H&H Group
inspiring wellness

2022 SUSTAINABILITY REPORT

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

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

(Stock Code 股份代號：1112)

H&H STANDS FOR HEALTH AND HAPPINESS.
IT'S IN OUR NAME.
IT'S IN OUR EVERY DAY.
IT'S IN EVERYTHING WE DO.

2022 SUSTAINABILITY REPORT

ABOUT THIS REPORT

This Sustainability Report (the "Sustainability Report" or the "Report") has been prepared by Health and Happiness (H&H) International Holdings Limited (the "Company", together with its subsidiaries, the "Group"), an entity incorporated in the Cayman Islands with limited liability. The Group – also referred to as H&H or H&H Group – is globally headquartered in Hong Kong SAR and has a second head office in London. It has been listed on the Hong Kong Stock Exchange (HKEx) since 2010.

Reporting period and content

This Report provides a comprehensive overview of H&H Group's vision, strategic approach, and performance in the environmental, social and governance (ESG) areas relevant to our stakeholders.

The content of this Report covers H&H's global operations, including our brands, and associated manufacturing, warehouse and distribution facilities and corporate offices. The Report covers H&H operational entities covered in the Group's financial reporting and excludes minority interests. Our operational entities are listed in Appendix 1.

The data presented in this Report is for the 2022 calendar year (i.e. 1 January to 31 December 2022), in line with the Group's reporting period for its financial reporting. The reporting structure is aligned to the findings of our assessment of material sustainability issues, involving engagement with internal and external stakeholders and verified by our Board of Directors ("the Board"). The process identified 23 topics, referred to as 'material topics' throughout this Report. The content is organised to report our performance against our four sustainability impact areas – 'Advancing the Story of Good Health'; 'Reducing our Footprint on the Planet'; 'Honouring Human Rights and Fairness'; and 'Supporting Good Governance' – and throughout our value chain.

Details on the financial performance and corporate governance of the Group can be found in our 2022 Annual Report (which includes the Corporate Governance Report), that was released concurrently with this Report on 3 April 2023.

Reporting frequency and access to the Report

We have reported annually on the sustainability performance of the Group since 2016. This is the seventh Group-wide edition. To access this 2022 Sustainability Report and our previous Sustainability Reports, please visit hh.global/EsgSustainabilityReporting#/SustainabilityReporting

A Chinese translation of this Report (and previous years' Sustainability Reports) is also available on our website. In case of discrepancies between the Chinese translation and the English version of this Report, the English version shall prevail.

Reporting principles and external standards

H&H Group has reported in accordance with the Global Reporting Initiative (GRI) Standards and Appendix 27: Environmental, Social and Governance Reporting Guide of the Main Board Listing Rules of the HKEx (the "HKEx ESG Reporting Guide") for the period from 1 January 2022 to 31 December 2022.

Please refer to our Disclosure Index detailed in Appendix 7 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

External assurance

The Group sought external professional advice on materiality assessment, stakeholder engagement and, to some extent, Report content and format.

We seek external limited assurance on our sustainability reporting to help ensure the quality of information contained within this Report.

CECEP (HK) Advisory Company Limited was appointed to perform independent limited assurance on this Report in accordance with the AA 1000 Assurance Standard v3 (2020) (the "Assurance Statement"). The Assurance Statement, included in Appendix 8, describes the scope and basis of the limited assurance engagement. The process of assurance has allowed us to strengthen the confidence we have in our reporting as well as develop both compelling and robust reporting processes. We trust that this external assurance provides additional credibility and confidence to our disclosures.

Get in touch

We are happy to speak with you about the contents of this Report and H&H's journey to more sustainable business practices. Please reach out to:

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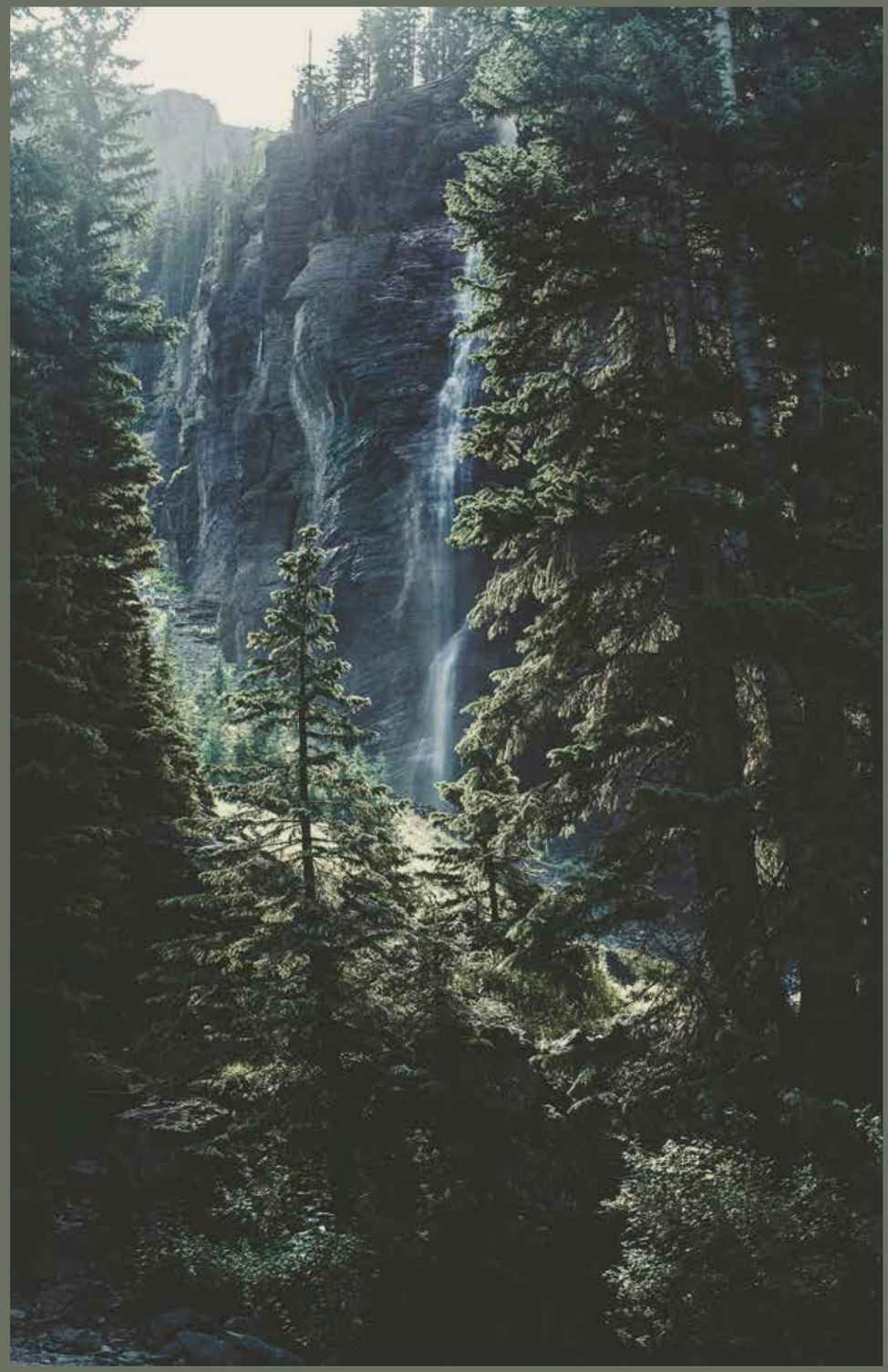


NOTE FROM OUR CHAIRMAN

Responsible business practices are at the core of H&H's values and our mission to make people around the world healthier and happier. In 2022, we continued to accelerate our sustainability efforts to deliver on our short- and long-term goals for long-term business growth that benefits our team members, stakeholders, communities, and the planet. Sustainability has always been an integral part of H&H Group's global strategy and it is crucial for us that it continues to be further embedded into our overall business framework.

The Board has ultimate responsibility when it comes to the Group's sustainability strategy. In 2022, the Board further refined its governance framework and established the Environmental, Social and Governance (ESG) Committee. The ESG Committee is chaired by Laetitia Albertini, our former Chief Executive Officer and current Non-Executive Director, and leads the Group's sustainability strategy, overseeing all ESG issues and tracking our commitments and targets.

Establishing this committee has allowed us to enhance our governance of sustainability matters, giving the Board increased oversight of current ESG matters impacting our Group and, more globally, our industry. We have also incorporated ESG key performance indicators (KPIs) into senior managers' incentive plans, linking business success with ESG. We encourage all team members to consider how they can contribute to our sustainability objectives from our consumers perspective, while ensuring all objectives are delivered with a defined action plan.

The Board was involved in the Group's materiality assessment, which highlights our most significant sustainability topics and informs the development of our sustainability goals. With the new approach focusing on impact assessment and financial materiality, this exercise gives clarity on where the impact of the Group lies; and on how ESG topics can impact the Group's economic value creation.

The progress H&H Group has made this year, despite a volatile and uncertain external environment, wouldn't be possible without the commitment of our team members, suppliers, channel partners, investors and every stakeholder in our value network. On behalf of the Board, I want to take this opportunity to thank them for their dedication and support in helping us achieve our goals and to focus on positive change.

As we look to the year ahead, we will pursue our mission to make millions of people around the world healthier and happier and continue to deliver on our sustainability targets. We look forward to delivering further, meaningful progress together in 2023 and beyond.

FEI LUO
Chairman

NOTE FROM OUR ACTING CEO

In 2022, we made great strides in working on our impact within our priority sustainability topics as well as driving shared value through our four core sustainability impact areas – Advancing the Story for Good Health, Reducing our Footprint on the Planet, Honouring Human Rights and Fairness, and Supporting Good Governance.

Our Group strategy aims to deliver long-term business growth that has a positive impact on our team members, stakeholders, communities, and the environment. We continue to evolve our shared value model which reflects our belief that business success is intertwined with the needs of society and the health and happiness of our people, pets, and the planet.

We successfully maintained our Morgan Stanley Capital International (MSCI) ESG rating of 'A' and Hong Kong Quality Assurance Agency (HKQAA) rating of 'A' for ESG performance.

Supporting the health and wellness of the whole family

At H&H, our unique portfolio of products is anchored in core health and wellness trends to support the wellbeing of our consumers, with a focus on our H&H wellbeing pillars of Nutrition, Movement and Mind. In 2022, we demonstrated our continued commitment to support the health and wellness of the whole family through all life stages and deliver sustainable impact through our brands. We also saw the launch of cutting-edge Swisse products, including our Swisse Plus Liver Detox Tonic & Cleanse, Swisse Plus Advanced Cholesterol Protect and Swisse NAD+, a supplement clinically proven to help consumers age healthily.

Giving back to our communities

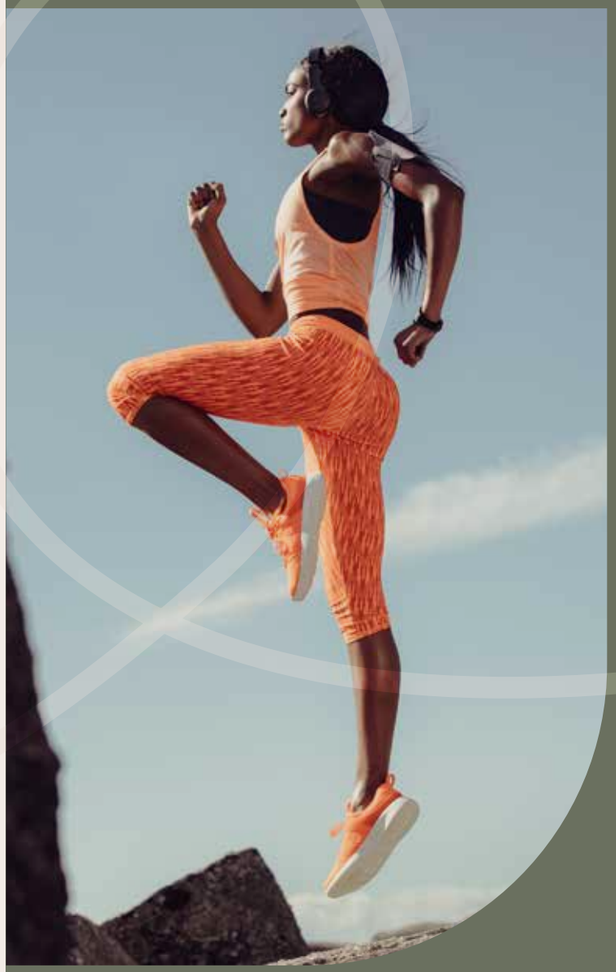
I am proud to report that in 2022, the H&H Foundation invested a total of USD3.01 million to our communities, a 32.7% increase compared to the previous year. The H&H Foundation brings the Group's brand purpose to life and provides us with a way to continue giving back to local communities.

