessments, and development programs	The story of good health > 2018 Performance	B8.2
404-1	Average hours of training per year per employee	People > Training & development	B3.1, B3.2
Quality			
103-1, 103-2, 103-3	Management Approach	Quality > Why it matters & How we approach it	B6, B6.4
416-1	Assessment of the health and safety impacts of product and service categories	Quality > How we approach it, Quality assurance & recall procedures,	B6.1, B6.2
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Quality > Performance in 2017	B6.1
Training & development			
103-1, 103-2, 103-3	Management Approach	The story of good health > Training & development > How we approach it	B3
404-1, 404-3	Average hours of training per year per employee	The story of good health > Training & development	B3.1, B3.2

Ethical marketing			
103-1, 103-2, 103-3	Management Approach	The story of good health > Ethical marketing > How we approach it	
417-1	Requirements for product and service information and labeling	The story of good health > Ethical marketing > How we approach it	
417-2, 417-3	Incidents of non-compliance concerning product and service information and labeling	The story of good health > Ethical marketing > How we approach it	
Innovation			
103-1, 103-2, 103-3	Management Approach	The story of good health > Innovation > Why it matters & How we approach it	
Other	Number of new products launched, number of patents, spend on R&D, partnerships	The story of good health > Innovation > 2018 Performance	
Emissions & Air quality			
103-1, 103-2, 103-3	Management Approach	Our footprint on the planet > Why it matters & How we approach it	A1, A1.5, A2.3, A3.1
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Our footprint on the planet > Performance in 2018	A1.1
305-1, 305-2, 305-3, 305-4, 305-5	Direct GHG emissions	Our footprint on the planet > Performance in 2018	A1.1, A1.2
302-1, 302-3	Energy consumption and intensity	Our footprint on the planet > Performance in 2018	A2.1
307-1	Non-compliance with environmental laws and regulations	Our footprint on the planet > Performance in 2018	
Waste management & packaging			
103-1, 103-2, 103-3	Management Approach	Our footprint on the planet > Why it matters & How we approach it	A1, A1.6, A2
306-2	Waste by type and disposal method	Our footprint on the planet > Performance in 2018	A1.3, A1.4
	Use of Resources	Our footprint on the planet > Performance in 2018	A2.5
Water management			
103-1, 103-2, 103-3	Management Approach	Our footprint on the planet > Why it matters & How we approach it	A2, A2.4
303-1	Water withdrawal by source	Our footprint on the planet > Performance in 2018	A2.2

Biodiversity			
103-1, 103-2, 103-3	Management Approach	Our footprint on the planet > Why it matters & How we approach it	
304-3, 304-4	Will disclose in 2019 as an emerging material topic		
Safety			
103-1, 103-2, 103-3	Management Approach	Honouring human rights and fairness > Safety > How we approach it	B2, B2.3
403-1, 403-2, 403-4, 403-5, 403-8, 403-9	Types of injury and rates of injury, lost days, and number of work-related fatalities	Honouring human rights and fairness > Safety > 2018 Performance	B2.1, B2.2
Diversity & inclusion			
103-1, 103-2, 103-3	Management Approach	Honouring human rights and fairness > Diversity and Inclusion > How we approach it	B1
102-8, 405-1	Diversity of governance bodies and employees	Honouring human rights and fairness > Diversity and Inclusion > 2018 Performance	B1.1
102-8	Information on employees and other workers	Honouring human rights and fairness > Diversity and Inclusion > 2018 Performance	B1.1
Remuneration & workplace			
103-1, 103-2, 103-3	Management Approach	Honouring human rights and fairness > Remuneration, workplace, culture & engagement > Why it matters and How we approach it	B1, B4, B4.1, B4.2
401-1	New team members	Honouring human rights and fairness > Remuneration, workplace, culture & engagement > How we approach it	B1.2
102-41	Collective bargaining agreements	Honouring human rights and fairness > Remuneration, workplace, culture & engagement > How we approach it	
Culture and engagement			
103-1, 103-2, 103-3	Management Approach	Honouring human rights and fairness > Remuneration, workplace, culture & engagement > How we approach it	B1
Other	Engagement Scores	Honouring human rights and fairness > Remuneration, workplace, culture & engagement > 2018 Performance	
401-1	Turnover	Honouring human rights and fairness > Remuneration, workplace, culture & engagement > 2018 Performance	B1.2
102-16	Values, and wellbeing Initiatives	Honouring human rights and fairness > Remuneration, workplace, culture & engagement > How we approach it	

Corporate governance			
103-1, 103-2, 103-3, 102-15	Management Approach	Governance > Corporate Governance > How we approach it	B7, B7.2, B6.3, B6.5
102-18, 405-1	Governance Structure	Governance > Corporate Governance > How we approach it	
205-3	Confirmed incidents of corruption and actions taken	Governance > Corporate Governance > How we approach it	B7.1
Strategy & growth			
103-1, 103-2, 103-3	Management Approach	Governance > Strategy and growth > Business plan	
201-1	Direct economic value generated and distributed	Governance > Strategy and growth > Business plan	
Other	Qualitative disclosure on strategic initiatives	Governance > Strategy and growth > Business plan	
Government relations & compliance			
103-1, 103-2, 103-3	Management Approach	Governance > Government relations & compliance > How we approach it	
201-4	Financial assistance received from government	Governance > Government relations & compliance > How we approach it	
415-1	Political contributions	Governance > Government relations & compliance > How we approach it	
Supply chain governance			
103-1, 103-2, 103-3	Management Approach	Governance > Supply Chain Governance	B5
414-1, 308-1	New suppliers that were screened using social and Environmental criteria	Governance > Supply Chain Governance	B5.1, B5.2
102-4, 102-9	Supply Chain Management	Governance > Supply Chain Governance	B5.1
308-2	Negative environmental impacts in the supply chain and actions taken	Governance > Supply Chain Governance	A3.1

