

H&H Group  
SUSTAINABILITY  
REPORT



2019

**BUILDING A  
HEALTHIER  
AND HAPPIER  
FUTURE**



# ABOUT THIS REPORT



This Report covers 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 SAR, China, the Group has been listed on the Hong Kong Stock Exchange (HKEx) since 2010.

## 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 [2019 Annual Report](#), which was released in April 2020.

The content of this Report covers H&H Group’s global operations, including our six key brands – Biostime, Swisse, Healthy Times, Dodie, Good Goût, Aurelia Probiotic Skincare – as well as Swisse Me and CBII and 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 2019 calendar year (i.e. 1 January 2019 to 31 December 2019) unless otherwise stated.

The reporting structure is aligned to the findings of our assessment of material sustainability issues, involving engagement with internal and external stakeholders during the 2019 calendar year. The process identified 21 issues that were the most important to our stakeholder group, referred to as ‘material topics’ throughout the Report.

The content is organised to report our respective performance throughout the value chain against our three sustainability goals: advancing the story of good health, reducing our footprint on the planet, and honouring human rights and fairness. It also covers how we are supporting good governance.

See ‘Areas of Focus’ on Page 20 for more information on our process, definitions and boundaries for each material topic.

## REPORTING CYCLE AND MOST RECENT REPORT

The H&H Group has reported annually on our non-financial performance since 2016. This is the fourth Group-wide edition. To see our previous [Sustainability Reports](#), please visit [hh.global](#).

## COMPLIANCE REQUIREMENTS

This Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: ‘Core option’ and Appendix 27: Environmental, Social and Governance Reporting Guide (the “Guide”) of the Main Board Listing Rules of the 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](http://www.globalreporting.org).

The H&H Group sought external professional advice on materiality assessment, stakeholder engagement and Report content and format, and we have limited assurance for our emissions calculations. It is H&H Group’s ambition to seek full external assurance for future reports to increase transparency and provide additional credibility to our disclosures.

## GET IN TOUCH

We are happy to talk to you about the contents of this Report and H&H’s journey to more sustainable business practices. Please reach out to our Group Sustainability team:

Ms Jessie Broadway  
Suite 1.4, The Aircraft Factory,  
100 Cambridge Grove, London,  
W60LE, United Kingdom  
Email: [jessie.broadway@hh.global](mailto:jessie.broadway@hh.global)

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# NOTE FROM OUR CEO

As we prepare to publish this Report in 2020, we face new and significant changes to the way we operate as a business, but more broadly, the way we live as a global community. With the devastating bushfires that tore through Australia's southeast in January, to the rapid spread of Coronavirus sending much of the world into lockdown, the social and environmental challenges facing us right now, and the increased risks of other threats in the future, have brought into focus the importance of our three sustainability goals.



THE STORY OF  
GOOD HEALTH



OUR FOOTPRINT  
ON THE PLANET



HONOURING HUMAN  
RIGHTS AND FAIRNESS

A large part of our sustainability focus in 2019 was on our environmental impact and acting on our goal of reducing our footprint on the planet. This resulted in significant improvements in our most important environmental priorities: an increase in recycling, and decreases in water consumption, non-renewable electricity and emissions. Our team is passionate about this area of sustainability, with members educating themselves and becoming advocates for reducing their individual and collective environmental impact. We are particularly proud of achieving 87% renewably sourced electricity and reducing our emissions by 38%. This was especially pleasing because it coincided with an extension to the boundary of Scope Three emissions to include an additional seven factors. We continue to offset the emissions we can't immediately reduce to maintain our carbon neutrality.

In line with our strategic goal to become a global leader in premium wellness and our commitment to drive innovation, we managed, despite challenges, to further step up our research and development (R&D) investments. This included over 180 scientific reviews, 120 ingredients reviews, three filed patents, a further 200 product claims, as well as delivering 199 new products. Our Biostime Institute of Nutrition and Care (BINC) continued to invest in research that explores a broadened understanding of health. Our community arm, the H&H Foundation increased funding of community initiatives by 48% to support and improve public knowledge and behaviour around our three pillars of wellness – mind, movement and nutrition.

We have realigned our focus around our 2025 commitment to achieve B Corp certification and signed off as a team on a clear roadmap, with all other commitments rolling up to this audacious goal. Within the recent months we have made significant progress as a leadership team in giving substance to our areas of focus and detailing the work and improvements to achieve B Corp requirements. This includes integrating sustainability into business and individual performance goals.

At H&H we believe in shared value: we can achieve profitable business growth while at the same time also look after our people, drive a strong and transparent governance, reduce our footprint on the planet and make a positive impact on society by promoting the story of good health to make people live healthier and happier.

We hope you enjoy reading the about the progress we've made on achieving our three sustainability goals throughout our supplychain and look forward to delivering great results across all areas of sustainability into the future.

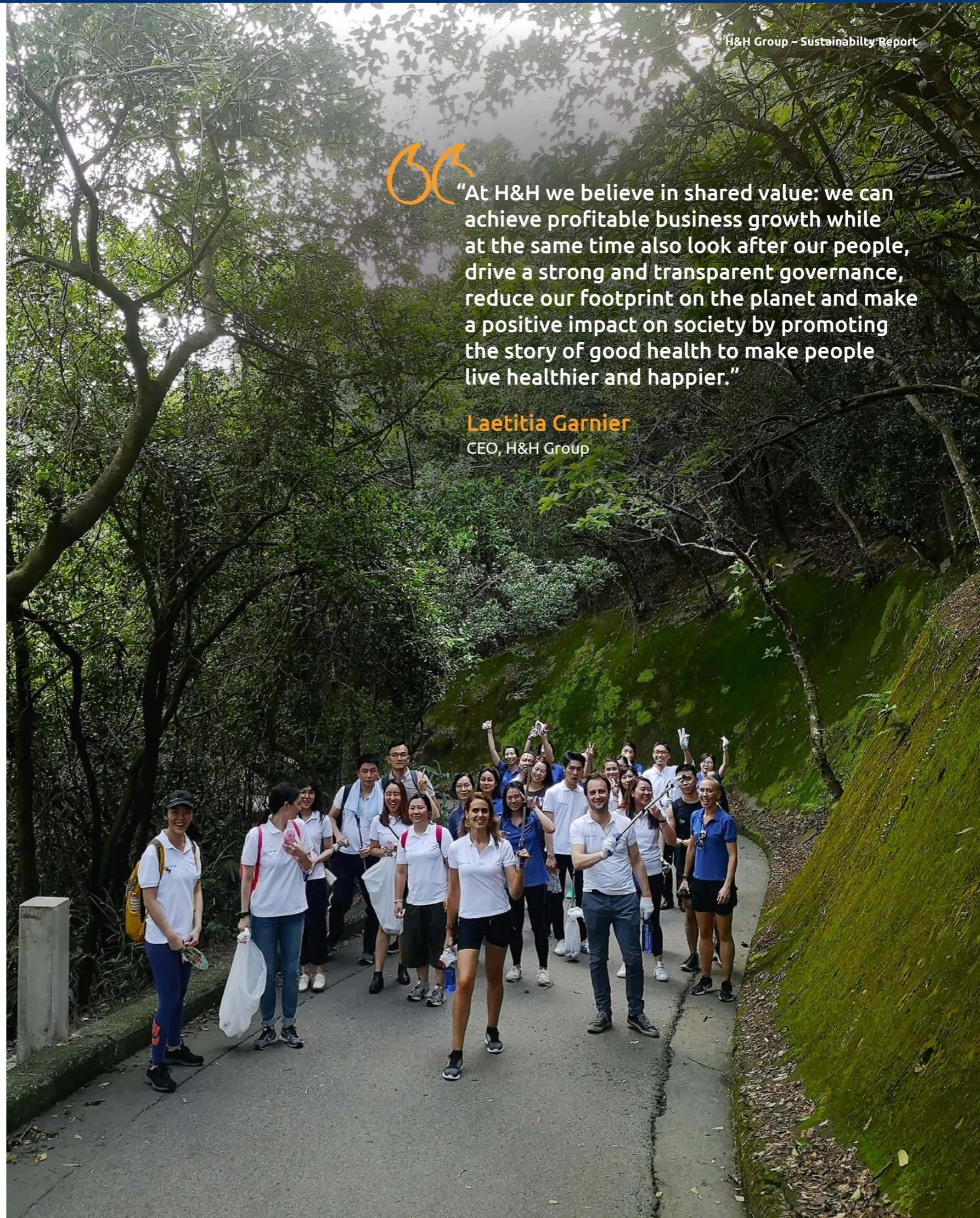
On behalf of the whole H&H team: live healthy, be happy!

Laetitia Garnier  
CEO



“At H&H we believe in shared value: we can achieve profitable business growth while at the same time also look after our people, drive a strong and transparent governance, reduce our footprint on the planet and make a positive impact on society by promoting the story of good health to make people live healthier and happier.”

Laetitia Garnier  
CEO, H&H Group



A woman with short brown hair, wearing a white long-sleeved shirt, is sitting on a large tree root in a sunlit forest. She is holding a baby up in the air with both hands. The baby is wearing a white shirt and light-colored shorts, and has their arms raised. The background is filled with lush green trees and sunlight filtering through the leaves, creating a warm and joyful atmosphere.

# WELCOME TO THE WORLD OF H&H

# WELCOME TO THE WORLD OF H&H

H&H Group is a global premium family nutrition and wellness provider. We are dynamic and ambitious in our mission to inspire wellness and make millions of people healthier and happier, while contributing positively to the needs of society and the planet.

Constantly innovating, our major H&H Group Research and Development (R&D) Centres are located in Switzerland, Ireland, China and France.



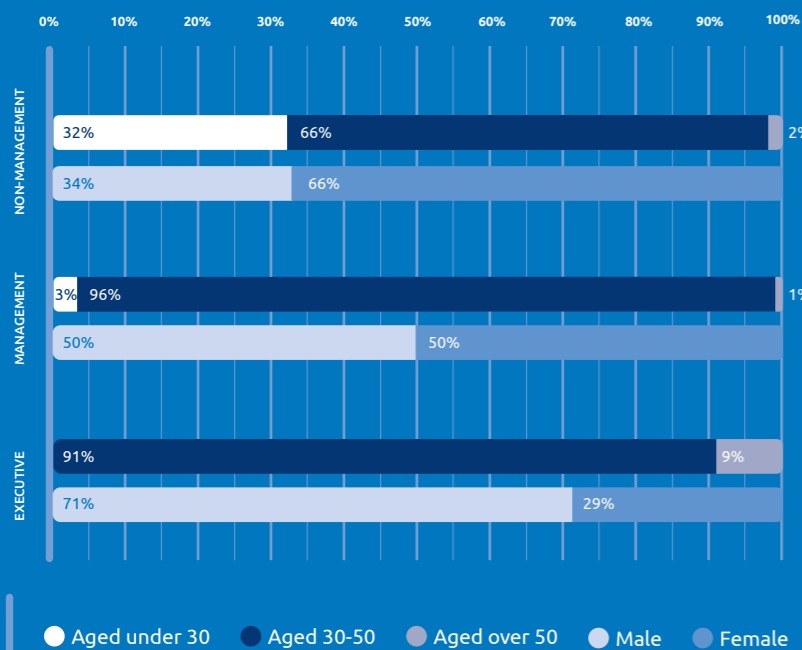
**3,347**  
TEAM MEMBERS

Total number of team members globally.



**1,119**  
NEW TEAM MEMBERS

Total number of new team members globally in 2019.



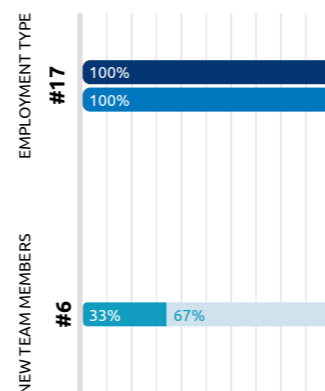
## WHERE WE ARE

Globally headquartered in Hong Kong SAR, China and listed on the Hong Kong Stock Exchange, our 3,300-plus team members are located across 11 countries – Australia, New Zealand, Greater China, Singapore, South Korea, France, Italy, the Netherlands, Ireland, England and the United States.



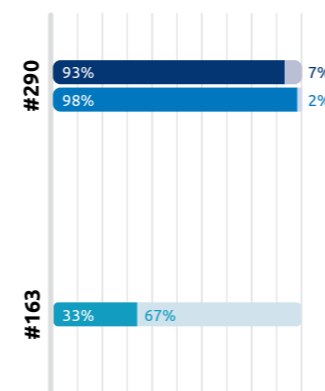
### NORTH AMERICA

1 SITE



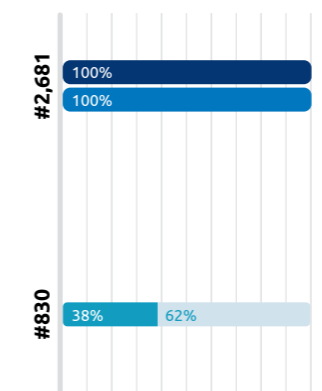
### EUROPE

7 SITES



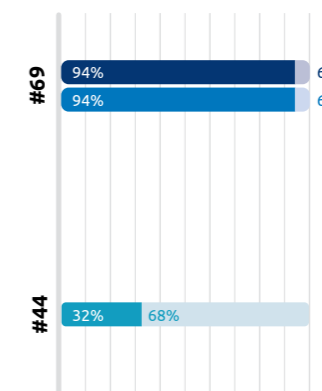
### MAINLAND CHINA

81 SITES



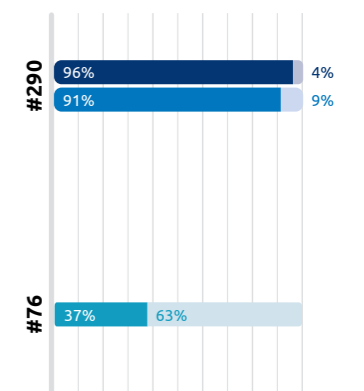
### ASIA

2 SITES



### AUSTRALIA AND NEW ZEALAND

6 SITES



● Permanent employment ● Temporary/contract ● Full time employment ● Part time employment ● Male ● Female

# LEADERSHIP



**Mrs. Laetitia Garnier**  
Executive Director  
CEO



**Mr. Luo Yun**  
Non-executive  
Director



**Mr. Luo Fei**  
Executive Director  
Chairman



**Dr. Zhang Wenhui**  
Non-executive  
Director



**Mr. Wang Yidong (Jason)**  
Executive Director  
CFO



**Dr. Ngai Wai Fung\***  
Independent  
Non-executive Director



**Professor Xiao Baichun\***  
Independent  
Non-executive Director



**Mr. Tan Wee Seng**  
Independent  
Non-executive Director



**Mr. Wang Can**  
Independent  
Non-executive Director



**Mrs. Lok Lau Yin Ching**  
Independent  
Non-executive Director

**Board members**  
As at 8th of May 2020

\*Retired from 8th of May 2020



**Mr. Luo Fei**  
Executive Director  
Chairman



**Mrs. Laetitia Garnier**  
Executive Director  
CEO



**Mr. Wang Yidong (Jason)**  
Executive Director  
CFO



**Pascale Laborde**  
General Manager  
Group Baby Food Global



**Charles Ravel**  
Managing Director  
Asia and North America



**Suceka Li**  
Managing Director  
ANC China



**Leo Zhu**  
Managing Director  
BNC China



**Nick Mann**  
Managing Director  
ANZ



**Benoit Le Gavrian**  
General Manager  
Europe



**Qin Sheng**  
Group Senior Director  
of People and Culture



**Matthew Roberts**  
Chief Technology  
Officer



**Howell Wong**  
Chief Consumer  
Officer



**Akash Bedi**  
Chief Strategy and  
Operations Officer



**Victor Zhang**  
General Manager DTC  
and New Business



**Wendy Yang**  
Senior Director Risk  
Management and  
Internal Control,  
Company Secretary

**H&H Executive team**



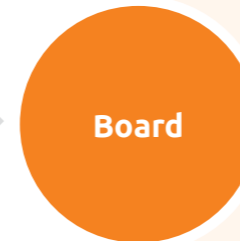
○ New members – 50/50 gender split

Three new female executives appointed in 2019

For full information on our Board and Executive team including demographics please see our [2019 Annual Report](#)

# SUSTAINABILITY GOVERNANCE

## Influencing factors



**The Board has ultimate responsibility for sustainability governance.**

**In 2019 we:**

- increased frequency of Board updates on sustainability to monthly
- dedicated time to sustainability performance and governance in three out of four Board meetings.