Furthering our efforts to act on climate change

As a Group in the family nutrition business, we acknowledge that we have a responsibility to take action to address climate change and preserve the resources of the planet.

As highlighted in this Report, we are making significant progress in our climate action. We defined a clear pathway to reduce our GHG emissions and help us prevent the worst impacts of climate change. We completed our Group-wide global carbon footprint, including our Scopes 1 and 2 and most importantly our Scope 3 emissions (i.e. our indirect emissions from our value chain). This major milestone allows us to have a clear vision on where our impact lies and to develop appropriate measures to reduce our carbon footprint. I am pleased to announce that we have developed our first science-based GHG emissions reduction targets and intend to submit them for validation by the Science Based Targets initiative (SBTi).

At H&H, our unique portfolio of products is anchored in core health and wellness trends to support the wellbeing of our consumers, with a focus on our H&H wellbeing pillars of Nutrition, Movement and Mind.



We also saw concrete results in our actions towards a reduction of our environmental footprint, largely thanks to water conservation initiatives initiated in our facilities. We reduced the intensity of the water consumption of our owned manufacturing facilities per unit produced by 18.9% as compared to 2021. In regard to embedding circularity in our products and business models, 98% of H&H's packaging is now recyclable, biodegradable or compostable, and 16% is made of recycled content. As an example of innovation linked to the circular economy, our Swisse Earth range in Australia uses award-winning packaging made from up to 70% recycled content that is fully recyclable as it seeks to minimise its overall impact on the environment. In 2022, we have also initiated several projects to reduce the use of virgin packaging, for example by reducing the size of the vial of certain products of our Swisse brand. We are confident that we will be able roll out those projects as soon as 2023.

Recognising Diversity, Equity, and Inclusion as a key pillar of our Group's culture

In 2022, we clearly defined Diversity, Equity, and Inclusion (DE&I) as one the core pillars of our Group's culture and will continue embedding this vision in the coming years. We measured our global DE&I footprint and published our Global DE&I Statement, which defines our commitment to cultivating a workplace culture and experience that embraces DE&I, whereby everyone is treated with dignity and respect.

I am convinced that the diversity of our One Big Team – comprised of 64% of female team members – is one of our greatest assets and I am glad that our DE&I Statement provides clarity and direction for our Group's approach to advancing DE&I in the workplace.

NOTE FROM OUR ACTING CEO (CONTINUED)

I am proud to report that in 2022, the H&H Foundation invested a total of USD3.01 million to our communities, a 32.7% increase compared to the previous year. The H&H Foundation brings the Group's brand purpose to life and provides us with a way to continue giving back to local communities.

Strengthening our sustainability governance

Over the past 12 months, enhancing our sustainability governance has also been a key focus. As part of the Group's ongoing commitment to constantly review and improve ESG governance, we established our ESG Committee. It is the ESG Committee's mission to assist the Board in its responsibility to establish the sustainability strategy of the Group and oversee ESG risks and opportunities. It will ensure that our ESG initiatives align with our strategic direction and create value for all stakeholders.

In 2022, we have mapped our climate-related business risks and opportunities in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. This allows us to strengthen our climate-related strategic governance and risk management practices.

As one of the most crucial material topics for the Group, strengthening our Supply Chain Governance was another area of focus in 2022. It is key that we have visibility and control over our supply network, and the traceability of our raw materials is and will continue to be a priority for the Group. By the end of 2022, we assessed the environmental and social risk of our Top 100 and 80% (by spend and volume) of the raw materials sourced for our Swisse brand's Australian manufacturing.

Looking ahead to 2023 and beyond

At H&H, we strive to make the world a healthier and happier place, through our premium nutrition and personal care solutions for people and their pets.

In 2023, we will continue promoting responsible marketing practices of Breast-Milk Substitutes – joining the Access to Nutrition Index (ATNI) as one of the 20 largest infant milk formula companies globally. We will further embed sustainability into our core strategy and corporate governance and work with the ESG Committee to identify major long-term trends in sustainability that will shape the future and impact our business, allowing us to continue achieving sustainable and long-term growth.

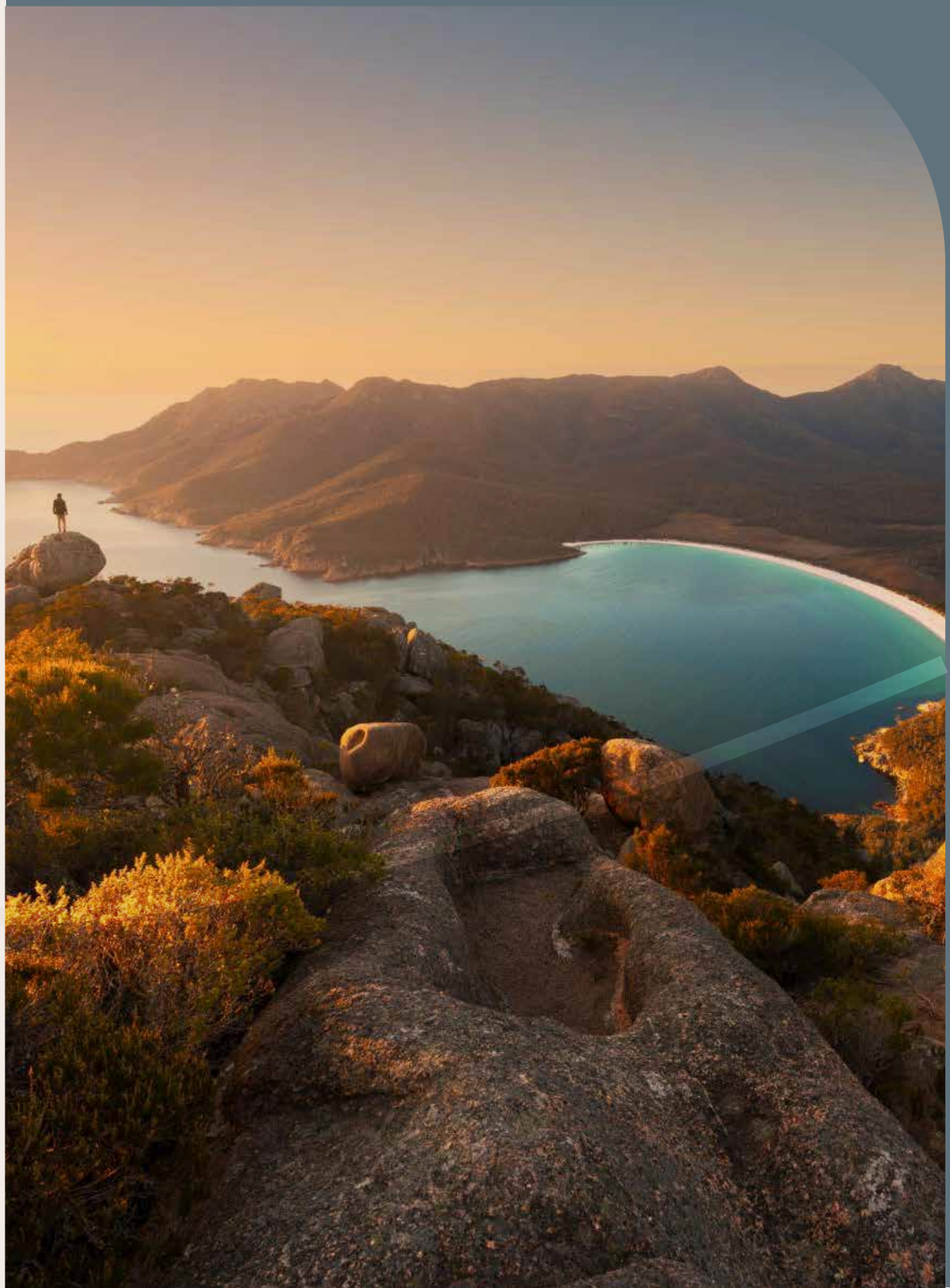
AKASH BEDI
Acting Chief Executive Officer

WELCOME TO THE WORLD OF H&H

H&H Group is a global health and nutrition company. Dynamic, courageous, and ambitious in our mission to make people healthier and happier, we strive to inspire wellness while contributing positively to the needs of society and the planet.

01

H&H Group



OUR PEOPLE

Our people and our passion are the reason we prosper.

Team members* by gender and age bracket

24% (815) <30 years

73% (2,465) 30-50 years

3% (92) >50 years

36% (1,200) Male

64% (2.172) Female

Please see Appendix 2 for further details on the breakdown of our team members.

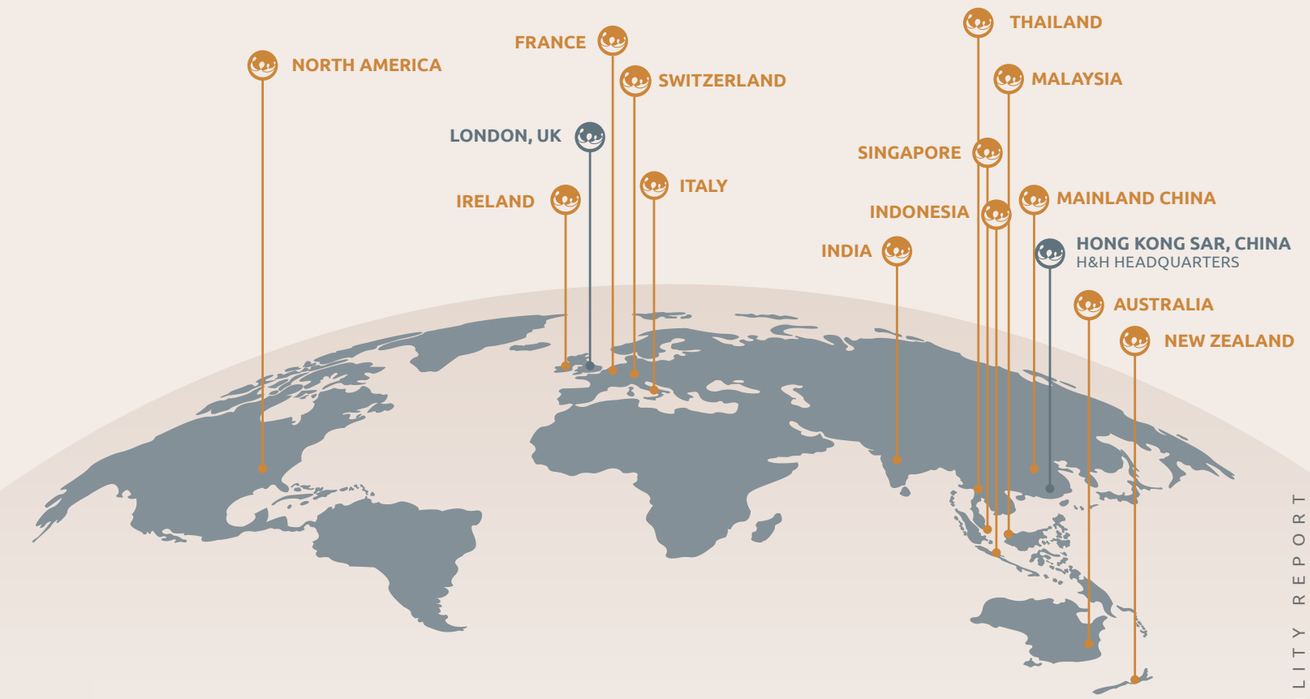
**Unless provided otherwise, the numbers relating to team members throughout the Report are reported in full-time equivalent (FTE) at the end of the reporting period. The use of the FTE methodology is aligned with the methodology we use for the majority of our internal reporting and allows us to disclose more accurate data.*