**The Executive team manages business performance in line with our financial, environmental, social and governance goals and objectives.**

Incorporating the review of our 2019 sustainability performance and discussion we have introduced specific sustainability key performance indicators (KPIs) for each senior leader as part of their performance metrics.



**The Sustainability team conducts assessments such as the materiality, sets the strategy and monitors progress on our sustainability performance.**

**In 2019 we:**

- expanded our Sustainability team by 100%
- refreshed the materiality assessment.



**Our Sustainability Champions group comprises passionate team members who represent all H&H regions and functions.**

These team members dedicate time to learn about our sustainability challenges and develop ideas on how we can improve. They also raise concerns, drive initiatives and communicate to their teams on sustainability matters.

**In 2019 we:**

- had over 200 Sustainability Champions
- conducted 15 Sustainability Champion workshops.

# DEVELOPING THE INDUSTRY

We engage with various associations and hold memberships where we see shared value within certain topics, or require certification, or see opportunities for collaboration – whether it be in science, innovation, 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 in which we operate.





# OUR BRANDS

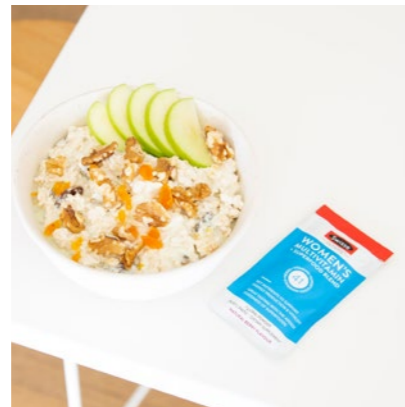
Our seven premium heritage brands – Swisse, Biostime, Dodie, Healthy Times, Good Goût, Aurelia Probiotic Skincare and CBII – provide nutrition and wellness solutions backed by science.

Our product range within these brands reach consumers across all life stages, from preconception and pregnancy health, to babies and infants, children, teenagers, adults of various ages and the elderly.

Beyond our consumer brand R&D, Biostime Institute for Nutrition and Care (with Switzerland and China campuses) strives for scientific advancements in infant and maternal nutrition and health.

Our NewH<sup>2</sup> corporate venture fund invests in innovative businesses to gain access to emerging technologies worldwide in health and wellness and is dedicated to accelerating new ideas for a healthier future. The fund focuses on unique and differentiated businesses across the health and wellness sector by partnering with businesses that are striving to disrupt and outperform industry growth. Key industry areas include infant formula, baby care, probiotics, skin care, hair care, vitamins, herbals, minerals and supplements (VHMS), lifestyle nutrition, personalised nutrition, women/pregnancy nutrition and digital technology. Impact investing is top-of-mind for our team. In line with our mission, we are constantly looking for opportunities to innovate and contribute positively to society and the environment.

Noisy Beast, our integrated, Full-service communications and advertising agency, keeps our brands fresh and engaging to consumers, and also services external clients. The H&H Foundation works with local and international charity organisations to run programs focusing on the three pillars of mind, movement and nutrition to promote healthier communities.



Baby nutrition and care brands



Adult nutrition and care brands



Community

Innovation



Advertising and communications agency

NewH<sup>2</sup> corporate ventures

# OUR PRODUCT CATEGORIES

Our products are often divided into two product categories – adult nutrition and care (ANC) and baby nutrition and care (BNC) – for financial reporting purposes.

For this Report, we have categorised our products slightly differently to align with known sustainability hotspots associated with these categories. For example, skincare products are washed off with tap or shower water which means chemicals contained in the products may enter and contaminate the waterways. This sustainability hotspot is unique to this product category and needs to be managed across all of our brands that contain potential water contaminants in this category.

The numbers of products listed in the categories indicate different product design or formulation as opposed to stock keeping units (SKUs).



200+

## VITAMIN AND SUPPLEMENT PRODUCTS

Brands that include vitamin and supplement products in the range: Swisse, Swisse Me, Biostime and CBII.



SWISSE



BIOSTIME



CBII



SWISSE ME



85

## SKINCARE PRODUCTS

Brands that include skincare products in the range: Swisse, Aurelia Probiotic Skincare, Dodie and Healthy Times.



SWISSE



AURELIA PROBIOTIC SKINCARE



DODIE



HEALTHY TIMES



19

## INFANT MILK FORMULA PRODUCTS

Brands that include infant milk formula products in the range: Biostime and Healthy Times.



BIOSTIME



HEALTHY TIMES



GOOD GOÛT



134

## PACKAGED FOOD PRODUCTS

Brands that include packaged food products in the range: Swisse, Healthy Times, Good Goût and Swisse Me.



SWISSE



SWISSE ME



GOOD GOÛT



HEALTHY TIMES



270

## BABY ACCESSORY PRODUCTS

Brands that include baby accessories in the range: Dodie and Aurelia Probiotic Skincare.



DODIE



AURELIA PROBIOTIC SKINCARE



# OUR AREAS OF FOCUS

# SUSTAINABILITY AT H&H

## CHANGES IN 2019

During the past 12 months, we continued establishing sustainability discipline and structure across our business, focusing on the necessary basics in good sustainability governance, including frameworks, compliance, reporting and aligned community investment.

Our business is fast moving and agile, which means, particularly where we have engaged in acquisition or organisational changes, Group-wide alignment has been challenging. That said, our three sustainability goals have remained central to business decision-making.

We have built external framework analysis into the way we benchmark our performance to ensure we are meeting the expectations of investors and the industries we operate across environmental, social and governance (ESG) factors. In 2019, we received a 'BBB' ESG rating from the MSCI Index which means we are in the top 50% of all businesses that have been rated with MSCI. Whilst this is a good result for how far we are in our sustainability journey, we know we can achieve – and are working towards – a higher rating.

We have integrated the feedback communicated in these assessments into our planning and focused our efforts with the areas for improvement raised. In doing this, we have strengthened the sustainability of our operations, including managing ESG performance up our supply chain even back to raw material selection and production.

In 2020, we will continue monitoring external assessments and working towards our sustainability goals and commitments, the focus being our dedication to become B Corp certified by 2025. We maintain our ambitious 10-year goal to be the health care industry's most recognised company for sustainability worldwide by 2030. We hope to achieve profitable and long-term growth by striving to make people healthier and happier as well as maintaining, or where possible enhancing, the environment we rely on to fulfil this mission.



Swisse won the Sustainability, Diversity and Social Responsibility award from the Australia China Business Council in 2019.

Disclaimer statement:

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## KEEPING OUR MATERIALITY UP TO DATE

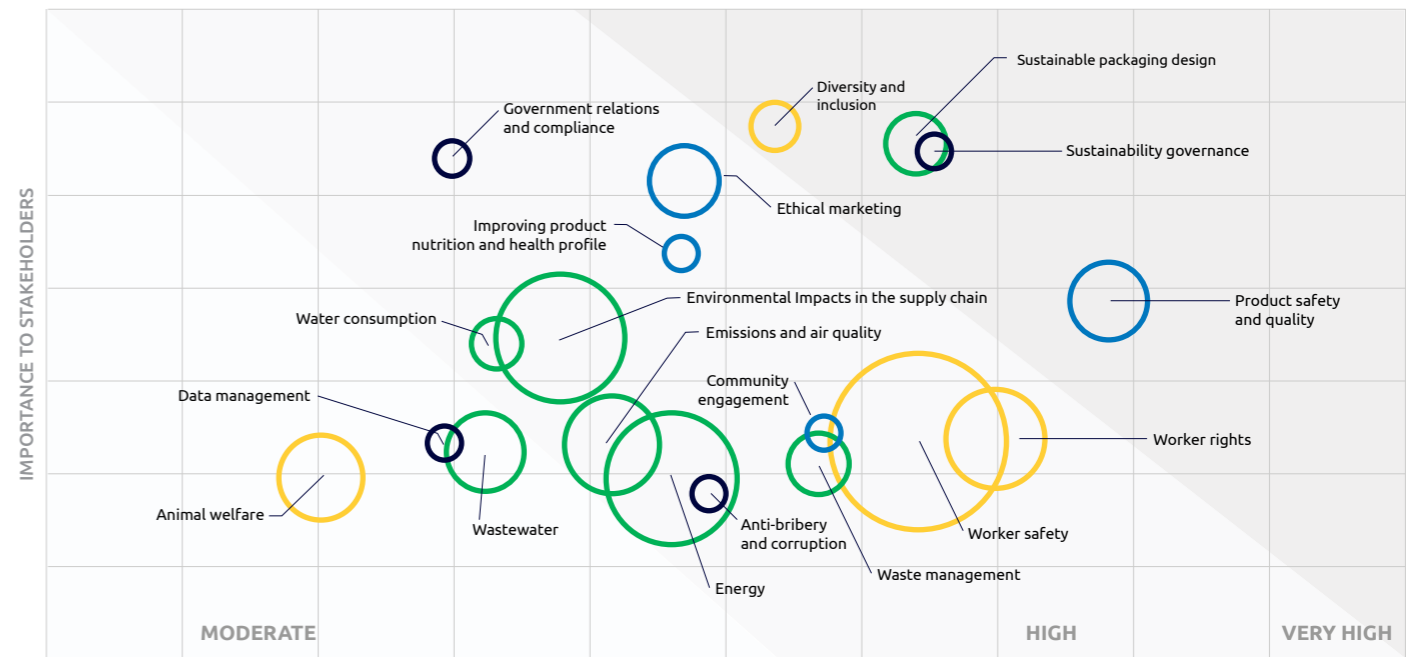
Regular, open and transparent communication with our stakeholders is essential in sustaining responsible growth and progress across the Group.

We also recognise stakeholder engagement as the core principle of becoming a certified B Corp in the future. We have refreshed our materiality in 2019, incorporating 203 different data points across our stakeholders. We engage with our stakeholders in a number of ways depending on their needs and expectations. For a full list of the ways we engage these stakeholders and frequency, please refer to Material Topics on page 71. Following is some additional examples of how we have engaged each stakeholder group in 2019.

## STAKEHOLDERS

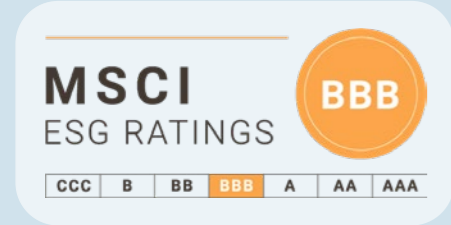


Primary Stakeholders Secondary Stakeholders

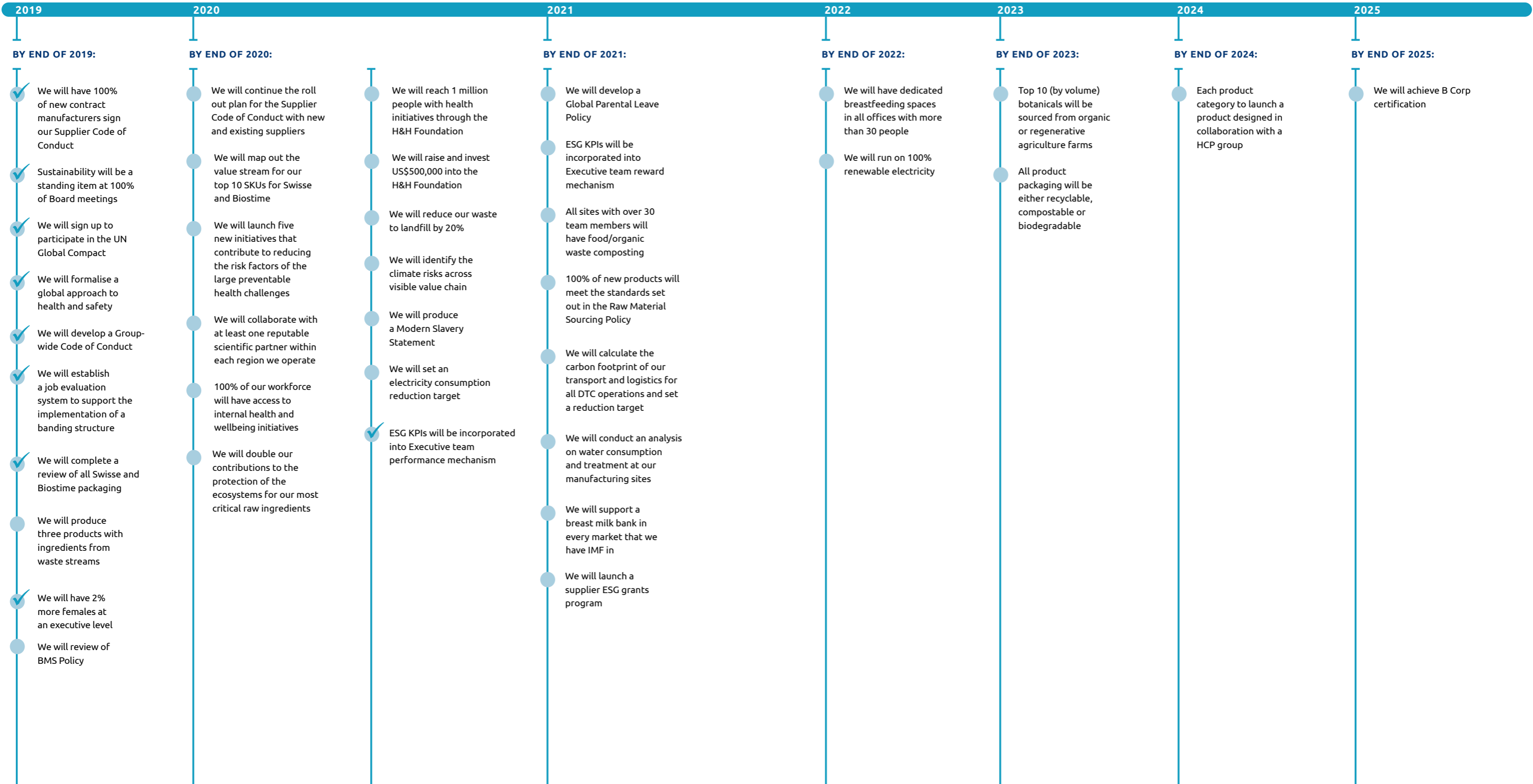


Please refer to Material Topics on page 71 for the 2018 materiality matrix to view any changes.

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



# COMMITMENTS



✓ **ACHIEVED AND ONGOING:**

- Sustainability will be a standing item at every Board meeting
- Continue to be 100% compliant with all mandatory quality requirements in the markets we serve



OUR  
SUSTAINABILITY  
GOALS



# THE STORY OF GOOD HEALTH

We advocate and 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, movement and nutrition.

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.



**2 ZERO HUNGER**

**3 GOOD HEALTH AND WELL-BEING**



**17 PARTNERSHIPS FOR THE GOALS**

## 2019 KEY HIGHLIGHTS



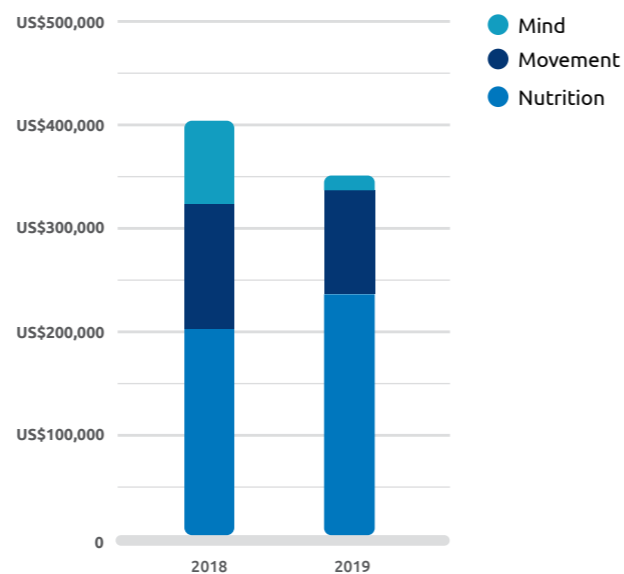
**US\$347,706**

GROUP HEALTH AND WELLBEING

Our regional People and Culture teams determine the best health-related benefits that are relevant for team members in each location, but some examples include team fitness classes, lunches and guided meditation.



TEAM MEMBER WELLBEING SPEND

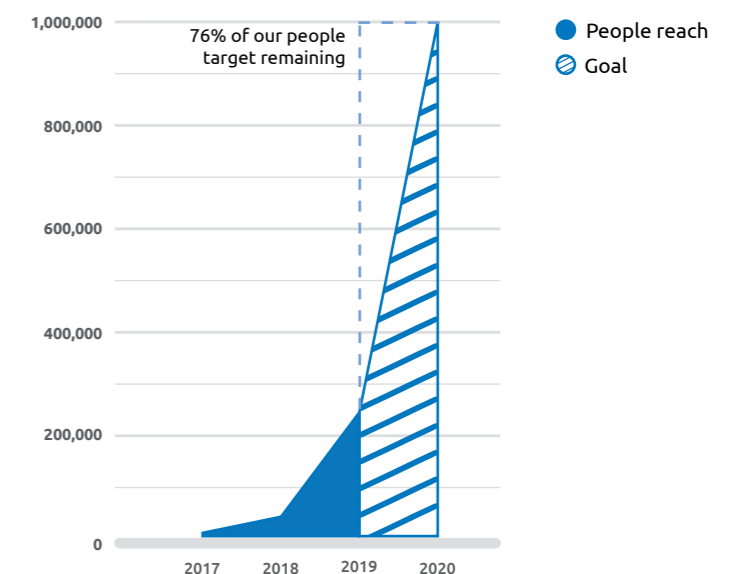


**US\$997,453**

COMMUNITY

48% increase in spend in community programs and initiatives in 2019.

NUMBER OF PEOPLE IN OUR COMMUNITIES THAT WE'RE SUPPORTING





As part of the Biostime Institute of Nutrition and Care (BINC) program, five projects were selected by the BINC Scientific Advisory Board in 2019. The selection was made following an application process in which we received 85 high-quality submissions from a range of prestigious European and Swiss universities that were aligned with our five areas of expertise: microbiota; infant brain development; child nutrition and obesity; allergy; and, women's health around pregnancy.

The grants are up to €50,000 per project for pre-clinical research and up to €100,000 per project for clinical research.



#### Infant brain development

Aberts, J. (University of Indiana, U.S.)  
**The mother-offspring microbiome (M-OM) and neurobehavioural development.**



#### Gut microbiota

Ronchi, F. (University of Bern, Switzerland)  
**The role of microbiota in brain homeostasis during adulthood and early life.**

Langella, P. (INRA, France)  
**Exploring perinatal factors on vertical microbiota transmission: modulation of early life gut microbiota to prevent long-term effects.**



#### Child nutrition and obesity

Eberl, G. (Institut Pasteur, Paris)  
**Intestinal homeostasis in the prevention of pediatric obesity and its consequences on health.**



#### Pregnancy

Pawluski, J. (INSERM, Rennes)  
**Influence of post-partum depression and probiotic treatment on maternal brain serotonin and caregiving behaviours.**

#### BINC (CHINA)

The BINC based in China aims to bolster scientific research and technical understanding in nutrition and care for mothers and children in China. It draws on 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 optimal protection for mothers and children in China. BINC China annually contributes RMB 1 million for scientific research in these areas.

#### BINC (GENEVA)

Geneva-based BINC offers grants for research scientists working in universities, hospitals and other academic institutions across Europe. The research grants 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.



## CASE STUDY

### "BE WITH YOU" - THE ANGEL TOUR

STEP DONATION CAMPAIGN ORGANISED  
BY BIOSTIME MOTHER AND CHILD FOUNDATION

The "Be with you" step donation campaign organised by Biostime Mother and Child Foundation was held for a third year, supporting children with congenital heart disease.

The step donation campaign allows members of the general public to raise donations of money from the Foundation for the number of steps they take in an effort to meet a campaign target.

To date, the initiative has drawn 680,000 participants and accumulated donations for 983,568 billion steps. A total of RMB1.5 million was donated to help 90 children with congenital heart disease. All the funds raised from the "Be With You" campaign will contribute to the "Angel Tour" children's congenital heart disease screening and rescue project.

The Angel Tour is a long-term project for the screening and treatment of congenital heart disease children conducted by Biostime Mother and Child Foundation and China Red Cross Foundation.

The project has been conducted for seven consecutive years and in 2019 was held on 24th of August. H&H volunteers joined the volunteering team to the Nagqu Town in Tibet, which is 4,450m above the sea level, to conduct screening for congenital heart disease for children whose families live in the town. Three hundred children were screened and as a result 31 children were confirmed to have heart conditions. Biostime Mother and Child Foundation will support the 31 children to access treatment and operations in Beijing and help them to grow up healthier and happier. Previous Angel Tours have visited other regions of Tibet and various provinces and regions in China, including: Inner Mongolia, Yunnan Red River State, Heilongjiang, Shanxi and Yunnan Nu River state.

Over the history of these campaigns, there has been over RMB 5 million raised and screening of 196,397 children for surgery and treatment. The campaigns are true cases of H&H Group's effort on sustainability and giving back to our communities, caring for the next generation and helping people to live healthier and happier lives.



# H&H FOUNDATION



## H&H JOINS FORCES FOR THE COMMUNITY

The H&H Foundation invests in community projects that have a strong fit with our sustainability goals health and wellbeing pillars of mind, movement and nutrition.

The Foundation also provides opportunities for team members to volunteer with organisations that are aligned with our values. In 2019, we contributed US\$997,453 to community programs – a 48% increase on the previous year and getting us very close to our 2020 target of US\$1 million. We also contributed in-kind donations, such as product, to the value of US\$1,803,699.

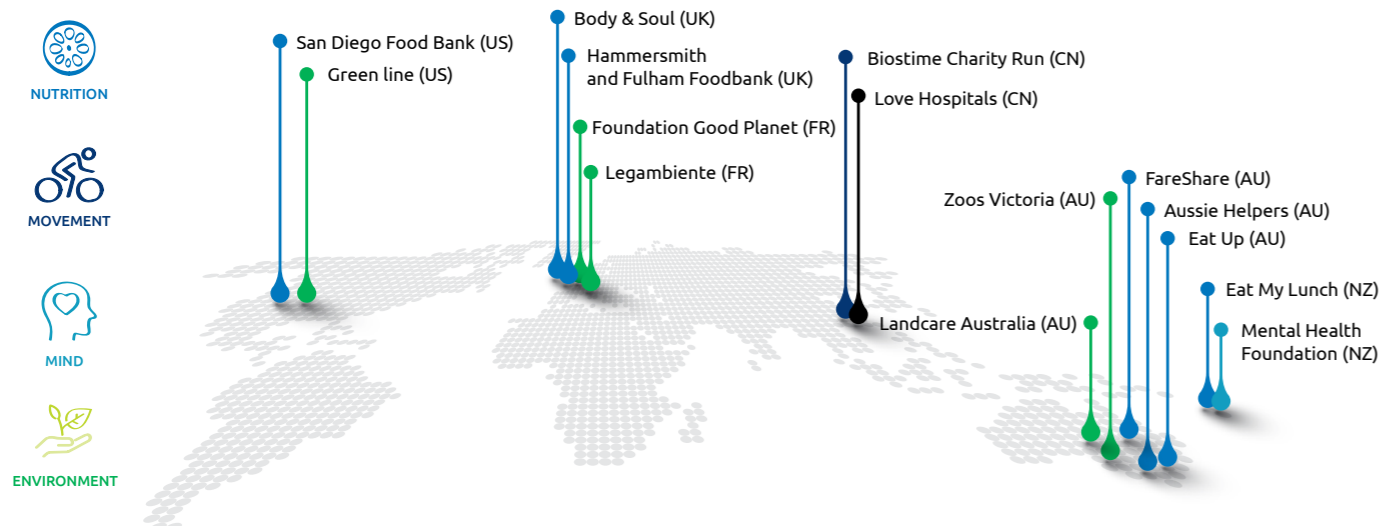
Our team members across the globe dedicated 7,508 hours to volunteering within their local communities throughout the year. A large proportion

of the voluntary hours was spent on our second World Community Day, held in October.

Some examples of community health and wellbeing initiatives and programs that team members assisted as volunteers in 2019 include:

- ensuring our local communities have access to get fresh, healthy produce and meals and investing in **nutrition** education programs
- **movement** advocacy and support, particularly around school programs

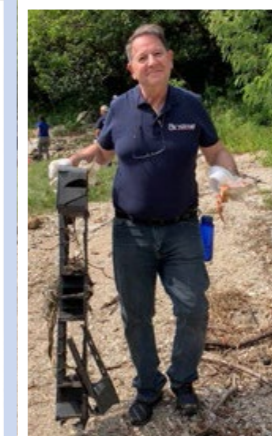
- raising awareness of **mindfulness** and **mental health** research
- **environmental** support particularly around biodiversity, ecosystem protection and land regeneration.



## WORLD COMMUNITY DAY

H&H Group team members, united by the mission of making people and the planet healthier and happier, volunteered their time and energy for our World Community Day with local community and environmental partners in October.

Throughout the world, activities ranged from collecting and sorting food for Hammersmith and Fulham's Foodbank in London, to cleaning up Hong Kong's beaches with World Wildlife Foundation (WWF) members and preparing meals for the elderly, disabled and low-income families in Singapore. In China, the team attended public health seminars at community hospitals, while the New Zealand office delivered lunches to schools with food manufacturer Eat My Lunch, and our Australian colleagues worked to rejuvenate their local environment with Landcare Australia. In France, the team repaired children's toys and books to be recycled and re-purposed.



**1,662 HOURS**  
VOLUNTEERING IN  
**19 LOCATIONS**  
AROUND THE WORLD.

**550**  
trees planted

**320KG**  
of rubbish removed

**2,739**  
meals made

**374KG**  
of food collected and sorted

**1,968**  
people reached with public health seminars

**850**  
children's toys and books repaired and recycled



# OUR FOOTPRINT ON THE PLANET

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

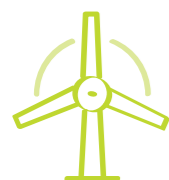
We aim to achieve economic growth whilst engaging in sustainable procurement practices and protecting the ecosystems on which we rely for raw ingredients.

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.



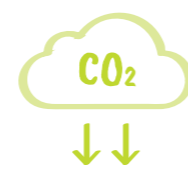
## 2019 KEY HIGHLIGHTS



**87%**  
RENEWABLE  
ELECTRICITY



**11**  
SITE ACTIVATIONS  
and over 90 trees planted  
for World Environment  
Day on 5th of June.



**-38%**  
GREENHOUSE  
GAS EMISSIONS



**-13%**  
REDUCTION IN  
ELECTRICITY  
INTENSITY



**40%**  
OF OUR WASTE  
PRODUCED WAS  
RECYCLED IN 2019



**-15%**  
REDUCTION IN  
WATER CONSUMPTION

# REDUCING OUR FOOTPRINT ON THE PLANET

## CHANGES IN 2019

As a global corporate citizen dedicated to serving mothers, babies and families, we care about 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. We recognise that the world is changing and with that come risks across our value chain. Each part of the process of the product supply chain has unique challenges in relation to climate change. From sourcing premium botanical ingredients as water scarcity becomes an increasing challenge, to powering our facilities with renewable sources of energy, we're starting to gain a better understanding of where our risks lie and how we can limit our contribution to these challenging circumstances. We are committed to conducting a review of our climate risks in accordance with the Taskforce on Climate-related Financial Disclosure (TCFD) framework in 2020.

Most of our sites across the world are corporate offices; only five are operational sites. Unsurprisingly, the operational sites account for over 90% of our environmental footprint across energy, waste, water and emissions, so they are the focus of our environmental efforts. Two of the operational facilities were independently audited across air pollutants, water consumption, solid waste and noise pollution. They received official classification as 'Cleaner Production' sites in 2019, demonstrating the effectiveness of processes and initiatives put in place to improve efficiency. We have also internally conducted random spot checks at these sites to ensure our team are acting in accordance with these principles. It is evident that these initiatives are already having an impact in reducing our footprint, with reductions in every category in 2019.

Our corporate offices still play an important role in our footprint and we have some existing and new requirements and bold targets regarding reducing waste and electricity consumption. In 2020 we are targeting a 20% reduction in waste headed to landfill by diverting it to recycling and composting, and therefore, recovering important resources for future use.

Each of our sites fully comply with all relevant laws and regulation and set operational expectations through their own environmental policies and standard operating procedures (SOPs). We had no incidents of non-compliance relating to environmental law or regulation in 2019.

In 2019 we continued engaging with our global network of Sustainability Champions – team members across a range of business functions and locations who have insights and ideas on how we operate and how we can be better. The champions meet once a quarter in each region and it is an important platform for us to communicate with environmental and social matters across all locations.

None of our global facilities emit emissions to air such as nitrogen oxides (NO<sub>x</sub>), sulphur oxides (SO<sub>x</sub>) or other hazardous or non-hazardous pollutants in quantities significant enough to be regulated under national laws and regulations.

Our Guangzhou factory is the only factory that produces a material stream of wastewater. The wastewater comes from equipment cleaning, wash-off from quality testing, office domestic sewage, canteen dishwashing sewage, concentrated water produced by pure water machine and from washing clothing.

Office domestic sewage passes through a three-level septic tank. Canteen dishwashing oil wastewater is pre-treated by the laboratory sewage station after passing through the oil separation slag pool. Quality testing washing wastewater is pre-treated by laboratory sewage station. Domestic sewage, quality testing and canteen dishwashing oil wastewater are pre-treated, and then treated with other wastewater by an underground sewage treatment system.

We comply with the Local Standard of Guangdong Province (P. R. China) "Water Pollutant Discharge Limits" (DB44 / 26-2001) in Guangdong Province. After reaching the level three standard values of the second time-period, the wastewater will be discharged into the municipal sewage pipe network and treated by the Dashadi Sewage Treatment Plant.

We do not source water from any water stressed regions for our direct operations.

## EMISSIONS BOUNDARY

Scope 1 676t CO <sub>2</sub> -e	Refrigerants
	Natural gas
	LPG
	Diesel generators
	ULP for transport
	E10 combustion for transport
Scope 2 450t CO <sub>2</sub> -e	Diesel combustion for transport
	Electricity
Scope 3 14,450t CO <sub>2</sub> -e	Waste
	Flights
	Procured transport of products
	Office consumables
	Cleaning
	Catering
	Repairs and maintenance
	Taxis and other hire cars
	Accommodation
	Employee commuting

Green highlighted are new inclusions in emissions boundary (2019).

# CASE STUDY

## H&H IS MOVING TO RENEWABLES

We announced in late 2019 that over 75% of our operations globally will be powered by energy sources by the end of 2020 – such as wind and solar farming, hydro power and geothermal heat.

We will purchase renewable electricity with full transparency from local sources in each country in which we operate. By going renewable, H&H will save over 8,500 tonnes of CO<sub>2</sub> emissions annually – the equivalent of burning 3.85 million litres of standard petrol.

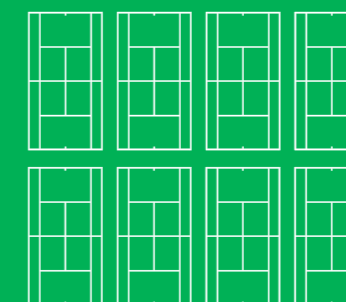
By switching from fossil fuels to renewable energy, we will reduce our impact on our natural environment and improve air quality, water quality, public health, wildlife and habitat. Renewable electricity produces zero GHG emissions. We are committed to the United Nations Global Compact's 10 principles, and specifically, to minimising our carbon and overall footprint on the planet.

## CLEAN ENERGY FOR GUANGZHOU

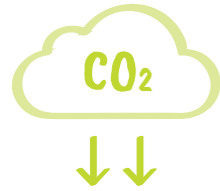
The new photovoltaic solar panel farm on our facility in Guangzhou, China covers an area of 4,200m<sup>2</sup> and is expected to produce 450,000kWh of clean energy next year, and more than 1 million kWh in its operating 'lifetime'.

**4,200M<sup>2</sup>**  
OF SOLAR PANELS IS THE SAME SIZE AS NEARLY EIGHT TENNIS COURTS.

**450,000KWH**  
IS ENOUGH TO DRIVE A STANDARD ELECTRIC CAR 1.4 MILLION KILOMETRES, OR AROUND EARTH 36 TIMES.



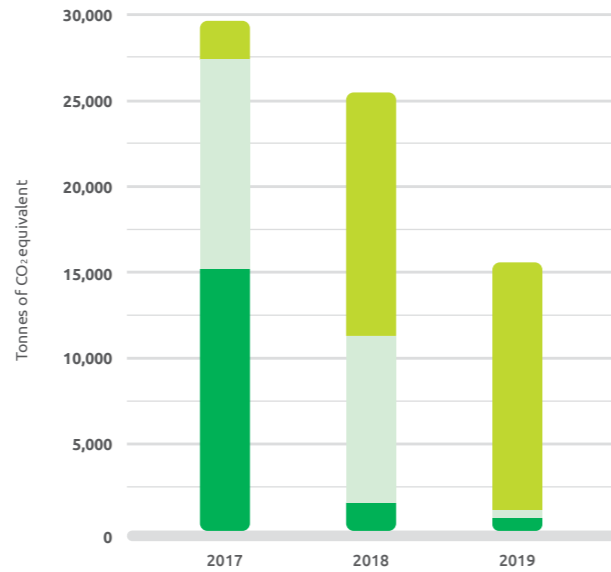
# OUR FOOTPRINT ON THE PLANET



**15,576** TONNES CO<sub>2</sub> EQUIVALENT  
TOTAL GREENHOUSE GAS EMISSIONS

We have achieved a 38% reduction of emissions in 2019.