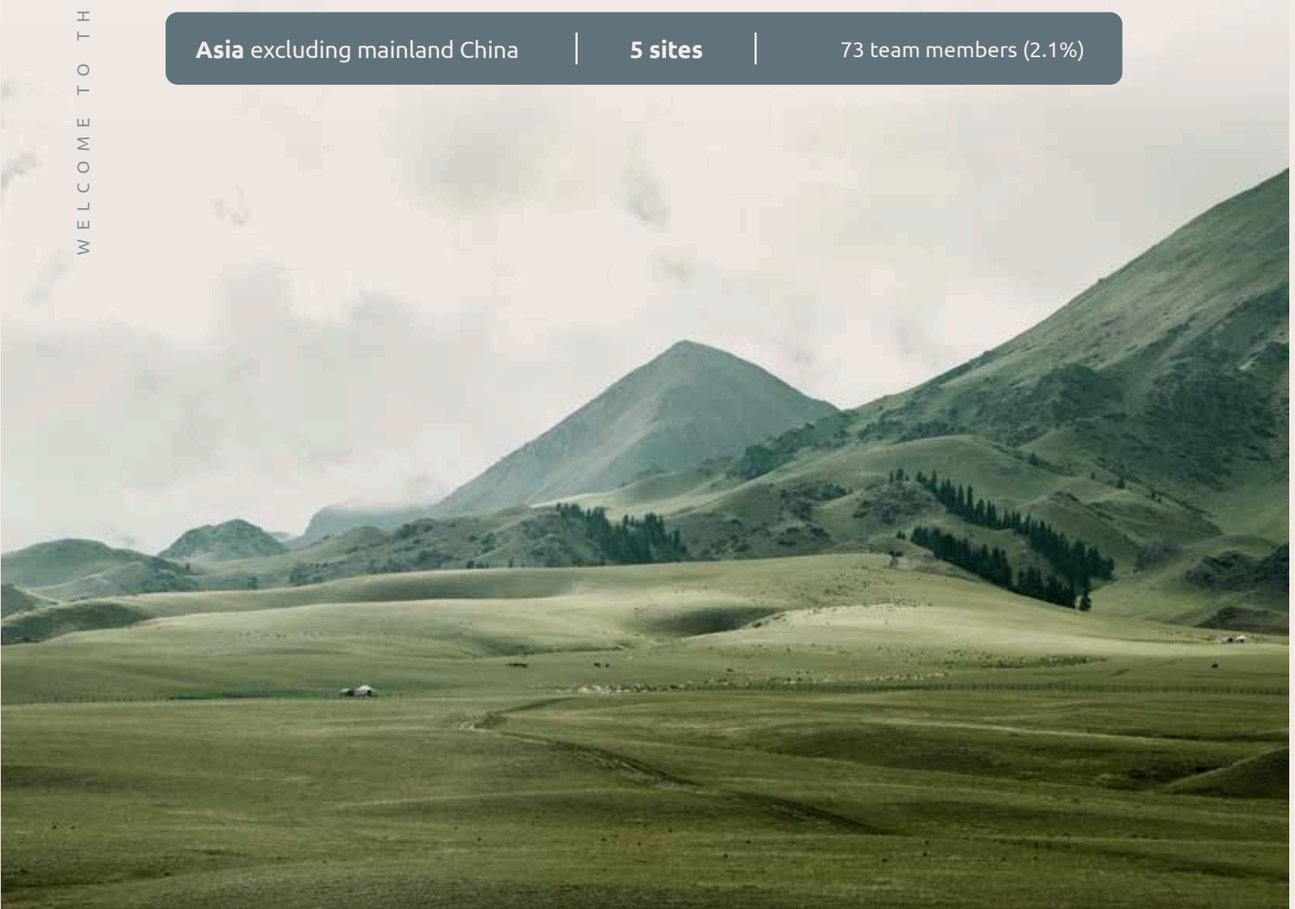
OUR GLOBAL PRESENCE

H&H Group is globally headquartered in Hong Kong SAR. We established a second head office in London in the first quarter of 2022 to support our strategy to grow and globalise our business.

Our team members are located across 15 countries – Australia, New Zealand, Greater China, Singapore, India, Thailand, Malaysia, Indonesia, Switzerland, France, Italy, Ireland, the United Kingdom (UK), the United States (US) and Canada.

Mainlaind China	**68 sites**	2,621 team members (77.7%)
Australia and New Zealand	**4 sites**	283 team members (8.4%)
Europe	**7 sites**	265 team members (7.9%)
North America	**2 sites**	130 team members (3.9%)
Asia excluding mainland China	**5 sites**	73 team members (2.1%)





OUR MARKETS (revenue contribution across markets)

Total global revenue: RMB12,775.9 million

Mainland China	RMB9,565.9 million
Australia and New Zealand	RMB1,387.3 million
North America	RMB1,220.8 million
Other territories (including Europe and Asia, excluding mainland China)	RMB601.9 million

In 2022, we expanded our presence in several countries in Asia including Vietnam as well as in the United Arab Emirates.

OUR BRANDS

Our premium brands – Biostime, Swisse, Zesty Paws, Solid Gold, Dodie, Good Goût and Aurelia London – provide nutrition and wellness solutions backed by science to the whole family (including pets).

OUR BUSINESS SEGMENTS

We divide our brands into three key business segments – Baby Nutrition & Care, Adult Nutrition & Care*, and Pet Nutrition & Care.

152,013,428
Product units sold in total

**Our ANC business segment is also comprised of CBII (CBD supplements and skincare). We do not sell CBD products in any markets where it is banned. In 2022, our CBII products were only available to consumers in the UK and the US aged over 18.*

BABY NUTRITION & CARE (BNC)

RMB6,687.2 million
Revenue contribution

Biostime
Children's Probiotics, Prebiotics, Supplements and Infant Milk Formula

dodie
Baby Bottles, Diapers, Accessories and Skincare

GOOD GOÛT
Organic Baby and Children's Food

ADULT NUTRITION & CARE (ANC)

RMB4,559.2 million
Revenue contribution

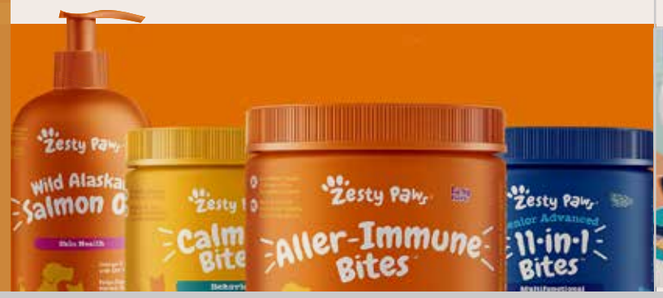
Swisse
Vitamins, Supplements, Functional Food and Skincare

AURELIA LONDON
BioOrganic Skincare and Supplements

PET NUTRITION & CARE (PNC)

RMB1,529.5 million
Revenue contribution

Zesty Paws
Dog and Cat Nutrition and Supplements



solid gold
Dog and Cat Nutrition

OUR BUSINESS STRATEGY AND VISION

Our Group strategy is anchored in our desire to create long-term value for all our stakeholders, including shareholders.

Our consumer-centric growth model underpins an 'outside in' approach which drives a greater emphasis on making considered choices in the way we expand based on consumer needs and our right to win.

Our primary growth contributors remain organic growth across our three business pillars of BNC, ANC and PNC in our existing markets, together with expanding our core brands Biostime, Swisse and Zesty Paws into new markets with strong growth potential. We believe we can continue to build from our core business pillars and, in particular, scale up our PNC business, which is further fuelled by targeted innovation in product development and new technology.

When faced with both challenges and opportunities, we have always positioned H&H Group as a mission-driven and sustainable company that is committed to investing for the future, creating shared value to both business and society, and building a platform for sustainable and profitable growth.

We also strongly believe that sustainable development is a necessity and not a choice. The concept of shared value plays an increasingly present role in our global strategy across each of our ANC, BNC and PNC business segments.

We have a robust development plan for the next three years to continue achieving sustainable and profitable growth and growing market share in all major categories.

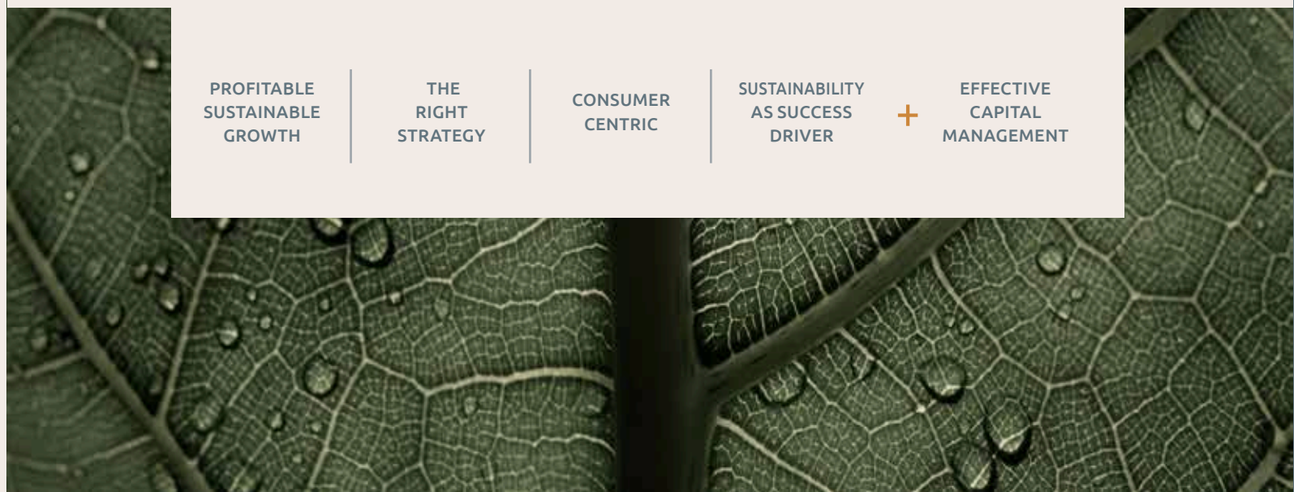
THE H&H FRAMEWORK OF GROWTH

To become a global leader in premium nutrition and wellness through superior products and aspirational brands

Biostime · Swisse · Zesty Paws · solid gold · dodie · GOOD GOUT · AURELIA LONDON

WINNING IN CORE	GLOBALISATION AND DIVERSIFICATION	INVESTING FOR THE FUTURE
Clear leadership for core brands in their stronghold market(s)	Expanding our core brands into new markets and growing in adjacent categories	Seeding new business models with a longer time horizon
• Biostime mainland China • Swisse mainland China • Swisse Australia and New Zealand • Zesty Paws North America and mainland China • Solid Gold mainland China and North America	• Zesty Paws globalisation • Swisse globalisation • Biostime globalisation • Adjacent sub-category (baby food, baby care, skincare) in stronghold	• Digitisation • Sustainability embedded in Innovation • Breakthrough innovation through partnerships