**4.6t** PER TEAM MEMBER



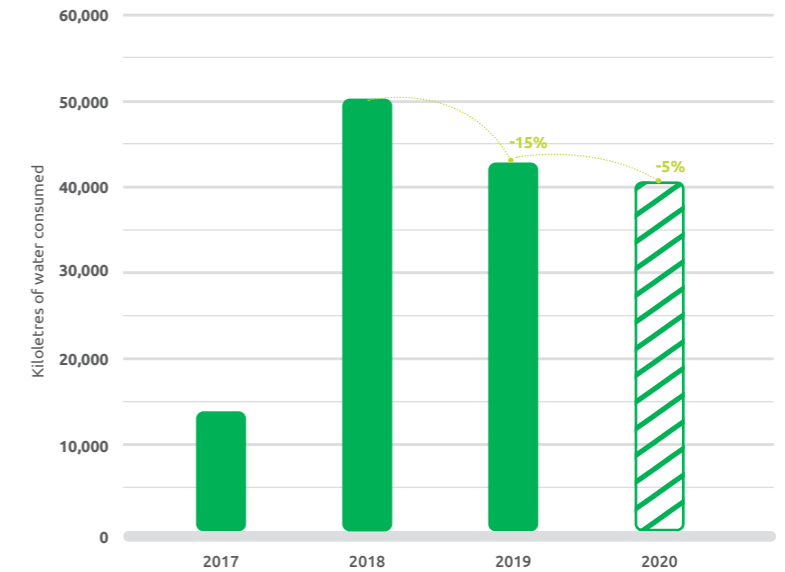
● Scope 1 ● Scope 2 ● Scope 3



**42,880kl**  
TOTAL WATER CONSUMPTION

We have had a 15% reduction in water consumption during 2019.

**12.8kl** PER TEAM MEMBER



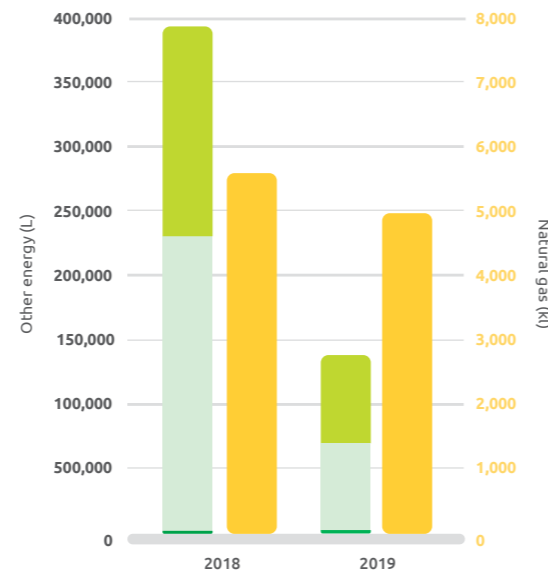
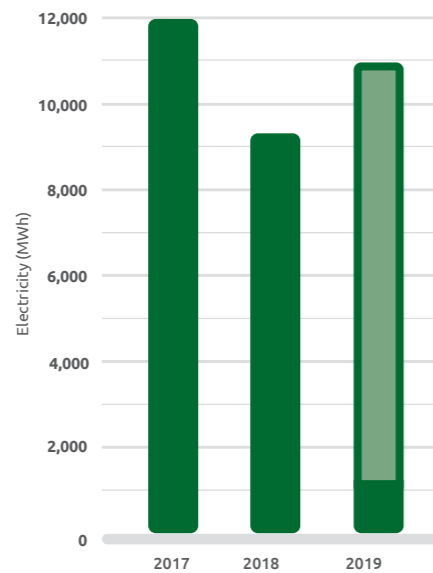
● Water consumption ● Goal



**13,193MWh**  
TOTAL ENERGY CONSUMPTION

In 2019 we sourced 11,749MWh of electricity of which 87% was renewable. Our goal is to be run on 100% renewable electricity by 2021.

**3.9MWh** PER TEAM MEMBER



● Electricity ● Renewable energy certificates ● Liquid petroleum gas ● Petrol ● Diesel ● Natural gas



**5,810t**  
TOTAL WASTE GENERATION

40% of waste recycled.

**1.7t** OF NON-HAZARDOUS WASTE PER TEAM MEMBER

**31g** OF HAZARDOUS WASTE PER TEAM MEMBER



● Landfill: 3,458t (60%) ● Recycling: 2,351t (40%) ● Hazardous: 1t (<1%)\*

\*Any hazardous waste is collected by third parties and processed in line with local regulations.



# HONOURING 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.

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.

5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



## 2019 KEY HIGHLIGHTS



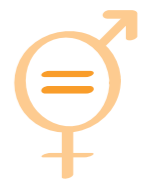
2 AWARDS

2019 Employer of Choice, Australian Business Awards.

China Healthy Workplace Sustainable Growth Committee named H&H Group offices a Healthy Workplace.



10,000+ HOURS OF TRAINING



50/50 GENDER EQUALITY IN MANAGEMENT LEVEL

# HONOURING HUMAN RIGHTS AND FAIRNESS

## CHANGES IN 2019

In order to protect one of our greatest assets – our people – we value each team member’s expertise and lifestyle by offering attractive remuneration and an engaging workplace that provides the flexibility to work around their individual circumstances.

In 2019 we drafted *Our H&H Code of Conduct* that is being launched globally in 2020. The Code sets out our global standards which are supported by our values, driven by our behaviours and which each team member must follow every day. Having a collective Code of Conduct helps to ensure consistency across all our regions whilst still allowing for localised information to be laid out in regional employee handbooks and contracts.

Our People and Culture teams across the business units manage employee working conditions, engagement, remuneration, recruitment and ensure compliance the relevant regulations. These teams understand that our people must be treated with respect and dignity.

All of our team members received performance reviews in 2019 at a minimum of annually.

### WORKING CONDITIONS

Our team members are of an appropriate age; all work is conducted on a voluntary basis and working hours are reasonable to the standards set by local regulatory bodies and clearly stated in employment agreements.

We offer many additional benefits to our team members across the regions including the wellness support in mentioned in the *Story of good health* chapter, life insurance, parental leave, retirement provision, stock ownership, health care and disability and invalidity coverage, all helping to keep our team members healthy, happy and financially secure.



### REMUNERATION

Our benchmark for remuneration is often set far above the minimum requirements however we do ensure at a minimum every team member is paid a fair wage. We monitor market rates in most regions utilising our banding structure to ensure we are providing attractive benefits for team members at varying stages in their career or levels of management. We incentivise and reward our team members with industry and benchmarked salaries and bonuses for meeting or exceeding goals and targets. Salaries are reviewed at least once per annum, with consideration given to the individual’s role, responsibilities and performance.

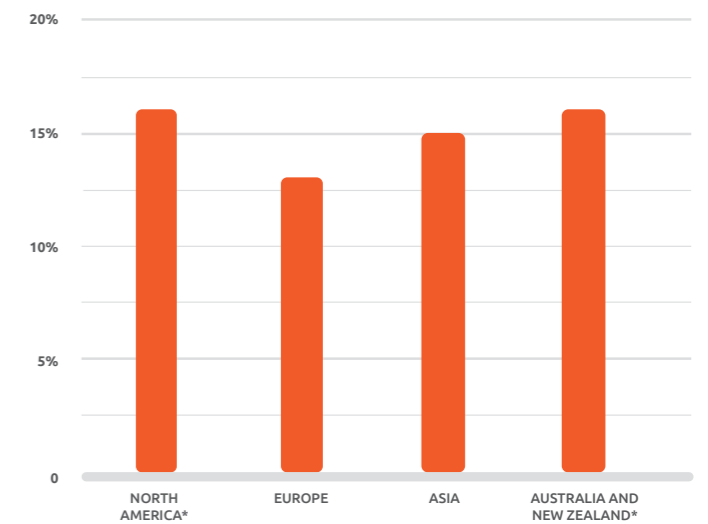
### RECRUITMENT

To ensure we offer equal opportunity to prospective team members, our talent acquisition team ensures that for each role, we interview a diverse mix of candidates. We understand that age, race, gender, religion and ability can result in unfavourable treatment or discrimination and whilst our team are consciously trying to avoid this, we don’t have a formal protocol for removing the likelihood of it happening at the hiring stage, however we are assessing whether there are some options we can introduce in 2020.

### RETENTION

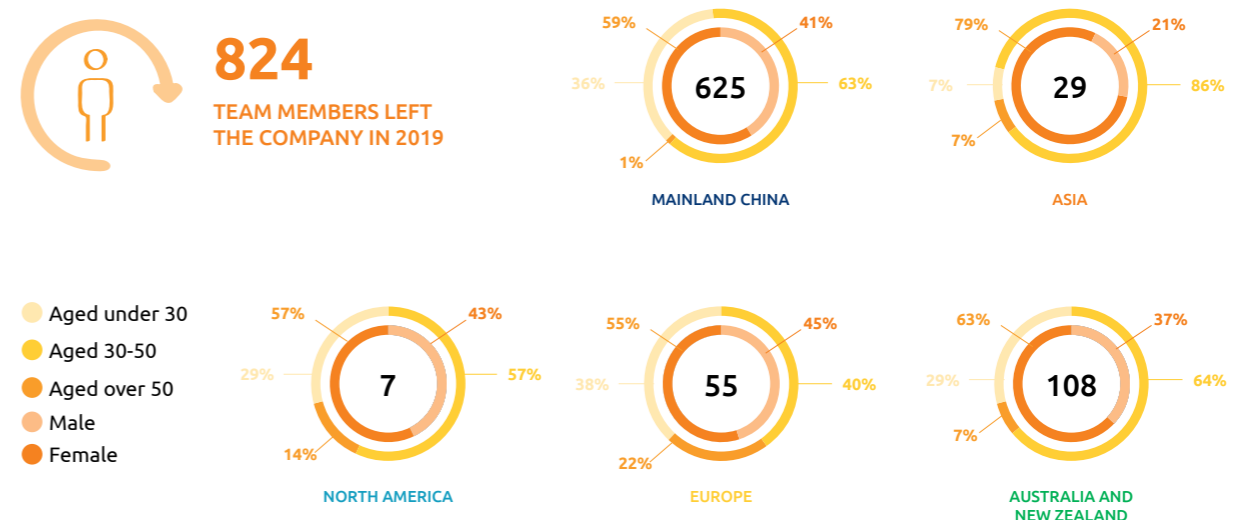
We monitor employee retention, seeking to understand why our employees sometimes choose to leave. We have chosen a different metric for reporting on engagement this year, with a focus on voluntary turnover, because our engagement survey was only implemented in a few of our regions in 2019. We monitor employee retention, seeking to understand why our employees sometimes choose to leave. We have chosen a different metric for engagement this year, with a focus on voluntary turnover as our engagement survey was only implemented in a few of our regions in 2019. We experienced high business volatility in 2019 which we believe led to higher turnover than previous years. We will continue to monitor turnover with more frequent reporting, including a breakdown of functional teams, to draw insights and set benchmarks for target rates.

### VOLUNTARY EMPLOYEE TURNOVER



\*Please note: North America and Australia and New Zealand were included in a single assessment so have assumed the same percentage for 2019.

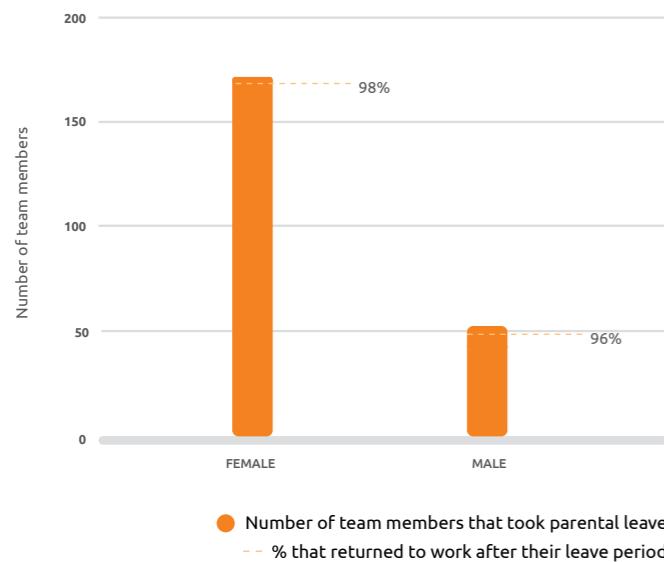
### TURNOVER BY REGION



# HONOURING HUMAN RIGHTS AND FAIRNESS

## PARENTAL LEAVE

For the first time, we have captured parental leave and return to work rate as a way of measuring how we are supporting parents as they grow their families. Given we are in the business of inspiring wellness at every life stage, and have a huge focus on baby nutrition and care, we think it's particularly important that we 'walk the talk' and give the mums and dads in our teams the chance to take time off work and return to their jobs without impacting their career progression. All of our team members are entitled to parental leave, although the eligibility criteria and amount available varies from region to region. We also recognise this is a way of supporting gender equality across our operations.



Note: We have not captured information on the number of team members that have not reached the end of their leave period.

To better understand and implement change across these areas, we are increasing the frequency of internal reporting for team member data to quarterly in 2020.

## HEALTH AND SAFETY

In 2019, H&H Group implemented a Global Health and Safety Policy at all sites across the world. The Policy covers how to manage and raise health or safety risks and log and manage incidents as well as many other components.

We are proud to report 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. Unfortunately, we had four injuries across all of our sites in 2019 which resulted in 73 lost days of work. These are the two performance indicators that we capture across the Group.

This is a 70% reduction in the number of injuries from the previous year. In light of this great achievement we have removed our commitment to set an injury reduction target in 2020 and instead plan to reduce or maintain the existing rate of injury given it is so low.



**0** WORKPLACE FATALITIES

There have been no fatalities at H&H for as long as we have been reporting, since 2017.



**23** INCIDENT REPORTS

In 2019 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 penalties.

## TRAINING AND DEVELOPMENT

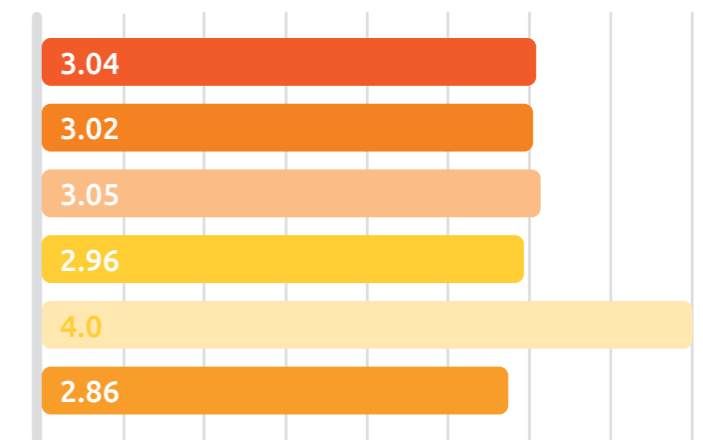
In 2019, we changed the definition boundary for the hours included in this category to only include training and development delivered by a third party or tool. This will make the data more verifiable in the future as we look to gain external reporting assurance. This has meant our reported number looks significantly lower for 2019, however our level of internal training has been consistent with previous years.

Various forms of training and development were conducted in 2019 but a large proportion was completed through our H&H Learning Hub, which has short courses on relevant business subject matter.



**10,175 HOURS**  
TOTAL TRAINING HOURS  
ACROSS THE GROUP IN 2019

## AVERAGE NUMBER OF HOURS SPENT IN TRAINING AND DEVELOPMENT IN 2019



● Total Workforce ● Male ● Female  
● Non-management ● Management ● Executive team

**72%**  
FLEXIBLE WORKING

72% of our team members felt they had flexible working arrangements available to them in 2019.



# GOVERNANCE

We have a Group-wide Anti-Corruption and Whistle-Blowing Policy and system, called HH Speak Up. This applies and is available to all team members across regions, suppliers and retailers. We regularly communicate with our team members on appropriate conduct in our business and the broader marketplace, and we conducted in-person training in Asia and Europe in 2019.