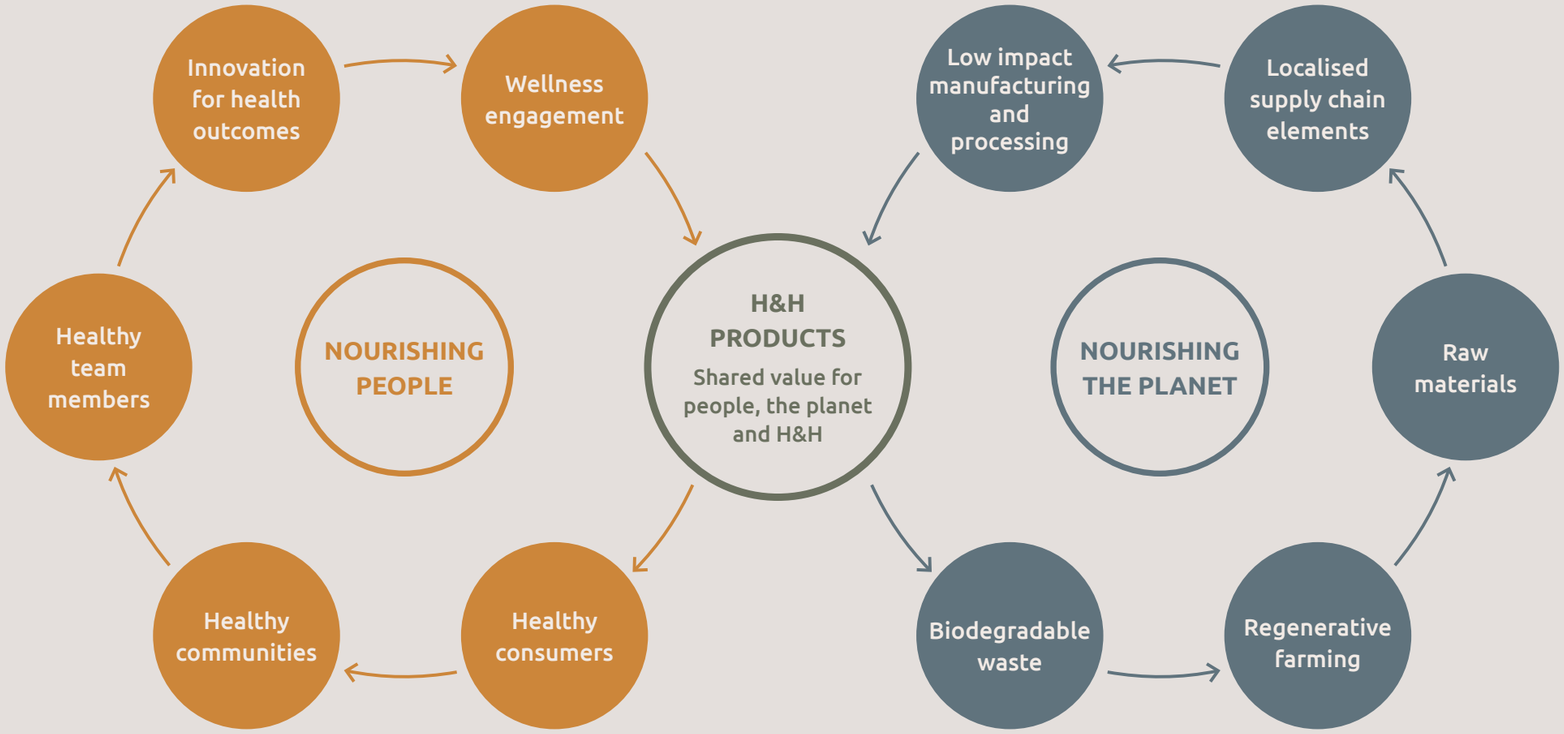
PROFITABLE SUSTAINABLE GROWTH | THE RIGHT STRATEGY | CONSUMER CENTRIC | SUSTAINABILITY AS SUCCESS DRIVER + EFFECTIVE CAPITAL MANAGEMENT



OUR SHARED VALUE MODEL

To enable our vision, our Group strategy aims to deliver long-term business growth that benefits our team members, stakeholders, communities, and the environment.

Our business success is intertwined with the needs of society and the health and happiness of our people, pets, and planet. In this way, we continue to evolve towards a shared value model.



OUR MEMBERSHIP ASSOCIATIONS IN 2022

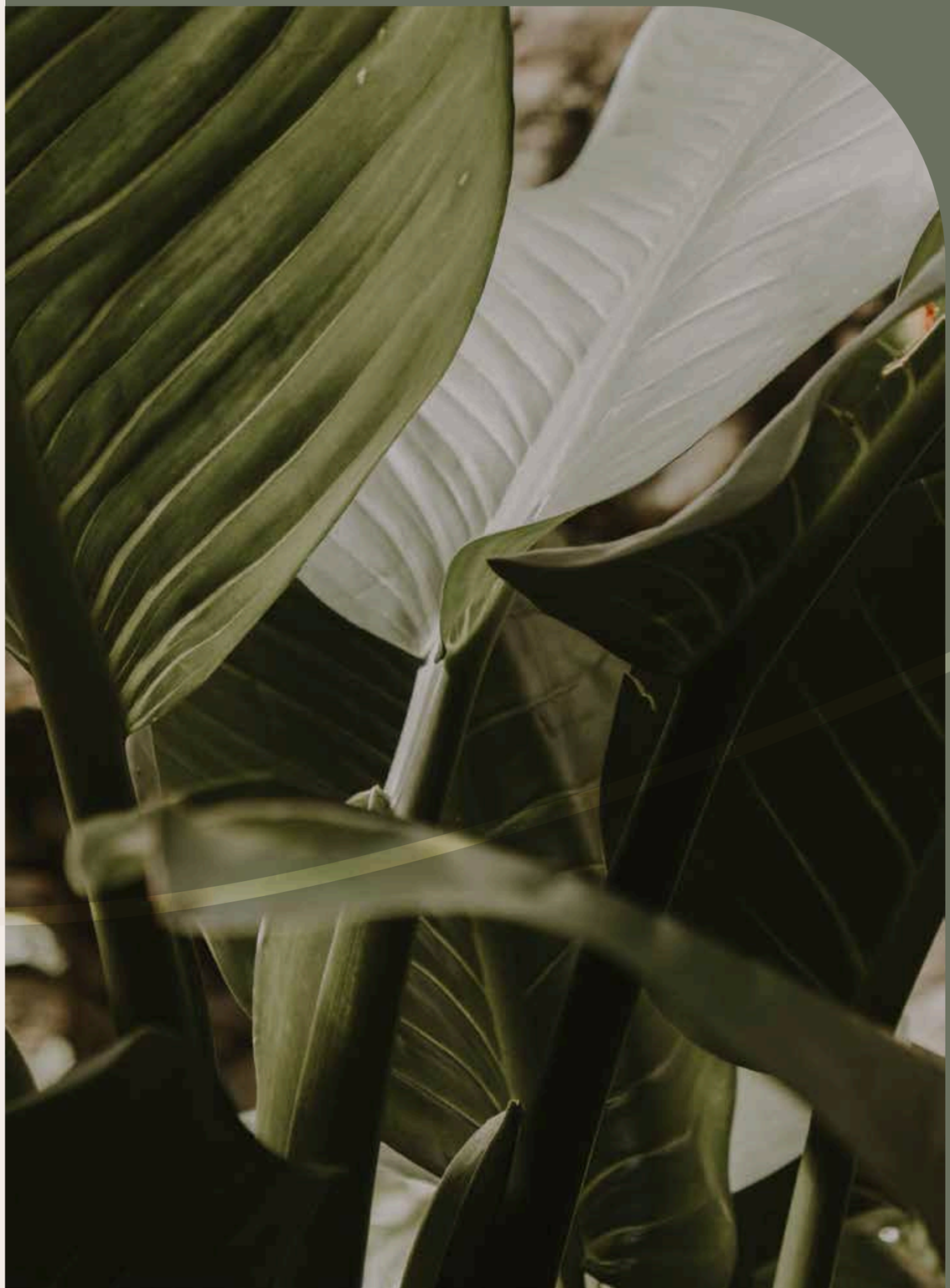
We take on significant roles with various industry associations and hold memberships where we see shared value within certain topics, require certification, or have opportunities for collaboration – whether it be in science, innovation, quality, operations, or broader advocacy. We do this with an awareness of our responsibility as a multinational company that has the ability to enhance the social and economic environment in which we operate.

L'Alliance 7
Aliments de l'enfance 0–3 ans
COSMED
hfma
Unione Italiana Food
cma Complementary Medicines Australia
INFANT NUTRITION COUNCIL
AUSTRALIAN FOOD & GROCERY COUNCIL
AAHSA ASEAN Alliance of Health Supplement Associations
HSIAS Health Supplements Industry Association (Singapore)
Health Food and Supplement Association (HFSA)
MADSA
中国乳制品工业协会 CHINA DAIRY INDUSTRY ASSOCIATION
CNHFA 中国营养保健食品协会
GHPA 广东省保健品商会
廣東省食品安全學會 GUANGDONG FOOD SAFETY SOCIETY
GD·FDTAEC 广东省食品药品审评认证技术协会
广东省饲料行业协会
CFIA 中国饲料工业协会 CHINA FEED INDUSTRY ASSOCIATION
QUALITY SEAL nasc NATIONAL ANIMAL SUPPLEMENT COUNCIL
APPA American Pet Products Association
psc pet sustainability coalition
WPA World Pet Association

SUSTAINABILITY AT H&H

02

H&H Group



ESG PERFORMANCE HIGHLIGHTS 2022

MSCI ESG RATINGS — A

CCC | B | BB | BBB | **A** | AA | AAA

USD3.01 M

Community investment (+ 32.7% versus 2021)

100%

renewable energy across all operations

4

Great Place to Work awards

Great Place To Work. Certified

Activated our Global Diversity, Equity and Inclusion vision

ESG Committee established in 2022

Best Workplaces™ for Women — Great Place To Work. AUSTRALIA 2022

Australia 2022 – Best Workplaces for Women list

Calculated our comprehensive carbon footprint and developed science-based GHG emissions reduction targets

CSR PLUS HKQAA CSR INDEX

12th annual Best in Biz Awards 2022 WINNER

H&H North America – bronze winner in the Customer Service Department of the Year category in Best in Biz Awards 2022

PIDA AUSTRALASIAN PACKAGING INNOVATION & DESIGN AWARDS 2022 — HEALTH, BEAUTY & WELLNESS PACKAGING DESIGN OF THE YEAR BRONZE WINNER

PIDA bronze award for Swisse Earth

A SUSTAINABILITY HKQAA 2022-2023

Signatory of the UN's Women's Empowerment Principles

THE GLOBAL COMPACT — WE SUPPORT

Participating in the UN Global Compact since 2018

BUSINESS FOR SOCIETAL IMPACT CORPORATE CITIZENSHIP VERIFIED 2023

Green Sustainable Development Contribution Award

Green Zero-Carbon Festival in Beijing

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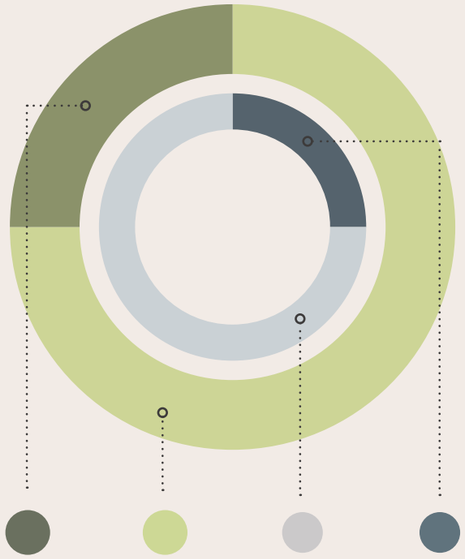
SUSTAINABILITY GOVERNANCE

At H&H, we believe that a strong sustainability governance structure strengthens a company's capacity to identify and respond to the opportunities and risks in sustainability and helps foster the long-term growth and resilience of the business. That is why we reinforced our governance of sustainability matters in 2022, further embedding sustainability in our core strategy and corporate governance.

THE BOARD

The Board of Directors (the "Board") has ultimate responsibility for sustainability strategy and reporting.

Board members by age group and by gender



** Information based on the composition of the Board as at 1 January 2023.*

Fei Luo
Executive Director
Chairman of the Board
12 years tenure
M

Yidong Wang
Executive Director
5 years tenure
M

Wenhui Zhang
Non-executive Director
12 years tenure
M

Wee Seng Tan
Independent
Non-executive Director
12 years tenure
M

Yun Luo
Non-executive
Director
12 years tenure
M

Laetitia Albertini*
Non-executive Director
5 years tenure
(including tenure as Executive Director)
F

Yin Ching Lok Lau
Independent
Non-executive Director
3 years tenure
F

Pr. Yuan Ding**
Independent
Non-executive Director
0.4 year tenure
M

Can Wang**
Independent
Non-executive Director
3 years tenure
M

The Board has delegated the responsibility for overseeing particular aspects of the Group's affairs to four committees – the Audit Committee, the Nomination Committee, the Remuneration Committee (these all consist of a majority of Independent Non-executive Directors) and the ESG Committee that it established in 2022 (see more details below).

Please refer to our H&H Group 2022 Annual Report and the sustainability governance section on our Group website for more details on our Directors' roles and responsibilities, and the Group's corporate governance.

In addition to the establishment of the ESG Committee and the correlative increase in the Board's oversight of the Group's sustainability strategy, in 2022, we:

- maintained monthly sustainability updates to the Board
- maintained the Board's engagement on materiality, including the approval of the materiality assessment
- dedicated time to sustainability performance and governance in all Board meetings
- facilitated a deep dive session for the Board regarding carbon footprint and SBTi
- provided training to the Board regarding compliance of Hong Kong Listing Rules
- conducted a risk assessment which including ESG factors especially the risk of climate change and reported to the Board.

The Board members completed an annual conflict of interest questionnaire, and they are expected to declare conflicts of interest on each Board/Committee meeting if any.

**Laetitia Albertini ceased to be the CEO of H&H Group with effect from 31 December 2022 and was redesignated as a Non-executive Director with effect from 1 January 2023. In preparation for the change of CEO, the Board appointed Akash Bedi, Chief Strategy and Operations Officer of the Group, as Acting CEO of the Company, with effect from 1 October 2022. Akash Bedi works with the Executive Directors to share the responsibilities of CEO to the extent necessary to ensure a smooth transition before a new CEO is appointed.*

***Can Wang resigned as an Independent Non-executive Director of the Company and the Chairman of the Audit Committee with effect from 31 December 2022. The Board appointed Professor Yuan Ding as an Independent Non-executive Director and a member and the Chairman of the Audit Committee with effect from 1 January 2023.*

OUR NEWLY ESTABLISHED ESG COMMITTEE

On 29 August 2022, the Board established the ESG Committee to lead on the Group's sustainability strategy, clearly define our vision and track our commitments and targets on all ESG matters, as we continue our mission to make millions of people around the world healthier and happier. The ESG Committee sits alongside the other committees established by the Board.

It is composed of:

- Laetitia Albertini (Non-executive Director), Chairwoman of the ESG Committee
- Luo Fei (H&H Group Chairman and Executive Director)
- Pascale Laborde (Chief Sustainability Officer, Director of Global Marketing and Communication).

Please refer to the terms of reference of the ESG Committee disclosed on our Group website for more information on its responsibilities.

The ESG Committee is assisted by an ESG Working Group whose mission is to work with the ESG Committee to improve the quality of sustainability information disclosure and more generally to help the ESG Committee in its missions.

It is composed of:

- Akash Bedi, Chief Strategy and Operations Officer and Acting CEO
- Yidong Wang, Chief Finance Officer
- Dr. Hanno Cappon, Chief Technology Officer
- Wendy Yang, Senior Director of Group Risk Management and Internal Control, Company Secretary of H&H Group
- Kiria McNamara, People and Culture Australia and New Zealand Director
- the members of our Global Sustainability Team.

Fei Luo
Executive Director
Chairman of the Board

Laetitia Albertini
Non-executive Director
Chairwoman of the ESG Committee

Pascale Laborde
Chief Sustainability Officer,
Director of Global Marketing and Communication

"As the Chairwoman of the ESG Committee, I am truly honoured to be leading this effort to create shared value and further embed sustainability into the core mission of our Group. By doing so, we are not only making ourselves accountable, but also setting an example for others to follow in creating a more sustainable future for our home planet."

Laetitia Albertini, Chairwoman of the ESG Committee,
Non-executive Director

The ESG Working Group and ESG Committee held their first meeting in November and December 2022 respectively.

The ESG Committee:

- reviewed and approved the Group's sustainability materiality assessment
- examined the Group's climate action plan and recommended to the Board a GHG reduction trajectory in line with climate science
- reviewed the DE&I Strategy
- recommended to the Board the inclusion of ESG metrics into the CEO's 2023 short-term incentive plan
- approved the Group's global sustainability commitments disclosed in this Report.

The ESG Committee was also involved in the preparation and approval of relevant disclosures in the Sustainability Report.

Sustainability-linked KPIs and remuneration for our senior managers and executives, including our CEO

From 2022, the senior managers of the Group have sustainability KPIs included in their incentive plans.

In December 2022, the Board formally decided to link 15% of the 2023 CEO and senior executives' short-term incentive plans to ESG KPIs*.

**The Board has the right to adjust the plan according to bonus scheme and the business development.*

Our ESG Committee: embedding sustainability governance at the heart of the Group's strategy and operations

The newly established ESG Committee is a cornerstone in the Group's sustainability strategy and management of impacts. It has been established to: clearly define the Group's vision, objectives, targets and strategies on sustainability, better implement sustainability policies and procedures; more effectively deal with significant sustainability; issues and relevant circumstances; have a solid grip on major trends in sustainability; properly manage the risks associated with the sustainable development of the Group; and improve the quality of sustainability information disclosure.

Since its establishment in August 2022, the ESG Committee contributed in particular to the definition of:

- the Group's climate action plan and GHG reduction trajectory
- the Group's approach on DE&I
- the Group's material topics
- the Group's sustainability global commitments
- the link between the CEO remuneration and sustainability.

THE OTHER COMMITTEES OF THE BOARD

The Audit Committee, Remuneration Committee and Nomination Committee of the Board all have important roles to play in the sustainability governance of the Group. Among other functions, including but not limited to:

- the Audit Committee oversees the Group's anti-fraud system (including its whistleblowing reporting system)
- the Nomination Committee is in charge of applying the Board Diversity Policy
- the Remuneration Committee is responsible for establishing a formal and transparent procedure for developing the remuneration policy and structure for all Directors' and senior management's remuneration.

Please refer to our H&H Group 2022 Annual Report and the terms of reference of each of the Board committees uploaded on our Group website for more details on their respective attributions.

SENIOR EXECUTIVE TEAM

The H&H senior executive team* manages business performance in line with our financial and ESG goals and objectives.

The senior executives sponsor, and are accountable for, the sustainability-linked projects in their respective areas of responsibilities.

They also represent the Group's sustainability position and approach to external audiences, e.g. through articles, opinion pieces, media interviews and/or presenting at conferences.

All senior executives have specific sustainability KPIs set at the beginning of the year and incorporated into their reward scheme.

**To review the composition of this team, please see the 'Biography of Directors and senior management' section (Senior management sub-section) in the 2022 H&H Group Annual Report.*

SUSTAINABILITY TEAM

Our Sustainability team drives our sustainability strategy, works with relevant function areas to translate it into tangible action plans, and monitors progress and performance.

Linking our financing to sustainability – Sustainability-linked loan

In June 2022, we drew down on a new three-year term loan facility with an aggregate principal amount of USD1.125 billion. This loan facility is sustainability-linked; it aligns the Group's performance on certain ESG targets to margin redetermination over the life of the loan.

The Sustainability team also represents and shares the Group's position on sustainability to many stakeholders including investors, suppliers and team members.

The Sustainability team is led by our Chief Sustainability Officer, Director of Global Marketing and Communication who is part of the H&H senior executive team.

In 2022, we:

- conducted our materiality assessment
- prepared our global carbon footprint, including Scope 1, 2 and 3
- developed a climate action plan
- conducted the Group's climate risks and opportunities assessment
- conducted a DE&I footprint and published our DE&I Statement
- continued to drive our B Corp certification process, supporting the teams in mainland China, Australia and New Zealand, and France in the submission of the B Impact Assessment for those regions and in the subsequent verification phase.

ALL TEAM MEMBERS

All team members are responsible for considering how they can contribute to our sustainability journey and impact areas. They also implement, and give valuable insights to enhance, the sustainability action plan.

OUR SUSTAINABILITY-RELATED POLICIES

Our sustainability governance is supported by various codes, policies or statements. The following are the key codes, policies and statements that contribute to our sustainability framework. Each policy refers to the relevant corporate body in charge of its approval.

Supporting Good Governance

- H&H Code of Conduct
- Supplier Code of Conduct
- Anti-fraud Policy
- Whistleblower Protection Policy
- Inside Information and Securities Dealing Compliance
- Group Information Security Management Policy
- Group Incident Management Policy

Advancing the Story of Good Health

- Global Health and Safety Policy
- Responsible Marketing of Breast-Milk Substitutes Policy
- Community Investment Policy

Reducing our Footprint on the Planet

- Raw Material Sourcing Policy
- Animal Welfare Policy
- Animal Testing Policy

Honouring Human Rights and Fairness

- Modern Slavery Statement
- Diversity, Equity and Inclusion Statement
- Global Parental Leave Policy Statement

Our policies are available on our Group's website:

www.hh.global/#/SustainabilityGovernance

Embedding the protection of human rights in our policy commitments

We protect human rights as the foundation of health and happiness and believe we cannot deliver on our mission without first ensuring individuals touched by our business are granted basic rights and fundamental freedoms to which all human beings are entitled. As members of the United Nations (UN) Global Compact, we recognise the commitment we have made to the Ten principles including the UN Guiding Principles on Business and Human Rights. The process of materiality and mapping to the UN Sustainable Development Goals (SDGs) identified 'Goal 8 – Decent Work and Economic Growth' as one of our eight focus SDGs that we can have an impact on.

Our H&H Code of Conduct, which refers to the Universal Declaration of Human Rights and our Supplier Code of Conduct (that refers to several authoritative intergovernmental instruments, including International Labour Organization (ILO) Standards, Fair Labor Association Code of Conduct, and the Universal Declaration on Human Rights), set out our global standards that must be followed by our team members and suppliers.

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 conduct a formal comprehensive materiality assessment at least every two years, which we review on an ongoing basis as part of our daily activities and regular engagement with our internal and external stakeholders. We use our materiality assessment to identify our priority sustainability topics and ensure that our commitments and strategy are aligned accordingly. This also allows us to identify our sustainability challenges and opportunities. The assessment also informs our reporting strategy.

In 2022, we conducted a formal materiality assessment which allowed us to analyse the relevance of our materiality matrix on the basis of a revised approach and update it accordingly. We integrated a 'double materiality' approach in our exercise in order to understand: how sustainability impacts our Group ("financial materiality"); and our most significant impacts on the economy, the environment and people ("impact materiality"). According to this approach, ESG topics create risks and opportunities that are material from a financial and/or impact perspective.

OUR MATERIALITY PROCESS

We conducted our materiality update in three stages:

1. CONTEXT AND MAPPING

We started by analysing available sustainability materials to identify ESG topics currently being addressed and their relevance in the context of our Group. This analysis included the following:

Desktop review and peer benchmarking (against five global and 'local' publicly listed peers): review of the latest industry trends and identification of the topics that are material to the industry.