Our Governance team conduct an annual risk evaluation that covers every region and function within the Group, and the results are reported to the Board, Audit Committee and Senior Leadership team. No risks were identified in 2019 relating to bribery and corruption. Twenty-three cases were reported during 2019, through HH Speak Up within our team, 98% of which were investigated internally and four that resulted in an external investigation. We had no legal cases regarding corrupt practices against any of our brands during 2019.

We developed our Group-wide Internal Code of Conduct, which will be launched in the second quarter of 2020 and supported through training in each region. The Code of Conduct covers, amongst many other team member related matters, the Group’s approach to preventing corruption, bribery, money-laundering and fraud, as well as our approach to whistle-blowing and information on the HH Speak Up system.

## 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 had no incidents of non-compliance related to IP in 2019. We also maintained the Group product information database, where confidential product information on our brands and product categories can be safely stored and used.

## GOVERNMENT RELATIONS AND COMPLIANCE

Our engagement with policymakers is managed by our Government Affairs 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.

In 2019 this engagement looked to promote public policy settings that deliver legislative frameworks that reward responsible and restrict irresponsible business behaviours, with relevant enforcement. We supported reward standards based systems. Engaged in global public policy discussions regarding trade agreements on IP and market access; and seeking government support for key business expansion (AU, UK, HK and CN) and industry development. The team also built our three sustainability goals into their communications and engagement strategy for 2019, key achievements in this area included advocacy of stability data with policy makers to enable recycled content in packaging for highly regulated areas such as listed medicines and leading industry and supply chain engagement to rescue food waste from agricultural streams to be used as ingredients in new or existing products, some of which will be launching in 2020.

The Government Relations team commissions an annual, independently conducted Perceptions Audit, measuring key industry and government stakeholder feedback on the effectiveness of the engagement throughout the year. In 2019 this report showed that most stakeholders on average rate the engagement satisfaction at 8.5 out of 10, and the team increased performance in most areas with the summary that the team had a “very healthy and improving reputation.”

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 2019.

# TAX TRANSPARENCY

H&H Group supports tax transparency to ensure the building of trust in the many tax jurisdictions in which we operate.

H&H Group pursues a proactive approach to tax strategy. Long term tax planning seeks to enhance sustainability and shareholder value whilst having full regard to all relevant tax laws and regulations. These principles are governed by the Group Tax Risk Management Policy (the “Policy”). This policy is approved by the Board of H&H Group and covers:

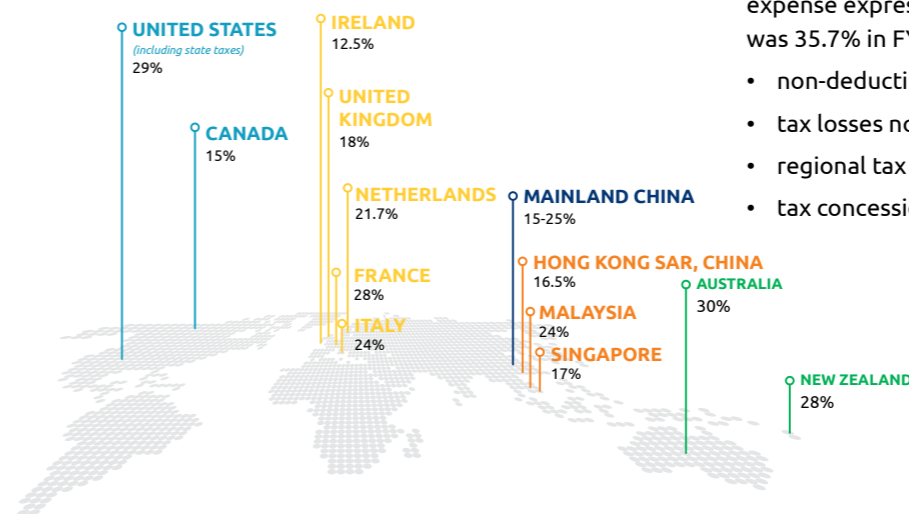
- tax strategy
- tax governance principles
- tax risk appetite
- tax risk management.

This Policy is reviewed annually and supported by the Group Delegation of Authority, Group Risk Management Policy, and the Group Transfer Pricing Policy.

## OUR TAX CONTRIBUTION

H&H Group operates in numerous countries and as a corporate taxpayer contributes to the economies of the regions in which it operates. The distribution of taxes paid by the H&H Group reflects the geographical spread of the Group’s businesses.

The 2019 corporate income tax rates of the companies in which the H&H Group operates



The parent entity of the H&H Group is Health and Happiness (H&H) International Holdings Limited, which is a Hong Kong tax resident. The principal subsidiaries are disclosed in the FY2019 Annual Report.

All related party transactions are conducted under arm’s length methodologies prescribed by the Organisation of Economic Cooperation and Development, both at normal market prices and on normal commercial terms, and in accordance with global transfer pricing laws.

During FY2019, the key business dealings between related entities of the H&H Group pertained to:

- sales of finished products
- provision of funds or loans for short term or working capital requirements
- licensing of brand names, trademarks and other IP owned by H&H for use
- dividends
- provision of contract R&D services
- value added services.

## EFFECTIVE TAX RATE

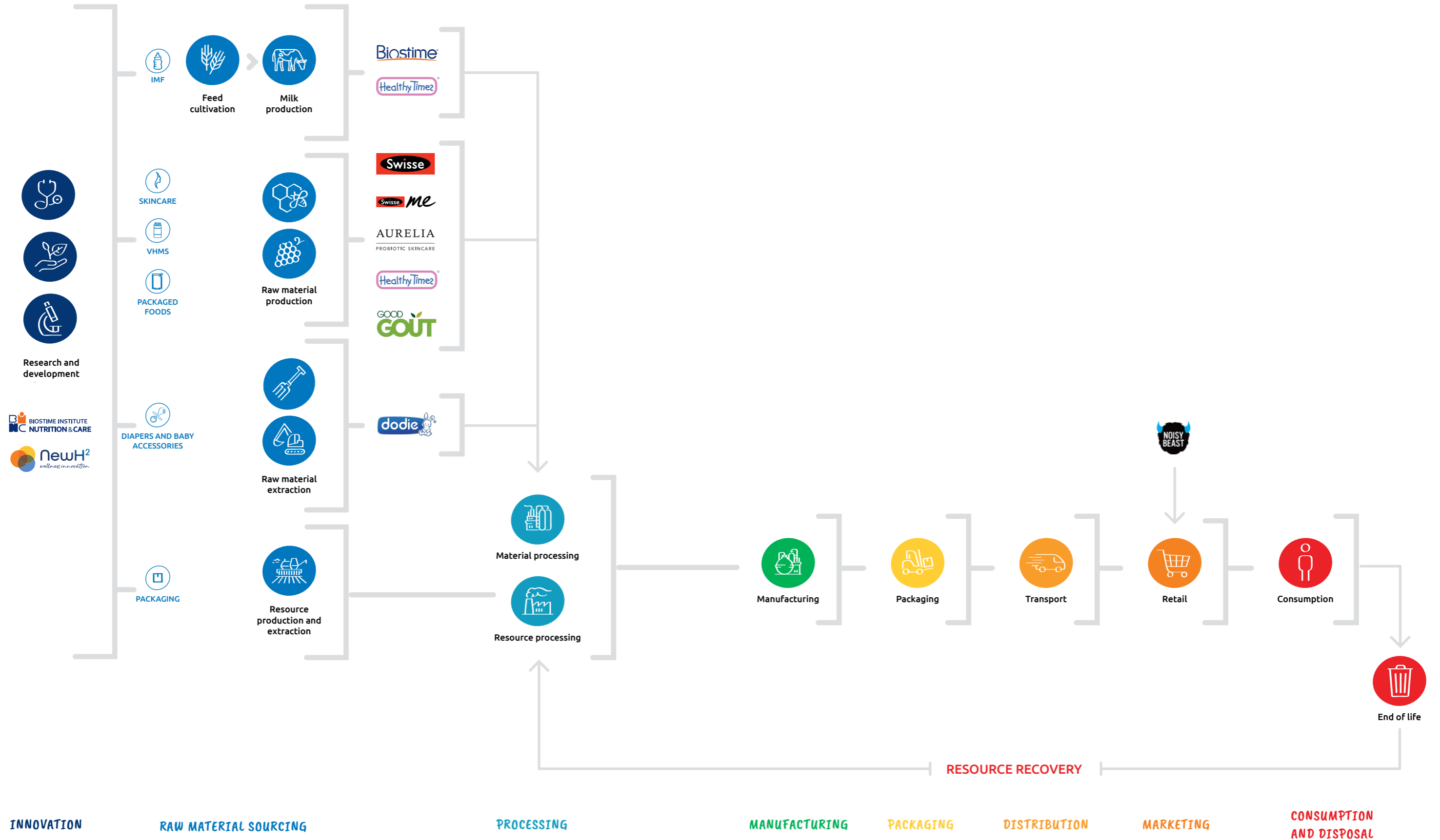
The effective tax rate is an accounting concept and reflects the income tax accrued on the profit for a particular year. It differs from the actual income tax payable in that year due to timing differences, where the timing of income and expense recognition differs for accounting and tax purposes.

H&H Group’s effective tax rate (i.e. its accounting income tax expense expressed as a percentage of the profit before tax) was 35.7% in FY2019 and reflects:

- non-deductible expenses
- tax losses not being recognised
- regional tax rate differential
- tax concessions.



# VALUE CHAIN



# INNOVATION

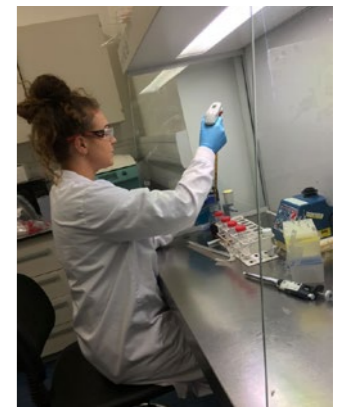
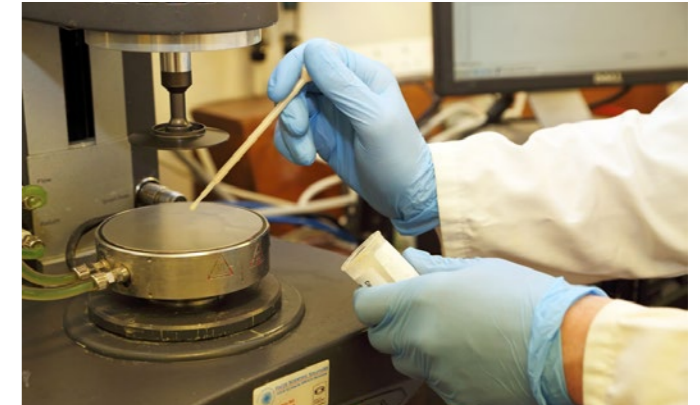
H&H Group’s ambition is to become a global leader in premium wellness and nutrition. Product innovation is at the heart of this vision, as we focus on delivering superior products to our customers to support their wellness journey.

Our 2017 Sustainability Report included a company goal to double our spend on research and development (from the annual base of 2017) by 2020. Scientific validation of our products has always been a focus for the organisation, and at the time this objective was a valid metric and a tangible investment that would further stimulate research and reinforce our commitment to ‘advancing the story of good health’.

Since 2017, the Group has increased funding on R&D by over US\$8 million per annum, and whilst we expect this investment to rise again this year, we are no longer looking to meet the target in 2020. This has come about through our financial budgeting process and a determination that the straight investment figure was not necessarily going to deliver the best participation in, or outcomes from, our R&D program.

Beyond the financial investment, our R&D team has worked on some ground-breaking research projects including:

- exploration of the key ingredients in breast milk and characterisation of infant gut microbiota development
- development of different Human Milk Oligosaccharide (HMO) combinations with proven gut health function
- developed and patented combinations – HMO-2’FL + Osteopontin – with proven immune health benefits
- clinical trials on formulations that, if successful, could support health outcomes for consumers who experience urinary tract infections, osteoarthritis, gut microbiota challenges and neurocognitive functions and mood.



To help engage the scientific community in this research and help spread the story of good health, we attended and presented at more than 15 high profile scientific conferences around the world in 2019.



**60**  
RESEARCH  
PROJECTS



**120**  
INGREDIENTS  
REVIEWS



**185**  
SCIENCE  
REVIEWS



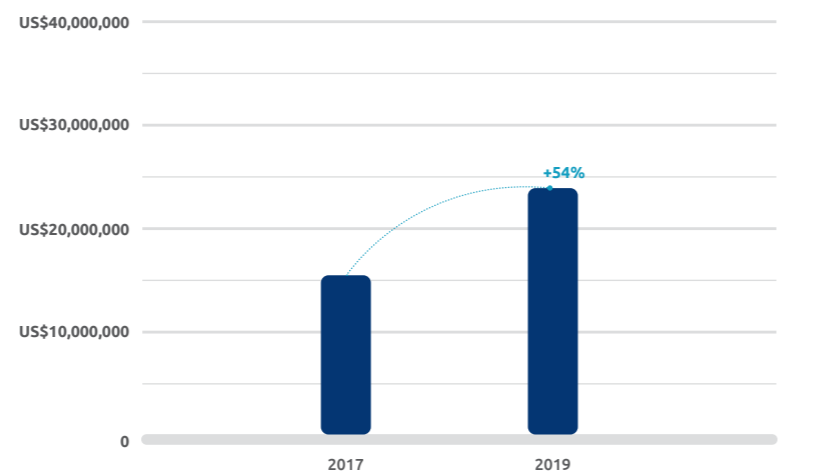
**3**  
PATENTS  
FILED

...LEADING TO OVER 200 PRODUCT CLAIMS



**US\$23,729,796**  
RESEARCH & DEVELOPMENT

Total spend on research and development across the Group in 2019.



Our R&D laboratory at Moore Park, based in one of the most world-renowned institutes alongside leading scientists in this field, is the residence of some of our most qualified scientists.

This team is dedicated to exploring cutting-edge research that will help us drive better health outcomes for our consumers. The team is focused on exploring the microbiome and HMOs as we believe these will have outcomes across all stages of life and conditions.

One of the key pieces of research conducted at the Moore Park laboratory in 2019 was assessing how we could improve the performance of our powder quality in our infant milk formulas to ensure a pleasant user experience. The technology program ran a week-long trial, with the main objective to compare different fat ingredients and their effect on powder quality. The trial focused on investigating the root cause of issues associated with milk fat contained in infant milk formula such as solubility, wettability and white specks. Comprehensive statistical

analysis of formula was also completed to validate the effect of fat component on the powder quality.

To help translate these important research insights into formulations that can support our consumers in their health journey we introduced a new stage-gate process for product development across all H&H regions and markets. The stage-gate approach divides the project management five distinct stages, from ideation to product launch. It is also separated by five strategic decision-making points referred to as gates.

Referring to the existing literature on the innovation ecosystem, 89% of the 482 executives surveyed by Harvard Business Review said companies must support an enterprise-wide innovation culture where new ideas emanate from everyone in the organisation. This finding reflects or the Group’s emphasis on seeking input from all areas of the business.

# NEW PRODUCT HIGHLIGHTS

## BIOSTIME HMO SN-PLUS® LAUNCHED IN FRANCE AND HONG KONG SAR CHINA



The Group launched Biostime Probiotics with HMO, the first probiotics product in the market with advanced Human Milk Oligosaccharide -2'-fucosyllactose (HMO 2FL) formulation to provide enhanced immunity benefits on top of probiotics. Introducing for the first time the extensively clinically documented Morinaga Bifidobacterium breve M16V probiotic strain to the unique combination of four strains with HMOs 2FL provides immune protection for infants in a period when their immune system is particularly exposed to bacteria and viruses.

## BIOSTIME® PROBIOTIC DROPS FOR BABIES AND CHILDREN LAUNCHED IN MAINLAND CHINA, HONG KONG SAR CHINA, AND FRANCE.



Our first probiotic drops product that is formulated with a unique and innovative probiotic-in-cap protection technology. This technology stores the probiotic in the bottle cap compartment which protects the activeness of the probiotics. Probiotics are mixed upon open of the product for the first time. The formulation contains the Bifidobacterium lactis HN019, one of the best clinically documented probiotic strains with a high survival rate in the gut, enhancing immunity of newborn babies.