Examination of our current material topics list: our current list of material topics was compared to the outcome of the desktop review and peer benchmarking for further consideration in the stakeholder engagement. This resulted in the following changes in the materiality list.

Two material topics have been removed from the list of material topics:

- Talent Attraction, Retention and Development: it has been considered that it is not a standalone material topic, but that it is covered by the Diversity and Inclusion and Health, Safety and Wellbeing material topics
- Localisation: even if this topic remains important, it has been removed from the current material topics list due to the market trend. It has also been considered that the different aspects of "localisation" are covered in other material topics, including Access and Affordability of Products and GHG Emissions and Energy.

Two material topics have been added to the list of material topics:

- Nutritional Quality of Product Portfolio: an emerging trend for the whole industry
- Risk Governance: most of the peers are concerned about how the company identifies and manages existing and emerging risks.

Mapping of the key internal and external stakeholders that we specifically needed to engage within the context of the materiality process. As a result of this mapping, we liaised with our:

- team members
- Board members
- investors
- community partners
- suppliers
- distributors.

2. ENGAGEMENT

In this year's assessment, our objective was to have broader stakeholder engagement than in previous years. We also aimed to have a balanced approach in terms of geographical outreach.

- **Online survey with internal and external stakeholders:** for the first time, we conducted an online survey with internal and external stakeholders to gather quantitative inputs to identify and prioritise the identified material topics based on the 'Impact Materiality' criteria.

  More than 118 team members across our relevant regions and external stakeholders (including investors, suppliers, distributors, business and community partners) participated in the online survey.

- **Interviews with internal and external stakeholders:** we conducted interviews with eight members of the Group's senior management and Board and eight external stakeholders (including investors, suppliers and distributors). We collected qualitative information to:
  - identify and prioritise the identified material topics based on the 'Financial Materiality' criteria (internal stakeholders) and 'Impact Materiality' criteria (external stakeholders)
  - gather stakeholders' overall comments on the priorities and performance of the Group
  - understand stakeholders' expectations and suggestions on the selected ESG topics
  - identify gaps between stakeholders' expectations and the Group's management and performance on the ESG material topics.

We followed up the interviews of our internal stakeholders with a dedicated online survey to gather quantitative information.

3. ANALYSIS AND VALIDATION

The results of the assessment phase were first presented to, and discussed by, the ESG Working Group.

The ESG Committee and the Board both approved the materiality assessment in November and December 2022 respectively.

During this analysis and validation process, we have increased the importance of Consumer Engagement to better reflect our initiatives focused on Advancing our Story of Good Health and to align it to our upcoming ambition. The relative low impact of Biodiversity and Animal Welfare on business and society in our materiality matrix could reflect a lack of maturity of some stakeholders on those topics which are increasingly important as a worldwide trend. We acknowledged that our ESG Working Group and ESG Committee have vital roles to play in shaping the impact (including the perceived impact) that the Group has on the environment and society.

Our materiality matrix

Our 2022 materiality matrix (depicted below) includes 23 topics that have been identified as material to the long-term growth of H&H. These material topics are also listed and defined in Appendix 3.

The topics in the top right quadrants of the matrix are considered both material in impact and on the Group's enterprise value:

- Product Safety and Quality
- Supply Chain Governance, Relationships and Continuity
- Sustainable Packaging.

They are our highest priority topics.

- The Story of Good Health
- Our Footprint on the Planet
- Honouring Human Rights and Fairness
- Supporting Good Governance

H&H'S JOURNEY TO B CORP CERTIFICATION BY 2025

Our progress to B Corp

In 2020, we began the B Corp Multinational Certification process which has seven phases. Our Australia and New Zealand, mainland China and France businesses are currently under the verification phase. Our US and UK clusters have completed the self-assessments; and our last remaining cluster will follow in 2023/24.

In 2022, B Lab revised the B Corp eligibility criteria for companies involved in the production and sale of Breast-Milk Substitutes. We monitor and review our own efforts and by working with B Lab and with the Access to Nutrition Initiative (ATNI), we are able to get a valuable external perspective on what is working well and what can be improved.

Why B Corp?

Certified B Corporations are a community of leaders driving a global movement of people using business as a force for good. For H&H, being part of the B Corp community and being certified is an integral part of our sustainability strategy. We introduced our commitment to becoming a B Corp to our internal and external stakeholders in 2020. We believe this is an important action to take as a business to ensure that beyond profitability, our business delivers value and relevance to society and the planet, through voluntarily meeting higher standards of transparency, accountability and performance via the certification.

ENGAGING WITH OUR STAKEHOLDERS

Stakeholder engagement is key to understanding our impact and achieving our transformational commitments. This is why we actively and regularly engage with our stakeholders.

Our key stakeholder groups, which were identified since our 2019 Sustainability Report and remain relevant, are captured in the diagram below.

How we regularly engage with our key stakeholder groups is presented in detail in Appendix 4.

A brief example of engagement with one of our primary stakeholder groups: Investors

Our investors are not only interested in topics such as our strategy and financial performance – they also want to know how we embed sustainability into our operations, including how we approach climate risk and responsible marketing.

We learn more about investors' concerns through roadshows and questions we receive from them. We also engage with them through specific targeted studies. In May 2022, we commissioned Think Alliance Group to conduct a comprehensive perception study to gauge investor and analyst views on H&H and our disclosure, growth, financial strategies and ESG efforts. This study was based on 20 phone interviews conducted with institutional investors from the buy-side and sell-side based in mainland China, Hong Kong SAR, Singapore and Australia. Key insights included:

Investor relations efforts

75% of respondents considered both H&H's ESG disclosure to be either 'very good' or 'good.'

Sustainability efforts

95% of respondents believed that H&H was doing enough to reduce its environmental footprint and 100% considered that H&H contributes positively to society.

ESG topics most important for H&H to manage

While respondents believed that it is important for H&H to manage all parts of ESG, slightly more respondents considered governance to be the most important ESG topic (followed by environment and social).

This level of engagement inspires greater transparency.

MANAGING OUR IMPACTS

Managing our impacts – optimising our positive impacts and mitigating our negative ones – is a vital cog in our shared value journey.

It commences with the stakeholder insights we gain from the stakeholder engagement process, where we identify their feedback, grievances and suggestions. We also use our materiality assessment to prioritise our sustainability topics based on their impacts.

Once identified, we deep dive into the analysis of some of our material topics and make sure we have a clear mapping of our impacts: this year for example, we improved our understanding of our carbon footprint and of our DE&I footprint.

In addition to our engagement with our stakeholders, we use our ESG ratings, the reporting standards and frameworks we comply with, our B Corp process and the WHO code of Marketing of Breast-Milk Substitutes, to analyse any gap between our status and the best practices in our relevant impact areas. Completing those analyses continuously also allows us to monitor our progress on the relevant topics and track the effectiveness of the measures taken to improve our sustainability performance.

Informed by those engagements, mappings and gap analyses, and in line with the sustainability strategy developed by the Board and the ESG Committee, we set commitments for the Group with associated action plans and objectives for the senior executives and senior managers who lead and drive the relevant projects. We track the advancement of those commitments and goals regularly with the relevant senior executives and their teams.

The Board is informed monthly of our sustainability initiatives. The newly established ESG Committee periodically monitors our impacts in economic, social and environmental aspects and has been set up to manage the risks associated with the sustainable development of the Group. The creation of the ESG Committee has been a major step for the governance of the Group's impacts.

The newly established ESG Committee periodically monitors our impacts in economic, social and environmental aspects and has been set up to manage the risks associated with the sustainable development of the Group.

ALIGNMENT TO THE UN GLOBAL COMPACT TEN PRINCIPLES AND THE SDGS

Since 2018, we have been participating in the UN Global Compact. This is a global call to companies to align strategies and operations with universal principles (the "Ten Principles") regarding human rights, labour, environment, and anti-corruption, and to take actions that advance societal goals.

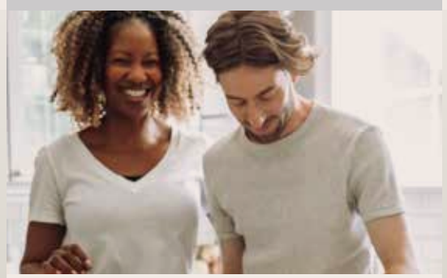
These principles are derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the UN Convention against Corruption.

We incorporate the UN Global Compact and its Ten Principles into H&H Group's strategy, culture and day-to-day operations. We also contribute to the UN Sustainable Development Goals (SDGs) which define global sustainable development priorities and aspirations for 2030.

Our four sustainability impact areas – Advancing the Story of Good Health, Reducing our Footprint on the Planet, Honouring Human Rights and Fairness, and Supporting Good Governance – encompass the material topics identified during our materiality process and guide our sustainability commitments and strategy.

Our sustainability impact areas are closely linked to the Ten Principles of the UN Global Compact, and the eight SDGs we have particularly identified as priority areas of focus and where our Group can have the most impact.

ADVANCING 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.

REDUCING OUR FOOTPRINT ON THE PLANET

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

HONOURING HUMAN RIGHTS AND FAIRNESS

We protect human rights as the foundation of health and happiness.

SUPPORTING GOOD GOVERNANCE

We positively influence environmental, social and economic development through our governance practices, creating longterm value for our stakeholders.

COMMITMENTS

ADVANCING THE STORY OF GOOD HEALTH

2022

- ✓ Translate H&H Science and/or BINC research into a minimum of two product opportunities each year.
- ✓ Each innovation has to demonstrate positive contribution to at least one of our impact areas.
- ✓ Implement shared value programs (including H&H Foundation) in all markets.

2023

- Develop and implement Global Clean Label procedures and guidelines.
- USD3 million dedicated to community engagement to promote Nutrition, Movement and Mind.
- Promote responsible marketing practices of Breast-milk Substitutes, joining the Access to Nutrition Index (ATNI).
- Launch a traceability system of our infant milk formula, sourced in France.

REDUCING OUR FOOTPRINT ON THE PLANET

2022

- ✓ Reduce electricity and water consumption per unit produced by 2% in our owned sites in China
- ✓ Identify climate risks and complete scenario analysis (CSA) in line with TCFD recommendations.
- ✓ New products packaging to follow at least one of our 5Rs packaging framework (Reduce, Renew, Recycle, Reuse, Regenerate).
- ✓ 80% volume of raw materials to be assessed for sensitivity (for Governance, Human Rights and Environmental Impact) for the ANC business segment, with an associated risk management plan.

2023

- Develop carbon emission reduction targets via the Science Based Targets Initiative (SBTi).*
- 90% of Swisse ingredients** (by spend and volume) assessed environmentally and socially.
- All packaging to be recyclable, biodegradable or compostable.
- Adopt a Global Policy on Palm Oil sourcing.

HONOURING HUMAN RIGHTS AND FAIRNESS

2022

- ✓ Develop a Global diversity and inclusion Statement with regionally tailored programs delivered to all our workforce.
- ✓ Develop a Global Parental Leave Policy.
- ✓ Launch and implement an Animal Welfare Policy and an Animal Testing Policy.
- ✓ 70% of our Tier 1 suppliers (by spend) will have a social assessment completed.

2023

- Publish a Human Rights Policy Statement.
- Create regional DE&I Task Forces to promote DE&I in our workplace.