## BIOSTIME® SN-2 BIO PLUS ULTRA GOAT TODDLER MILK LAUNCHED IN AUSTRALIA, NEW ZEALAND, MAINLAND CHINA AND HONG KONG SAR CHINA



Biostime's expert scientists and Product Development teams joined forces to develop the Biostime® SN-2 BIO PLUS Ultra Goat Milk: a formula that contains both probiotics and prebiotics. It is scientifically based on a specialised synbiotic principle to include probiotic B. infantis and prebiotic FOS. Made from pure 100% goat milk protein, Biostime Goat is also a formula with one of the richest sources of dihydroxyacetone (DHA) ingredient. DHA is a type of omega-3 fat, supporting eye health and infant brain development. In the preparation of this product, our H&H scientists worked closely with academic researchers from Melbourne University to ensure the best quality whilst forging effective new science partnerships.

## SWISSE CHLOROPHYLL FIBRE LIQUID LAUNCHED IN MAINLAND CHINA



This project was a combined effort between the Chinese and Australian Product Development teams. Ensuring the formula complies with Chinese regulations, the team successfully developed a new and improved formula, rich in fibre, citrus flavour, and fat free. Polydextrose, a dietary fibre was selected as one of the hero ingredients for its detox function. This product supports the balance of the gut system by stimulating growth and activity of beneficial bacteria.

## SWISSE ULTIVITE MEN'S AND WOMEN'S MULTIVITAMIN + SUPERFOOD BLEND LAUNCHED IN AUSTRALIA



These products are Therapeutic Goods Administration(TGA) listed in Australia. They are the first formulations on the market to combine the power of multivitamins and superfoods with the backing of scientific claims. The products are formulated for men and women to help nourish the body, fill nutritional gaps and support energy production.



**199**  
NEW PRODUCTS

Total new products launched across the Group in 2019.

In 2019 we accelerated our direct-to-consumer (DTC) footprint, establishing a new division in the UK and exploring new models to better meet consumer needs and 'path to purchase'.  
  
DTC is a great opportunity to deliver products faster and with a reduced emissions footprint, demonstrating a shift in our innovation mindset and the way do business.



**31**  
NEW PRODUCTS  
SKINCARE



**19**  
NEW PRODUCTS  
INFANT MILK FORMULA



**103**  
NEW PRODUCTS  
VHMS



**33**  
NEW PRODUCTS  
PACKAGED FOOD



**31**  
NEW PRODUCTS  
BABY ACCESSORIES

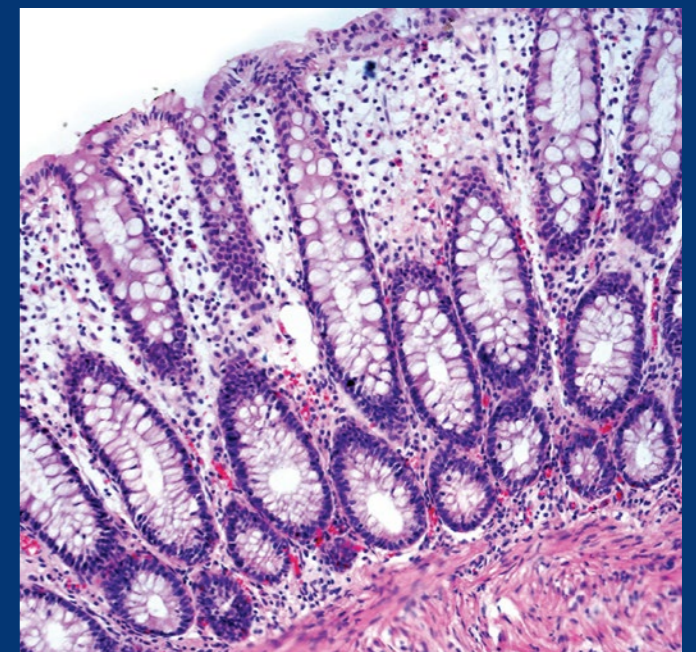
## FUTURE OF INNOVATION AT H&H

At H&H, one of our six corporate pillars our heritage. The origins of our brands share many themes and have been led by vision and an entrepreneurial spirit that we must continue.

We remain true to our heritage and the stories behind our brands as we look forward to the future and this has been key to our new strategy for innovation at H&H with a focus on our strengths in microbiota and nutrition.

We have identified some of the most important areas of focus to be immunity for young and old – protecting the individual, balancing the immune system and metabolic and gut health.

In 2019 we reviewed how we best serve our consumers health needs into the future. We understand that the vitamins market is large and can be complex, with lots of product information and claims for consumers to consider. We're working on a range of products that will help make it simpler for consumers to find the right products for their specific health needs.





H&H Group launched NewH<sup>2</sup> (with initial funding of US\$60m) in 2018 as a corporate venture to support entrepreneurs who are using advances in technology and science to develop innovative advanced nutrition solutions. NewH<sup>2</sup> invests in early and growth-stage entrepreneurial businesses which are developing cutting-edge brands, products, technologies or business models in the fields of health and wellness, thus aligning with H&H's ambition to become a global leader in premium family nutrition and wellness. The fund provides the overall H&H Group with a complementary alternative to R&D and mergers and acquisitions (M&A), by expanding the Group's innovation opportunities and allowing it to keep abreast of new, potentially disruptive products, science, trends and technologies.

## 2019 INVESTMENTS



### PROVEN™

In 2019 NewH<sup>2</sup> secured another investment in artificial intelligence (AI) personalisation, this time in the skincare category. The acquisition was of a minority shareholding in Proven Skincare, a company founded and based in San Francisco.

Proven Skincare has created the world's most comprehensive AI-powered database analyse of clinically active ingredients through its Skin Genome Project which uses computer science to analyse the effectiveness of over 20,238 ingredients and 100,000 products. The database saw Proven Skincare win MIT's Artificial Intelligence Award of the year in 2018.

The Proven team includes world-class scientists and engineers who are passionate about their research and technology, delivering the best possible results for consumers via skincare personalisation.



### Lumen®

NewH<sup>2</sup> also acquired a minority stake in Meta Flow, a company that created Lumen – the first hand-held device for tracking metabolic data in real-time.

Lumen can read an individual's daily metabolic activity (measured in a single breath under the company's patent pending algorithm) which allows individuals to take a hyper-personalised, long-term approach to their health management and nutrition needs, based on their own real-time physiological data.

The funding from NewH<sup>2</sup> will be used to create organic growth of the company by building further capabilities in R&D, product development, branding and other areas of the business to meet its target product launch in the US in the second quarter of 2020.

NewH<sup>2</sup>'s partnership with Lumen - and its disruptive technology - provides promising opportunities to explore new product segments and accelerate the consumer application of breakthrough technologies



### bodaustralian

In 2019, NewH<sup>2</sup> made a third investment – a minority stake in medicinal cannabis healthcare products company, Bod Australia Limited (Bod). Cannabidiol (CBD), an extract from cannabis and hemp, is a new ingredient and niche product development in a high-growth industry. Bod is leading the way with clinical trials and innovation programs, and by working



together we are well positioned to grow and to further commercialise Bod's CBD products in different global markets. This agreement marked the first time that H&H Group was to utilise CBD and hemp ingredients in its products, of which we launched seven SKUs in the United Kingdom across the Aurelia Probiotic Skincare, Swisse and new CBII brands. All products that



have been launched or are soon to be launched comply with all local and applicable laws and regulations across relevant markets.

Additionally, this investment aligns with our sustainability journey and desire to consider the environmental footprint of our business and operations. This unique industry is renewable, sustainable and clean.

# RAW MATERIAL SOURCING

In 2019 we developed our new Raw Material Sourcing Policy. The policy outlines the known sustainability hotspots for the different types of ingredients that we source for products across the Group and requires the Product Development team to collect information from potential suppliers on those hotspots to avoid any negative environmental or social impacts.

By 2021, every new product will meet the criteria set out in the Raw Material Sourcing Policy which covers known industry sustainability hotspots for different types of ingredients such as health and safety in relation to chemicals used in the production process, biodiversity risk, and human rights violation risks to name a few within the Policy.



In 2020 we will develop a management approach to monitoring adherence to the policy. A new process management tool that is currently being developed to manage product innovation will be key to successful implementation of the new approach.



**3**  
ECO SYSTEM  
PROTECTION PROJECTS



**114**  
CERTIFIED ORGANIC  
PRODUCTS



In addition to Group policy changes, we are conducting analysis to identify our most critical product ingredients across the business. Given two of our brands – Swisse and Biostime – represent a large percentage of our volume, the analysis will focus on them.

The ingredients already identified as critical for Swisse and Biostime include milk, botanicals, oils and fats, minerals, krill and fish oils and other oils and fats. Shown on the map below are some of the places we source these essential ingredients.



**MILK**  
From France (Isigny Sainte-Mère)

**FUTURE PROOFING OUR UNIQUE INGREDIENT SUPPLY**

Isigny Sainte-Mère (ISM) is one of our high-quality producers and supply chain partners. The dairy cooperative in Normandy, the heartland of French dairy production (a land of lush, green pastures that benefits from a rainy, mild, maritime climate), is the ideal place for dairy cows to graze and the home of la Vache Normande - the Normandy cow. It is a special and a unique combination of location and breed that allows for special properties in the milk they produce.

The H&H Group continues to invest in a partnership we have created to protect the Normande breed and contributed €450,000 in 2019 to support local farmers in keeping the cows within the region.

As an independent dairy cooperative, ISM's members are the farmers and 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.



**GLOBE ARTICHOKE**  
From Spain (NatureX)



**MILK FAT**  
From The Netherlands (Friesland Campina)



**VITAMIN A (BETA CAROTENE)**  
From The Netherlands (DSM)



**VITAMIN B (PYRIDOXINE HYDROCHLORIDE)**  
From Germany (DSM)



**FISH OIL**  
From Canada (Ocean Nutrition, DSM)



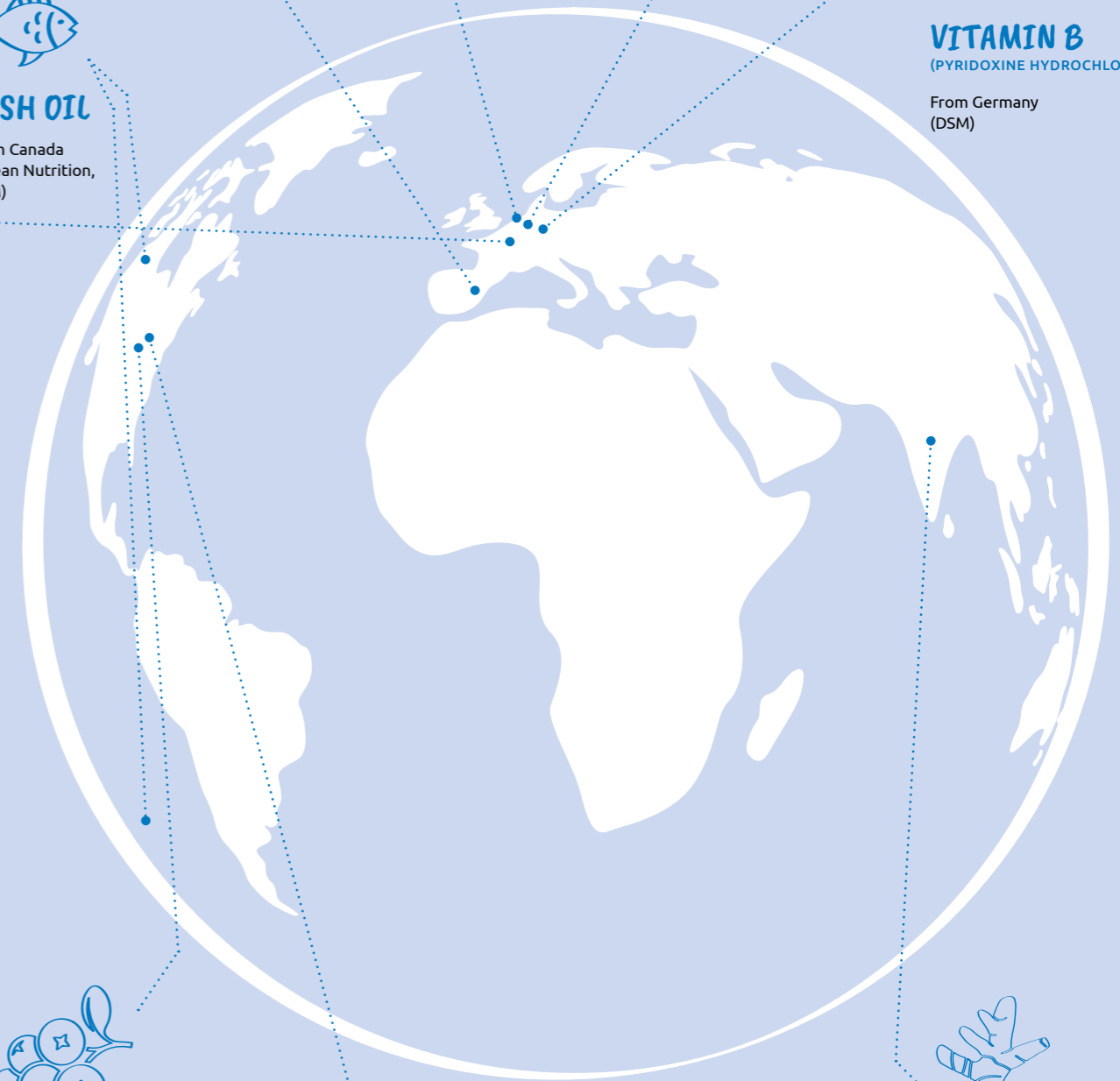
**CRANBERRIES**  
From the US (NatureX)



**IRON (AMINO ACID CHELATE)**  
From the US (Innophos)



**TURMERIC**  
From India (Vidya Herbs)



# PROCESSING AND MANUFACTURING

## HOW WE APPROACH IT

Our Supplier Code of Conduct, which has been publicly available on H&H's website since December 2018, has been the first building block in discussions with suppliers around our sustainability journey.

The Code outlines our sustainability strategy and goals as well as specific expectations and values regarding:

- business practices
- research and training
- responsible sourcing
- health, safety and quality
- global citizenship.



We ensure that all the Group's business units engaged in ingredient sourcing and product-related purchases follow the Code and arrange for new suppliers to sign the Code prior to engagement. The Code applies to our upstream supply chain as well as raw material, manufacturing and packaging suppliers with whom we have direct relationships. It is then the responsibility of direct suppliers to communicate, educate and exercise due diligence on their supply base to implement requirements equivalent to our Code.

We successfully implemented phase one of our roll-out plan with existing suppliers in 2019 and to date more than 75% of our contract manufacturers have signed up to the Code. Many of our suppliers have communicated that they are glad to partner with

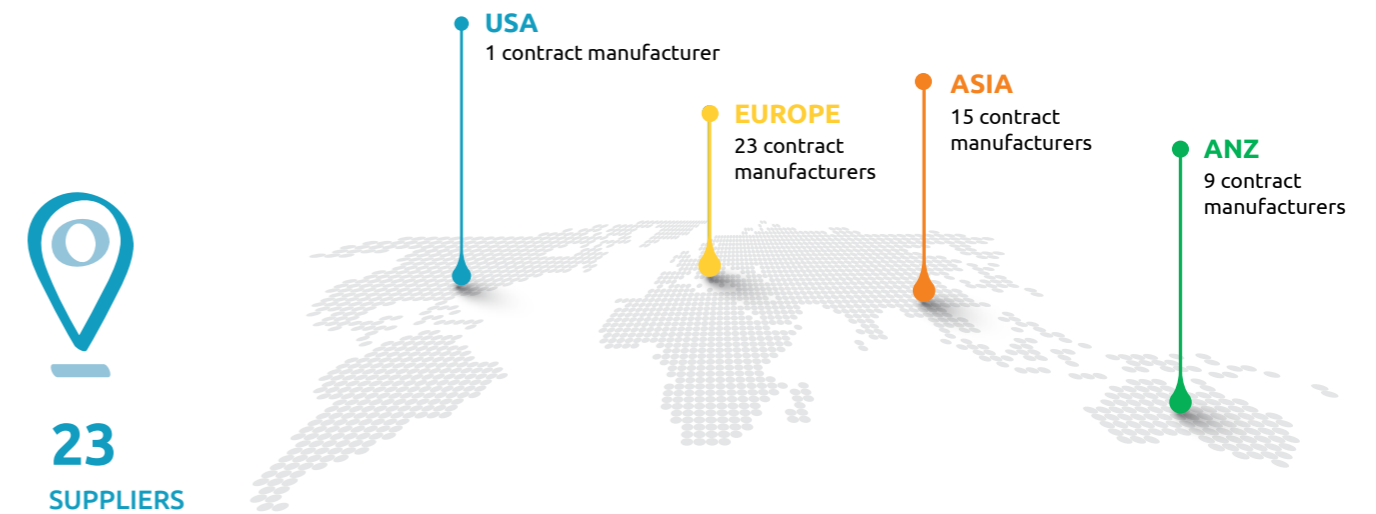
us on this journey and are aiming to exceed our expectations set out in the Code. In 2019 our two manufacturing facilities in China were named 'Cleaner Production' sites by China's Ministry of Industry and Information Technology. The assessment involved an on-site audit of energy and pollution reduction as well as efficiency initiatives and results. Both sites received high marks – recognition of the great work undertaken at these sites to minimise our footprint on the planet.