SUPPORTING GOOD GOVERNANCE

2022

- ✓ Incorporate ESG KPIs into senior managers' performance reviews.
- ✓ Supplier Code of Conduct signed by Tier 1 suppliers.
- ✓ Establish a Board Sustainability Committee.
- ✓ Provide annual compliance training on ethical standards (anti-fraud, corruption, whistle-blowing) to all employees.
- ✓ Commit capital to sustainability strategy

2023

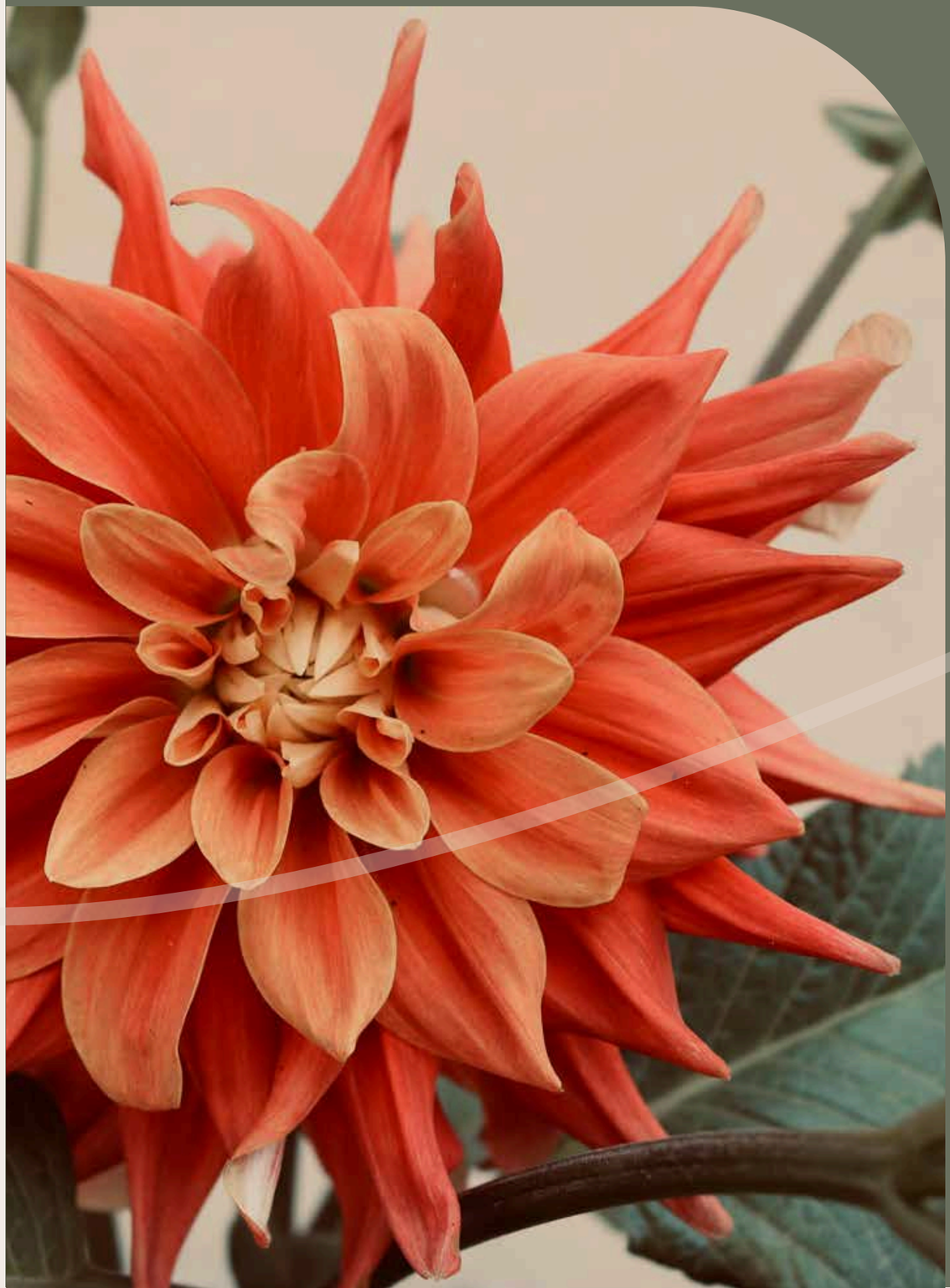
- Integrate specific, formal ESG training into all employee training.
- Increase the proportion of female board members to 30%.
- Include climate-related risks in the Group's overall risk management framework.
- Perform due diligence on Top 5 high spend suppliers not meeting our sustainability and social responsibility standards.

✓ = Completed

*Commitments have been extended due to various internal and external factors.
**Sourced for Australia manufacturing.

OUR SUSTAINABILITY IMPACT AREAS

03



ADVANCING 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 Nutrition, Movement and Mind.

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.

3.01M

USD in community investment across the Group, a 32.7% increase year-on-year

15,127

hours contributed in employees' time to community activities

8

proposals selected for funding through a Biostime Institute of Nutrition and Care (BINC) programme

OUR COMMUNITY SUPPORT AND ENGAGEMENT THROUGH OUR FOUNDATIONS

H&H FOUNDATION

Our H&H Foundation's purpose is very clear: we advocate, educate, and support our local communities in living a healthy lifestyle, with particular focus on our H&H health and wellbeing pillars of Nutrition, Movement and Mind.

New in 2022, we added overarching DE&I elements on top of our three core pillars. This important work contributes to our sustainability focus area, The Story of Good Health, and unites our H&H team around a higher purpose. The Foundation's contributions include financial and in-kind, such as our team members volunteering in their local communities.

The H&H Foundation follows our H&H Community Investment Policy created in 2022. We are focused on ensuring our business processes are legally compliant, ethical and environmentally responsible through ongoing monitoring. We conduct our business according to our values and foundation. Our Community Investment Policy has been developed together with Business for Societal Impact (B4SI) team which certifies our community investments.

We have also benchmarked with other peers to make sure we leverage their best practices and are always up to date on latest ways to create optimal impact through our community investments.

Across the Group in 2022, our total community investment reached USD3.01 million, which represented a 32.7% increase compared to 2021. We also contributed in-kind donations, such as product and medical supplies to support COVID-19 responses and other activities, to the value of USD387,850. A total of 2,501 team members across the globe dedicated 15,127 hours to volunteering within their local communities throughout the year.

Our regional teams actively promote local charitable initiatives they partner with to encourage members of the public to participate and/or broaden the reach and outcomes. Our team in mainland China – our largest market – is particularly active and was recognised with a community award in 2022 (detailed below).

H&H Group wins prestigious philanthropy award in China

H&H Group won the Public Welfare Communications Award at the 2022 Philanthropy Festival. This event, supported by China's largest media organisations, promotes charity efforts and encourages in-depth dialogue, cooperation and communication across the country. Our China team was recognised for its outstanding efforts in engaging and encouraging the public to participate in charity and other community activities for a ninth consecutive year.

Our B4SI accreditation

We have been members of the network B4SI, formerly known as LBG, since 2014. B4SI is a global partnership of approximately 180 multinational companies which are committed to advancing their social impact. B4SI certification is the global standard in measuring and managing a company's social impact. Its vision for transparency in the world of charitable activities is like ours, where we recognise the importance of measuring and communicating contributions in an open and consistent way.

In 2020, we made the decision to further enhance our reporting practices by working with the B4SI to vet and accredit our contributions as part of our sustainability reporting and obtained our first B4SI accreditation in 2021. We pursued this transparent practice in 2022.

This accreditation supports us to:

- make a measurable social impact with these programmes across our communities
- increase our transparency and improve our reporting systems
- help us clarify our 'roadmap', with comparable data to other similar organisations, and accelerate our continued dedication to protect the communities in which we operate.

In accordance with the B4SI framework, and in line with our own H&H Group mission, the majority of our community contributions and impacts are centred around health (73.6%), emergency relief (10.6%), social welfare (7.9%), other (3.1%), education and young people (2.6%) and the environment (2.2%).

We supported 22 programmes across the globe, in 14 markets, with 2,501 employees participating during company time.

Looking ahead

Supporting local communities remains a key focus for us. Moving forward, we will continue to:

- take collective action to respond to the needs of these communities and empower H&H teams
- address social solutions that are meaningful to them
- enable our team members to feel connected to the communities around them and have a positive impact at a local level
- provide meaning around our H&H brand and brand portfolio, to communicate what we stand for to our customers and consumers.

Our achievements in 2022

In 2022, our total community investment represented USD3,009,775 – an increase of 32.7% year-on-year.

Key details include:

1,420,552 USD in cash contributions

2,501 employees involved in community activities during company working hours

15,127 hours in company time contributed to community activities

983,531 USD value of employees' time

387,850 USD value of in-kind contributions

217,842 USD total management costs (i.e. employee salaries)

Supporting Australian communities affected by natural disaster floods

The H&H Foundation supported the communities affected by the devastating floods which occurred in the Australian states of New South Wales and Queensland in early 2022 by donating AUD100,000 to the Australian Red Cross. In addition to this contribution, H&H Group's brands provided further aid to local communities.

The donated funds went towards supporting communities affected by the floods with recovery needs such as psychosocial support, clean up, temporary housing and access to basic necessities such as food, clothing and other essential items.

Australia – Our Reconciliation Action Plan

As part of our ambition to support DE&I across H&H's global operations, our Australian team has committed to developing a Reconciliation Action Plan (RAP) in collaboration and partnership with Reconciliation Australia.

RAPs enable organisations to sustainably and strategically take meaningful action to advance reconciliation. Based around the core pillars of relationships, respect and opportunities, RAPs provide tangible and substantive benefits for Aboriginal and Torres Strait Islander peoples*, increasing economic equity and supporting First Nations self-determination.

In December 2022, our Reflect RAP (one of the four RAP types) was endorsed by Reconciliation Australia, providing us with the opportunity to begin our journey of formalising our commitments.

Broadly, a Reflect RAP involves scoping and developing relationships with Aboriginal and Torres Strait Islander stakeholders, deciding on our vision for reconciliation and exploring our sphere of influence.

The RAP document is designed to turn our good intentions into real action and incorporate our existing initiatives aimed at cultural awareness and empowering Indigenous Peoples, including our long-standing partnerships with First Nations community groups such as the 'Girls on Country' programme which is supported by our community partner Bluearth Foundation.

For the past seven years, we've worked with Bluearth on a number of projects, many of which have a specific focus on empowering young First Nations people and their communities. The 'Girls on Country' programme provides a safe space to support young female physical and emotional health, and build confidence and leadership skills.

Reconciliation is a continuous journey and one that we are just beginning. We look forward to evolving our understanding and documented plans as well as embedding the actions into our day-to-day work and business relationships.

Our Reflect RAP is available via our Swisse website.

Click here to view online

**Aboriginal and Torres Strait Islander peoples have a unique place in Australia as the original inhabitants of the land, and hold distinctive rights as Australia's First Peoples.*

Our partnership with Body & Soul

We look to partner with organisations that share our purpose and fit within our wellness pillars of Nutrition, Movement and Mind. Our partnership with UK charity Body & Soul is a prime example. Body & Soul is a London-based charity that was founded in 1996 to address the gap in HIV services for children, young people and families. Since then, it has grown into an innovative organisation that supports people of all ages, genders and backgrounds who suffer from life-threatening effects as a result of childhood adversity. The charity uses a comprehensive, community-based and trauma informed approach, based on evidence and focusing on 'whole person' wellness.

The aim is to provide members with a compassionate and inclusive space, to promote tools and skills in order to transform their lives.

Our yearly donation, which amounted to GBP26,000 in 2022, funds an in-house nutritionist which enables Body & Soul to organise nutritional therapy sessions, deliver nutrition workshops and create tailored online cooking videos for the Body & Soul community.

- Provided more than 400 one-on-one nutritional therapy sessions
- Provided health advocacy support through liaison with health professionals such as general practitioners (GPs) and clinicians
- Employed 2 sessional nutritional therapists
- Delivered 10 nutrition workshops that were attended by over 150 members
- Delivered 8 nutrition courses and projects attended by over 300 members
- Created tailored online cooking demonstration YouTube videos for the Body & Soul community

Why nutrition? Studies have shown that nutrition plays a key role in overcoming a traumatic experience, and often those who have gone through life-threatening effects as a result of childhood adversity have a complicated relationship with food.