Two additional phases of the roll-out plan will be introduced over next two years. In 2020, we will set up and trial a new supplier ESG performance management approach to better engage and collect information on how our suppliers are operating in relation to ESG factors.

If successful, we intend to roll out the three phases outlined above to other tiers in our supply chain. We are also assessing options to incentivise suppliers on better ESG performance to create long sustainable supply partnerships that develop to meet the expectations of our stakeholders and delivery transparency.

In 2019 we conducted an ESG supplier survey that covered labour, employment, working conditions, environmental performance, and code of conduct compliance. We had 23 suppliers complete the survey which represented over 50% of our contract manufacturing spend in 2019.

## CONTRACT MANUFACTURERS IN 2019



Number of suppliers who completed our ESG supplier questionnaire in 2019.



2

### SITES AWARDED FOR 'CLEANER PRODUCTION'

In 2019 our two manufacturing facilities in China were named 'Cleaner Production' sites by China's Ministry of Industry and Information Technology.



# QUALITY MANAGEMENT

Our brands have long traditions and a sophisticated approach to quality and safety. These activities are expressed in Global Quality Manual, launched in 2019, which includes supplier qualification and management, bulk vendor specifications and reviewing and approving finished product vendor specifications.

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 prior to our product reaching the market, throughout the product life cycle, 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. Market- and product-specific quality requirements and processes apply to our brands, depending on whether products are regulated as foods, medicines, or other categories, please see the Mandatory quality requirements table in the Appendix for more information.

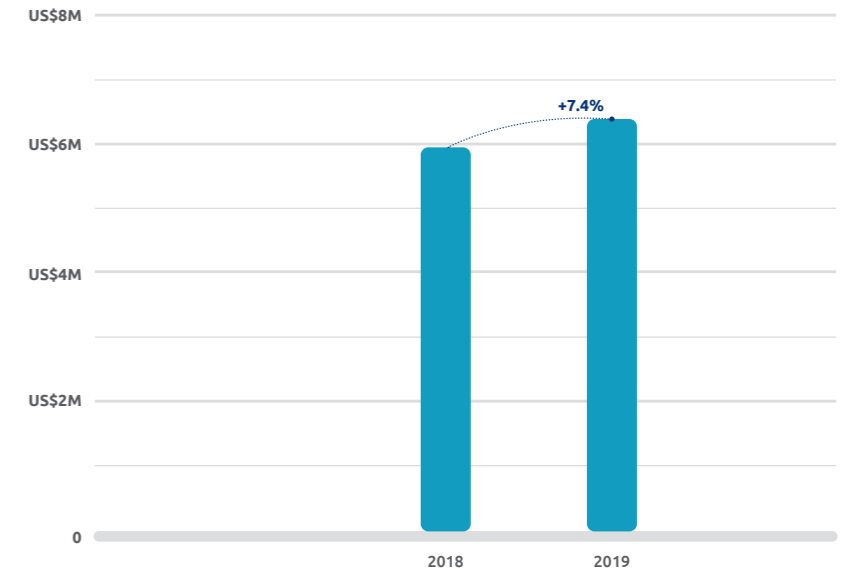


Launched the Group's Global Quality Manual.



**US\$6,397,771**  
QUALITY MANAGEMENT

Total spend in 2019 on Quality Management Systems.



**130,233,672**

**0** PRODUCT QUALITY RECALLS IN 2019

TOTAL NUMBER OF UNITS PRODUCED OF OUR PRODUCTS GLOBALLY IN 2019

**9** CUSTOMER AND CONSUMER ENGAGEMENT CHANNELS

Total number of customer and consumer engagement channels across the Group.

- CUSTOMER SERVICE PHONE
- MAMA100 APP (99% Satisfaction rating)
- CUSTOMER VISITS
- SOCIAL MEDIA
- EMAIL
- COMPLAINT CHANNELS
- CUSTOMER COMMUNITY SERVICE
- SALES SUPPORT FOR RETAILERS AND DISTRIBUTORS
- PARENTING HOTLINE (99% Satisfaction rating)



**1,971,767**  
ENQUIRIES

Number of product-related enquiries in 2019.



## 2019 HIGHLIGHTS

The entire Group celebrated World Quality Day.



# PACKAGING

Selecting sustainable product packaging requires careful consideration of several factors, including:

- selecting materials that are renewable or have been recycled
- designing for material recovery, litter minimisation, consumer accessibility, transport efficiency and reduced product waste
- ensuring safety of materials used
- optimising material efficiency.

Finding the right balance of the above-listed factors can be challenging, particularly where technology does not currently allow us to use materials or formats that would be preferable from a sustainability perspective. The three materials most commonly used in our packaging are paper, tin and plastics. Consumer recycling availability and frequency for paper and tin are high, however, we recognise that currently we are heavily reliant on petroleum-based virgin plastic packaging and that with plastic recycling rates globally sitting at around 20% there is a lot of work still to do to circulate the lifecycle of plastic. Further, over 58% of our plastic packaging contains mixed types of plastic, adding further complexities to their suitability for recycling. In our two biggest product categories of infant formula and supplements, we must prioritise quality and safety, including active ingredient stability. At this point in time, we haven't been able to find alternatives to plastic for the core range. We are working with research partners and suppliers on solutions and have set ourselves the target that all product packaging will be either recyclable, compostable or biodegradable by 2023.

For more information about how we are working towards a more environmentally friendly end of life for our packaging, please see the section of this Report titled 'Consumption and Disposal' on page 68.




**13,883t**  
PACKAGING MATERIALS



FOR EVERY **US\$110**  
IN REVENUE WE PRODUCED  
1KG OF PACKAGING.

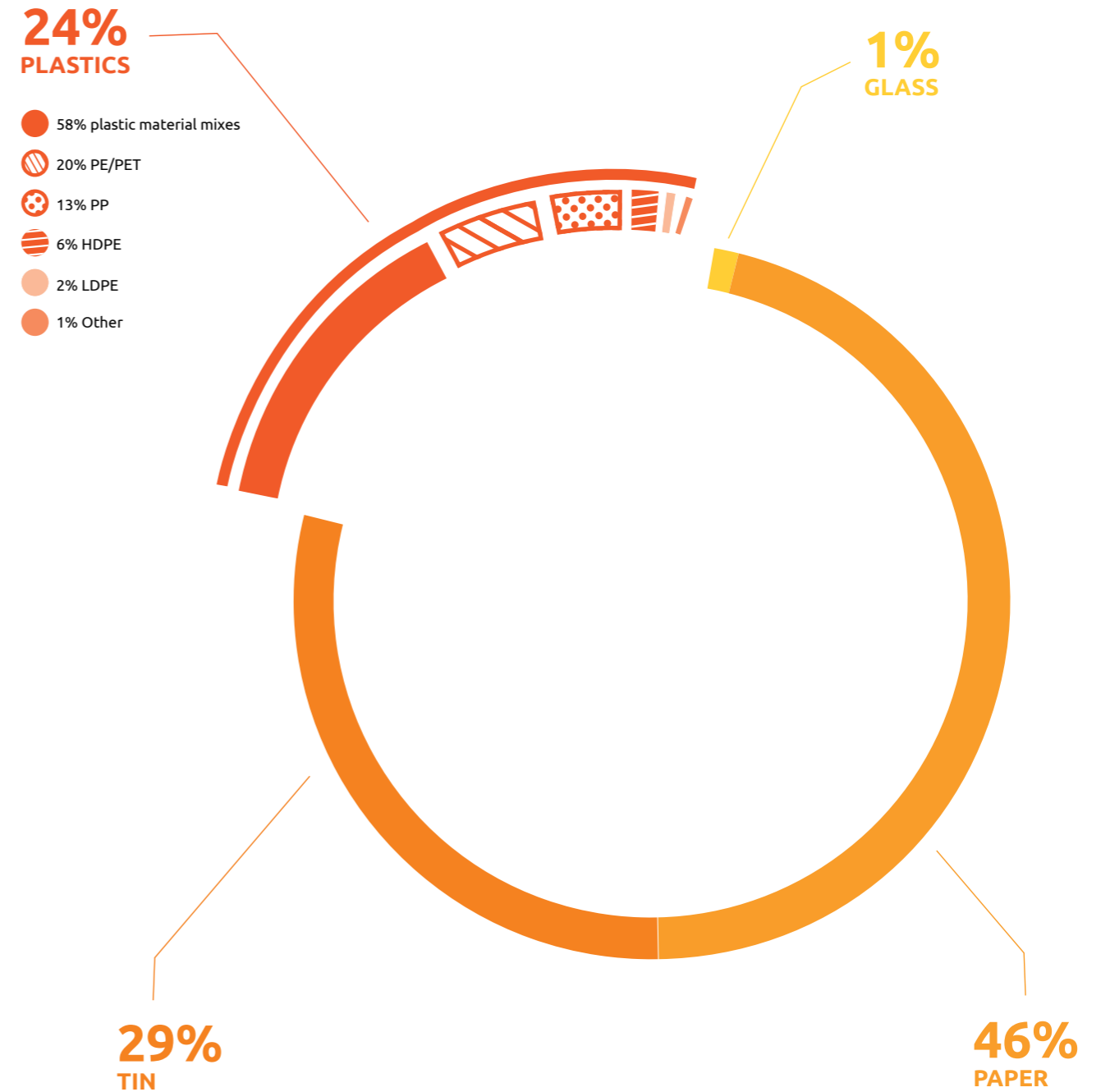


**>60,000**  
PACKAGING UNITS PRODUCED WITH  
RECYCLED POLYETHYLENE TEREPHTHALATE  
(rPET). THIS REPRESENTS LESS THAN 1% OF  
OUR OVERALL PACKAGING



**2**  
PRODUCTS DEVELOPED WITH  
PACKAGING THAT IS BIODEGRADABLE

Note: Packaging data and review does not include Dodie or brands launched in 2019





# DISTRIBUTION

## TRANSPORT AND LOGISTICS

In 2019 we maintained strong relationships with retailers and other distribution partners whilst also launching and growing our direct-to-consumer (DTC) channels across all of the Group's brands.

Aurelia Probiotic Skincare, Good Goût, Swisse Me and CBII make most of their sales through such channels. DTC channels allow better visibility of the environmental footprint of distributing our products to our consumers and this part of our supply chain has been identified as a more material area with a larger proportion of our business relying on this model. We have set the target of measuring the environmental footprint of our DTC operations in 2020 and will work with our transport and logistics partners to increase environmental performance in the future.

### RETAILER MODEL



### DTC MODEL



# MARKETING AND RETAIL

We understand that there is no real substitute for human breast milk as the best nutritional start in life, so as an organisation that produces infant formula, we need to be sensitive to the implications of any marketing and communications relating to our product claims about their impact on the wellbeing of both mothers and newborns.

In 2018, we produced our [Responsible Marketing of Breast Milk Substitutes Policy \(BMS Policy\)](#) that is available on our website. In 2019, we discovered some challenges with the implementation of the BMS Policy

in China and are therefore revising the Policy to allow time for a phased approach to implementing three of the articles. These adjustments will allow our teams to adjust to the new way of conducting business in this region where regulation is less stringent than our Policy. Outside China, we have only had two breaches of the Policy which were rectified within a week of the concern being raised.

We also monitor all product claims through a regulatory review process and ensure we have accompanying documentation to support the specific claims we make. In 2019, we had no incidents of non-compliance with any of our advertising, communications or labelling.

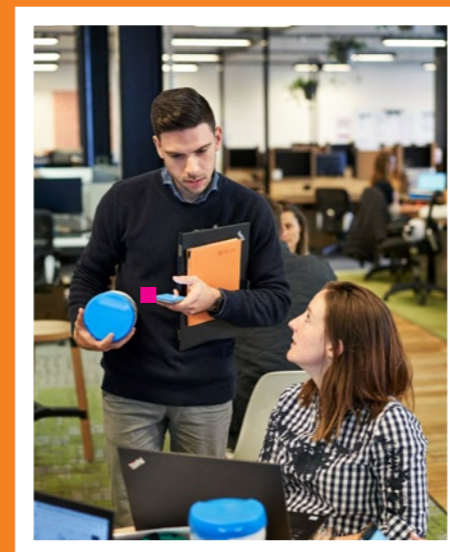


## PRIVACY

All H&H Group brands fully comply with privacy legal requirements in the markets in which they operate.

In 2019, we remained compliant with the General Data Protection Regulation (GDPR) in the European Union, The Privacy Act in Australia and Personal Data (Privacy) Ordinance in Hong Kong. We continued to use 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. Our China team conducts periodic awareness training, global risk assessments and tests 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 had no incidents of non-compliance relating to privacy matters in 2019.



# CASE STUDY



## NOISY BEAST X STREAT

Our advertising and creative agency Noisy Beast provided STREAT – a social enterprise that assists disadvantaged Melbourne youth gain work experience – with pro bono support for its 2019 Christmas crowdfunding campaign.

STREAT is a hospitality-based social enterprise that provides supported vocational training and personal support to marginalised and disadvantaged young people aged 16 to 24. STREAT's programs support its participants to transition from the street to a sustainable livelihood through education, training and counselling. The organisation helps 2,000 young people each year.

The goal for the fundraising was to reach \$100K and the campaign ran from mid-October to 12 December. The campaign smashed the target and raised \$260,000, which went towards STREAT's 10-year plan to help minimise climate change, including building a new horticulture program.



# CONSUMPTION AND DISPOSAL

## RESOURCE RECOVERY - PACKAGING

We are working hard to design our products with material recovery at the end of life in mind. Historically, we have engaged our packaging suppliers to assure packaging recyclability.

We recognise, however, that just because a certain material is recyclable, when manufactured into its final form occasionally the recyclability will depend on the availability of certain infrastructure in the local council's facilities to actually be recycled. Essentially there are four elements to increasing recycling rates:

- designing the packaging with recyclable materials
- clear communication of recyclability on-pack
- consumer willingness to recycle
- recycling infrastructure in the consumer communities.

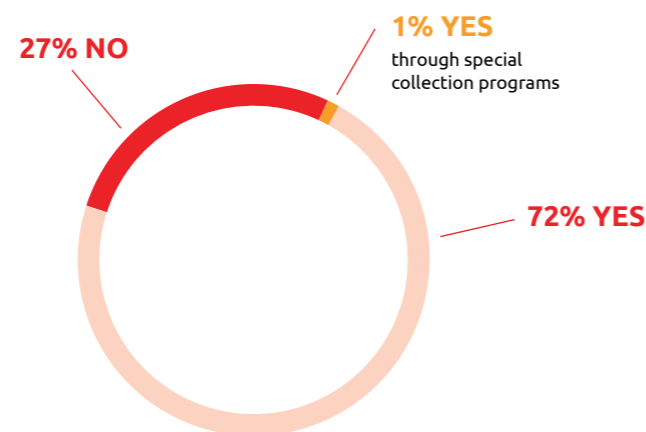
To help guide our decision-making in this particular area, we connect with regional packaging industry groups, such as the Australian Packaging Covenant Organisation, to inform us on the four above-mentioned elements.

We also advocate for strong policy and investments in better recycling infrastructure in the markets we operate to support more resource recovery in the future.



**10,128T**  
PACKAGING IS RECYCLABLE

Total volume of materials recycled via consumer recycling or special recycling programs such as TerraCycle.



# CASE STUDY

## TERRACYCLE

For our packaging or products that can't currently be recycled through existing consumer recycling infrastructure such as local council collections, we've partnered with TerraCycle.

In 2019 we had three partnerships with TerraCycle across the Group covering products from Dodie, Swisse Me and Good Goût.

TerraCycle connects with recycling facilities in the relevant market and organises volunteers to collect and send back any packaging or products to be recycled. This is particularly relevant where the value

of the materials in the packaging or product is not at a market value for local recycling facilities (to justify the processing required to recycle the material). Therefore, until that material is readily recyclable, or we find a more recyclable packaging alternative, we're utilising this special program to reduce the amount sent to landfill.



# A NOTE ABOUT OUR METHODOLOGY

Data was collected through a series of online surveys broken up by topic, location or function. In total 86 surveys were completed by team members from different functions and locations across the H&H Group. Environmental data was collected through a site based survey covering 17 sites that represent the different countries in which the Group operates and the different site types, e.g. warehouse, factory or office. Environmental data collected through surveys were cross checked with financial general ledger and invoice data from four regions to ensure completeness.

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 a credible publication for each country represented in the sample and applied to the survey activity data. Emission factor sets used in the analysis

include: 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). Emissions from material reuse, composting 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 CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O.

After a complete inventory was created for the sample of H&H sites represented in the survey, the data was then extrapolated across the entire organisation. This was done by dividing down key data such as emissions to a per FTE basis, then 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, New Zealand, Mainland China, Hong Kong (China), France, Switzerland, Italy, the Netherlands, Singapore, USA and the UK. Organisation types represented include factories, laboratories, warehouses, packing facilities 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 and financial information accounted for 85% of the extrapolated emissions inventory with 15% of emissions estimated through extrapolation.

# MATERIAL TOPICS

## THE STORY OF GOOD HEALTH

**Product safety and quality** – Ensuring we offer products and raw materials that go into finished goods that are both safe and of the best quality for consumers to support their health journey.

**Community engagement** – Creating and maintaining a consistent culture across the Group and in our communities that integrates our purpose and values of inspiring wellness.

**Ethical marketing** – Researching and communicating the effects and benefits of products responsibly.

**Strategy and growth** – Integrating the H&H Group brands to grow the premium wellness products market on a global scale, in line with a consistent strategy.

**Improving product nutrition and health profile** – Continuous nutritional improvement and efficacy of products through research and aligned reformulation.

## OUR FOOTPRINT ON THE PLANET

**Emissions and air quality** – Minimising the carbon footprint and air quality emissions of our operations and supply chain.

**Energy** – Reduce intensity of energy consumption in business operations and increase low-impact, renewable sources of energy.

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

**Waste management** – In partnership with suppliers, reducing waste sent to landfill and increasing resource recovery.

**Water consumption** – 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.

**Wastewater** – Ensuring water that is utilised in the production operations is removed of impurities prior to return to water bodies.

**Environmental impacts in the supply chain** – Ensuring our supply chains do not impact the environment in a material way, especially where ingredients are critically endangered or drawn from vulnerable ecosystems.

## HONOURING HUMAN RIGHTS AND FAIRNESS

**Worker safety** – Proactively managing health and safety risks and incidents by creating supportive policies, procedures and an environment that supports the wellbeing of our Group and our partners' employees.

**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.

**Worker rights** – Providing consistent fair and attractive remuneration and working conditions for all employees across the Group and the supply chain.

**Animal welfare** – Management of animal quality of life and welfare in the production of animal-derived ingredients or product testing.

## GOVERNANCE

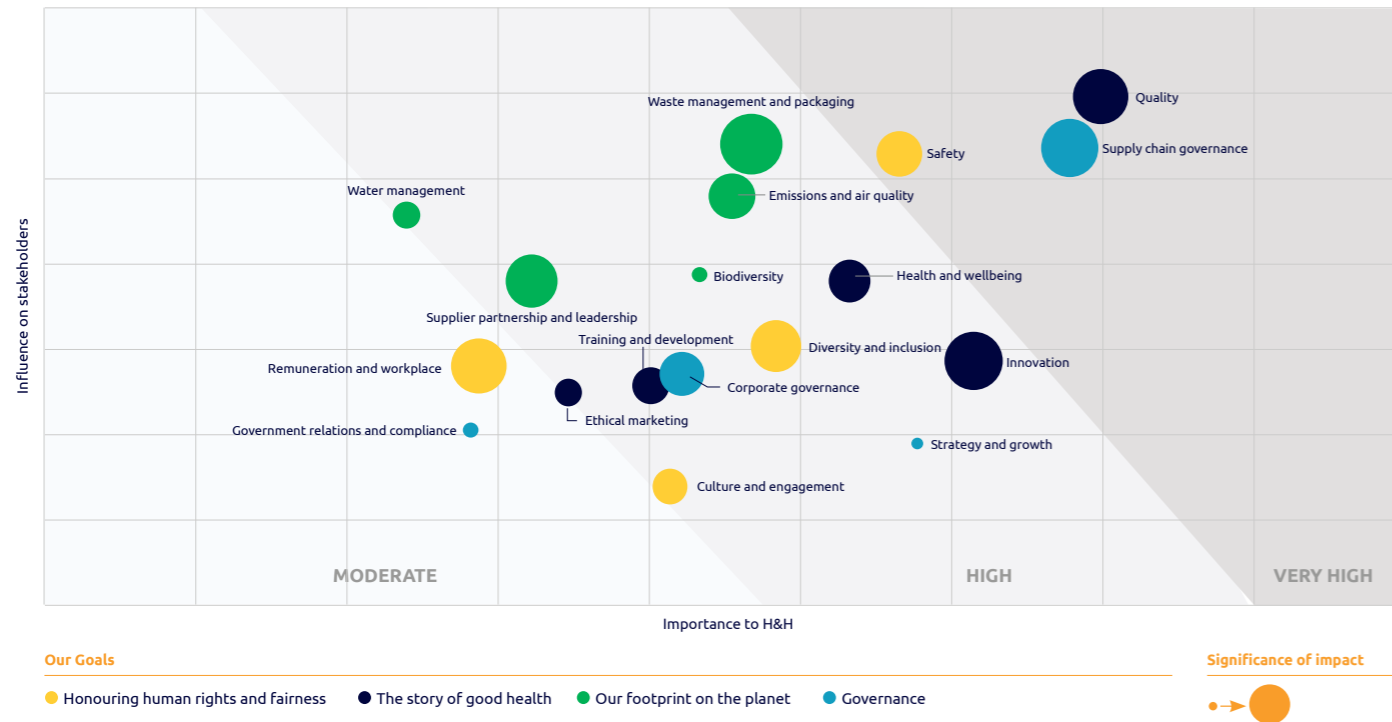
**Sustainability governance** – The embedding of ESG performance in governance structures that place accountability for performance on existing management.

**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.

**Anti-bribery and corruption** – Management and prevention of misconduct of any team members, service provider or business partner.

**Data management** – The compliance of applicable personal data (privacy) protection and cyber security laws and internal policies ensuring the security of website management and the data transmission over the internet.

## 2018 MATERIALITY MATRIX



## THE 10 PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT (UNGC)



### Human rights

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and

**Principle 2:** make sure that they are not complicit in human rights abuses.

### Labour

**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

**Principle 4:** the elimination of all forms of forced and compulsory labour;

**Principle 5:** the effective abolition of child labour; and

**Principle 6:** the elimination of discrimination in respect of employment and occupation.

### Environment

**Principle 7:** Businesses should support a precautionary approach to environmental challenges;

**Principle 8:** undertake initiatives to promote greater environmental responsibility; and

**Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

### Anti-Corruption

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

## STAKEHOLDER ENGAGEMENT

Engagement channel	Stakeholders	Frequency				
		Daily	Monthly	Quarterly	Annual	Ad-hoc
<b>Newsletters:</b>						
• H&H Quarterly News	1			✓		
• H&H Journal	2, 6			✓		
<b>Social media</b> (Facebook, Instagram, LinkedIn, Twitter, WeChat)						
	1, 2, 6, 7	✓				✓
<b>Events:</b>						
• 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					✓
<b>Website</b>						
	All					✓
<b>Reports:</b>						
• Sustainability	All				✓	
• Annual (Financial)	All				✓	
<b>Meetings:</b>						
• General	1, 3, 4, 5, 6, 8, 9, 10, 11, 12	✓				✓
• Annual General Meeting	4				✓	
• Store visits	3	✓				
• Announcements	1, 4, 11					✓
<b>Email</b>						
	All	✓				✓
<b>Customer service line</b>						
	2	✓				✓
<b>Reviews:</b>						
• Performance	1, 3, 5			✓	✓	✓
• Surveys	1, 4, 5				✓	
<b>Press releases</b>						
	8, 9, 12					✓
<b>In-store</b>						
	2, 3, 7	✓				✓

# DISCLOSURE INDEX

## MANDATORY QUALITY REQUIREMENTS

Product Category	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)	No products in this category	Health Sciences Authority (Singapore)
Health foods	Food Standards Australia and New Zealand (FSANZ)				Centre for Food Safety (Hong Kong)
Foods		Marketing of Infant Formula in Australia (MAIF)	Commission Directive 2006/141/EC	US Food and Drug Administration (FDA)	Singapore Food Agency (SFA)
Infant Formula	WHO Code				

GRI disclosure	Material topics of H&H	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	Our product categories	
102-7, 102-10, 102-14	Scale of organisation, statement from senior decision-maker	Note from our CEO	
102-4, 102-6, 102-7, 102-10	Location of Operations, markets served, information on employees and other workers	Welcome to the world of H&H	
102-9	Supply chain	Value chain Raw material sourcing Processing and manufacturing	B5: Supply Chain Management (General Disclosure) B5.1, B5.2
102-12, 102-13	Membership of associations and external initiatives	Developing the industry	
-	Compliance with relevant laws	-	We have not compiled a full list of the relevant laws and regulations for this year's report, however we intend to do so for the 2020 Sustainability Report. Relevant for the following disclosures A1 Emissions, B1 Employment, B2 Health and Safety, B4 Labour Standards, B6 Product Responsibility, B7 Anti-corruption
<b>1 – The story of good health</b>			
102-16	Product safety and quality – Ensuring we offer products and raw materials that go into finished goods that are both safe and of the best quality for consumers to support their health journey.	Raw materials sourcing Sustainability at H&H	
416-1, 416-2		Processing and manufacturing Innovation	B6.1, B6.2, B6.4
413-1	Community engagement – Creating and maintaining a consistent culture across the Group and in our communities that integrates our purpose and values of inspiring wellness.	The story of good health	B8: Community Investment (General Disclosure) B8.1, B8.2

417-1, 417-2, 417-3	<p><b>Ethical marketing</b> – Researching and communicating the effects and benefits of products responsibly.</p> <p><b>Data management</b> – The compliance of applicable personal data (privacy) protection and cyber security laws and internal policies ensuring the security of website management and the data transmission over the internet.</p>	Marketing and retail	B6: Product Responsibility (General Disclosure) B6.5
102-1, 102-2, 102-3, 102-4, 102-6, 102-16	<p><b>Strategy and growth</b> – Integrating the H&amp;H Group brands to grow the premium wellness products market on a global scale, in line with a consistent strategy.</p>	Our brands Innovation Sustainability at H&H	

**2 – Our footprint on the planet**

103-1, 103-2, 103-3, 305-1, 305-2, 305-3, 305-5	<p><b>Emissions and air quality</b> – Minimising the carbon footprint and air quality emissions of our operations and supply chain.</p>	Our footprint on the planet	A1: Emissions (General Disclosure) A3: The Environment and Natural Resources (General Disclosure) A1.1, A1.5, A1.2, A3.1, A4.1
103-1, 103-2, 103-3, 302-1	<p><b>Energy</b> – Reduce intensity of energy consumption in business operations and increase low-impact, renewable sources of energy.</p>	Our footprint on the planet	A2: Use of Resources (General Disclosure) A2.1, A2.3
103-1, 103-2, 103-3, 301-1, 301-2	<p><b>Packaging</b> – In partnership with suppliers, rethinking packaging materials to reduce waste, facilitate recycling and source materials from more environmentally sustainable sources, where compliance requirements allow.</p>	Packaging	A2: Use of Resources (General Disclosure) A2.5
103-1, 103-2, 103-3, 306-2	<p><b>Waste management</b> – In partnership with suppliers, reducing waste to landfill and increasing resource recovery.</p>	Our footprint on the planet	A1.3, A1.4, A1.5, A1.6
103-1, 103-2, 103-3, 303-5	<p><b>Water consumption</b> – 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.</p>	Our footprint on the planet	A2: Use of Resources (General Disclosure) A2.2, A2.4
103-1, 103-2, 103-3, 306-1	<p><b>Wastewater management</b> – Ensuring water that is utilised in the production operations is removed of impurities prior to return to water bodies.</p>	Our footprint on the planet	B1, B8.1
103-1, 103-2, 103-3, 304-1, 304-2	<p><b>Biodiversity</b> – Ensuring our supply chains do not impact biodiversity loss in a material way, especially where ingredients are in either endangered or critically endangered categories.</p>	Raw materials sourcing	A3: The Environment and Natural Resources (General Disclosure) A3.1

**3 – Honouring human rights and fairness**

103-1, 103-2, 103-3, 403-2	<p><b>Worker safety</b> – Proactively manage health and safety risks and incidents by creating supportive policies, procedures and an environment that supports the wellbeing of our Group and our partners' employees.</p>	Honouring human rights and fairness	B2: Health and Safety (General Disclosure) B2.1, B2.2, B2.3
103-1, 103-2, 103-3, 405-1	<p><b>Diversity and inclusion</b> – Embracing and being inclusive of the diversity of staff, while also making a positive impact on diversity and inclusion issues in local communities.</p>	Welcome to the world of H&H	B1.1, B1.2
103-1, 103-2, 103-3, 405-1	<p><b>Remuneration and workplace</b> – Providing consistent fair and attractive remuneration and working conditions for all employees across the group and in the supply chain.</p>	The story of good health Leadership	B1: Employment (General Disclosure) B4: Labour Standards (General Disclosure)
103-1, 103-2, 103-3, 401-2	<p><b>Culture and engagement</b> – Creating and maintaining a consistent culture across the group that integrates H&amp;H Group's purpose and values of wellness, and embraces and includes the diversity of different regions and staff.</p>	The story of good health	B1.1
103-1, 103-2, 103-3, 304-1, 304-2	<p><b>Animal welfare</b> – Animal-derived ingredients, antibiotic use can lead to antibiotic resistance (also in humans) and animal testing</p>	Raw materials sourcing	B5.3
103-1, 103-2, 103-3, 408-1, 409-1, 4121, 412-3, 414-1, 414-2	<p><b>Modern slavery</b> – Working rights in marine derived ingredients</p>	Raw materials sourcing	B4.1, B4.2
103-1, 103-2, 103-3, 404-1, 404-3	<p>Average hours of training per year per employee</p>	Honouring human rights and fairness	B3: Development and Training (General Disclosure) B3.1, B3.2

**4 – Governance**

103-1, 103-2, 103-3, 415-1	<p><b>Government relations and compliance</b> – Active participation in policy debates and engaging with government at all levels on behalf of the industry and to ensure regulatory compliance.</p>	Governance	
103-1, 103-2, 103-3, 205-1, 205-3	<p>Anti-bribery and corruption</p>	Governance	B6: Product Responsibility (General Disclosure) B7: Anti-corruption (General Disclosure) B6.3, B7.1, B7.2, B7.3

# ASSURANCE



Audit Services

## Independent Audit Report

<b>Name of audited body</b>	Swisse Wellness on behalf of the Health and Happiness (H&H) International Holdings Limited
<b>Name of contact person for audited body</b>	Laetitia Garnier
<b>Type of audit</b>	Limited Assurance and Verification Audit under the Climate Active carbon neutral standard for organisations
<b>Subject of carbon neutral claims</b>	The Australian business operations of Swisse Wellness and H&H Group are subject to a limited assurance audit, and the international operations of Swisse Wellness and H&H Group are subject to a verification audit.
<b>Objective of Audit</b>	Base Year Recalculation
<b>Reporting period covered by audit</b>	1 January 2019 to 31 December 2019
<b>Name of audit team leader</b>	Robert HJ Edwards
<b>Lead auditor's relevant qualifications, registrations and credentials</b>	Registered Cat2 Greenhouse and Energy Auditor 140/2011
<b>Organisation</b>	C&N Audit Services
<b>Names and contact details of other audit team members</b>	Connor Hindom
<b>Total emissions (tonnes CO<sub>2</sub>-e) relating to carbon neutral claims</b>	15,576
<b>Emissions sources checked</b>	Business Travel, Fuel, Goods and Services, Purchased Electricity, Refrigerants, Staff Commute, Transport and Distribution, Waste, Water
<b>Percentage of total inventory of emissions checked</b>	78%

## Our conclusion

In our opinion, the carbon inventory report of Swisse Wellness and H&H Group for the period 1 January 2019 to 31 December 2019 is prepared in accordance with the Climate Active Carbon Neutral Standard and the National Greenhouse and Energy Reporting (Audit) Determination 2009 (NGER Audit Determination), in all material respects.

**Robert Edwards**

**Director**

**Date: 1<sup>st</sup> May 2020**



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