Body & Soul

ADVANCING THE STORY OF GOOD HEALTH

H&H Her Power – Ripple Programme for Rural Sisters

In 2022, H&H Foundation supported Guangdong Rural Women Development Foundation to launch the 'H&H Group Her Power – Ripple Programme for Rural Sisters'. The programme promotes gender equality in rural South China by empowering local women representatives, allowing the influence of 'her power' to have a ripple effect and help to establish more women- and child-friendly villages.

The programme has trained 53 female cadres and 18 female gender equality ambassadors to conduct readings to promote gender equality knowledge in 18 villages, serving more than 11,000 local children and parents. It also supported five rural women teams from four provinces to conduct 180 activities in their communities, directly benefiting 4,406 local people.

At the same time, H&H Group initiated a public welfare 'Walk Together' donation campaign, with a total of 96,740 participants supporting the Rural Women Development Foundation's 'Holding Hope for Rural Sisters' project, promoting gender equality in rural areas together through practical actions.

The programme has trained 53 female cadres and 18 female gender equality ambassadors to conduct readings to promote gender equality knowledge in 18 villages, serving more than 11,000 local children and parents.

BIOSTIME CHINA FOUNDATION FOR MOTHER AND CHILD

Since its establishment in 2007, the Biostime China Foundation for Mother and Child has partnered with the China Red Cross to arrange and contribute to public welfare activities.

Over the past 15 years, the Biostime China Foundation for Mother and Child has provided support for mothers facing financial hardship and children with severe illnesses. As a public welfare advocate, it also strives to encourage more social support for these mothers and children.

The tumultuous market environment and long-lasting global pandemic have reinforced to all of us the chief importance of the development of community support and engagement.

In 2022, Biostime China Foundation for Mother and Child generally followed a 'You participate, I give' model to maximise engagement – when people participated in physical as well as virtual activities, Biostime China Foundation for Mother and Child donated on their behalf.

In 2022, key activities included:

Biostime charity run fundraising project

The Biostime China Foundation for Mother and Child has established a new multi-party cooperation model of 'Family Participation + Corporate Donation + Public Welfare Assistance' by engaging with hospitals and caring families in 2022. The Foundation organised 36 family fun runs in 27 cities across China to support children with congenital heart disease. The fun runs attracted 17,000 participants.

Online campaign to promote breast-milk

The Biostime China Foundation for Mother and Child has participated in China's nationwide '99 Charity Day' event for six consecutive years. In 2022, the Foundation ran a 'Breast-milk and premature infant support' campaign to raise awareness that breast-milk is the best nutrition for babies. A total of 7,834 people participated in the fundraising campaign and RMB630,500 was raised for 26 hospitals to support premature infants.

Medical treatment and poverty alleviation support for mothers and children

- **Medical treatment costs:** Biostime China Foundation for Mother and Child provided funding to support 316 mothers in need, to help pay for their and/or their child's medical treatment in 2022. The total amount donated was RMB4.08 million.
- **Financial subsidy support**: Biostime China Foundation for Mother and Child provided financial assistance to 127 people, including mothers (during pregnancy and childcare of children under three years) and children (aged 0 to 14 years) to pay for medical treatment. In total, the Foundation provided RMB1.08 million towards this programme in 2022.
- **Screening and treatment for children with congenital heart disease:** The 'Angel Tour' programme is one of the Biostime China Foundation for Mother and Child's longest running initiatives since 2013. It involves the Foundation, in conjunction with its partner the China Red Cross and local hospitals, travelling to mountainous rural areas to screen children for congenital heart disease. If a child is confirmed to have the disease, he or she is then supported to travel to a first-tier city such as Beijing to undergo surgery (as necessary) and other treatment. During the past 10 years, after screening 200,000 people, Biostime China Foundation for Mother and Child has donated RMB6.5 million in total to treat 388 children for congenital heart disease. In July 2022, Biostime China Foundation for Mother and Child in conjunction with Beijing Anzhen Hospital travelled to Guizhou Province to screen children in Liupanshui City and Qiandongnan Prefecture. A total of RMB500,000 was invested, 309 children were screened, and 57 identified with congenital heart disease. Those children have now successfully undergone their surgeries.

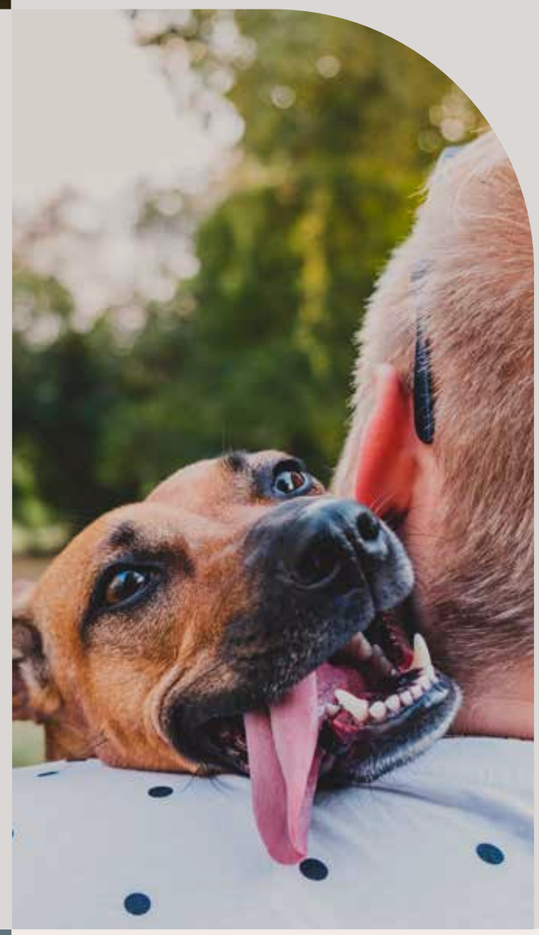
Standardised management of gestational diabetes and nutrition intervention during pregnancy project

In cooperation with the Chinese Red Cross Foundation and Chinese Maternal and Child Health Association, Biostime China Foundation for Mother and Child commenced a new project, 'Early Intervention to Protect Mothers and Children – Standardised Management of Gestational Diabetes and Nutrition Intervention during Pregnancy', in 2022.

International health studies and systemic reviews have found a higher prevalence of gestational diabetes – a condition that can have serious health outcomes if left undiagnosed and unmanaged – in mainland China.

Through Biostime China Foundation for Mother and Child's annual investment of RMB1 million, the three-year project will see the establishment of a standardised model for management of gestational diabetes and nutrition, as well as 30 provincial demonstration centres, to support the health and safety of millions of pregnant women. The programme will train 3,000 medical staff in standardised management requirements and carry out multi-level training and learning exchanges to promote the implementation of the project nationwide.

Through Biostime China Foundation for Mother and Child's annual investment of RMB1 million, the three-year project will see the establishment of a standardised model for management of gestational diabetes and nutrition.



Pet adoption charity activities with Solid Gold

Since May 2022, Solid Gold has partnered with Hangzhou Adoption Day and Shijiazhuang Adoption Day to help stray cats and dogs find a loving home.

Solid Gold and Adoption Day held pet adoption educational sessions, such as the options for adopting a rescue dog or cat instead of buying a pet, and understanding the lifelong commitment of buying a pet. Solid Gold also donated nearly 1,900kg of cat and dog food to Adoption Day as well as in-kind assistance to pet 'foster families' to provide nutritional support for the animals in their care.

Solid Gold donated a further RMB12,000 towards the expansion and reconstruction of the Life Station Wandering Base managed by Mr and Mrs Yu in Hangzhou to create a more comfortable and safer environment for the stray cats and dogs.

H&H TEAMS ‘STEP WITH PURPOSE’ ON WORLD COMMUNITY DAY TO GIVE BACK TO OUR COMMUNITIES

World Community Day is an opportunity each year for our team members to come together and give back to our community partners. In October 2022, more than 1,800 H&H team members across 12 regions joined in to ‘Step with purpose’ and raised money for our local charity partners. This annual event not only provides a chance for our One Big Team to connect regionally and across the world, but also to connect with our charity partners.
In 2022, we took part in a step challenge to raise money for these partners, while many teams also organised a volunteering day. Over USD65,500 was raised for charity, an increase of 38% compared to 2021.

Each team member was able to choose one of 17 of our charity partners to donate their ‘steps’. The H&H Foundation then donated to the nominated charity partner USD50 for the team members’ 10,000-plus steps; USD80 for 15,000-plus steps; and USD120 for 20,000-plus steps

Along with the ‘Step with purpose’ challenge, our team members also had the opportunity to participate in volunteer activities to further contribute to, and engage with, their communities.

These activities included:

- our team members in Singapore packing and delivering food bags to the elderly
- in the UK, the team visited their local charity, Body & Soul, to create chef hats and aprons for children who are members of the charity
- in Thailand, the H&H team helped pack ‘healthy and happy’ packages to support 89 children
- the Hong Kong office supported community partner BlessVision Foundation on its Bloom Empowerment Programme – a 15-week work apprenticeship programme for 12 marginalised women and single mothers to explore their potential talents to improve confidence, self-esteem and skills
- our Italian team conducted a volunteer service in favour of the CAF association (Centro Aiuto Minori e Famiglie – Centre of help for minors and families) at facilities that host minors removed from their families for mistreatment.

Along with the ‘Step with purpose’ challenge, our team members also had the opportunity to participate in volunteer activities to further contribute to, and engage with, their communities.

1,821 team members participated in the ‘Step with purpose’ challenge across 12 regions

65,500 USD donated to 17 charity partners

20.6M steps taken (a 60% increase compared to 2021)

OUR CONTRIBUTION TO RESEARCH THROUGH OUR NON-FOR-PROFIT RESEARCH ORGANISATION

BIOSTIME INSTITUTE NUTRITION & CARE

Biostime Institute of Nutrition and Care (BINC) is a non-for-profit organisation committed to promoting research and developing comprehensive health solutions. BINC focuses on five priority areas of expertise: microbiota, infant brain development, nutrition and feeding, allergy, and maternal health.

ADVANCING THE STORY OF GOOD HEALTH

BINC Geneva

Since 2018, BINC Geneva has invested EUR850,000 in 23 research projects to advance maternal and infant health science.

In 2022, the BINC Scientific Advisory Board selected four projects for funding. The selection was made following an application process in which BINC Geneva received 82 high quality submissions from scientists based at reputable universities, academic institutions, and hospitals around the world.

The applications were aligned with our five research focus areas of expertise. The grants were up to EUR50,000 per project for pre-clinical research, and up to EUR100,000 per project for clinical research.

The four successful project applications chosen by BINC Geneva in 2022 are listed below.

Allergy
Tang, M. (MCRI, Australia): Treatment with immune mechanisms driving the acquisition of remission following probiotic and peanut oral immunotherapy.

Microbiota
Simpson, K.W. (Cornell University, U.S.): Elucidating mother-infant and bacterial factors related to the early acquisition and intestinal colonisation of infants by E. Coli and Adherent Invasive E. Coli.

Nutrition and feeding
De Jonge, W. (Amsterdam University, Netherlands): Nutritional therapies targeting the neuronal aryl hydrocarbon receptor (AhR) for functional bowel disorders and irritable bowel syndrome (IBS) in children.

Microbiota
Collado, M.C. (Spanish National Research Council, Spain): Microbiota-diet-host interplay during pregnancy: relevance for the maternal-neonatal health.
(Eligible for EUR100,000 Clinical Trial Criteria of Selection)

In addition to its research grants programme, BINC sponsors and/or supports various conferences and symposia. For example, in 2022:

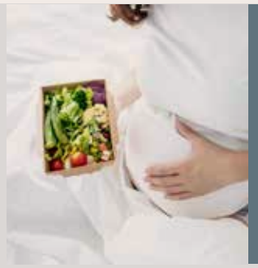
- BINC sponsored a booth at the prestigious European Society for Paediatric, Gastroenterology, Hepatology and Nutrition (ESPGHAN) conference held in Copenhagen. The scientific focus was on human milk oligosaccharides that are key nutritional components found in breast-milk and critical for infant growth and development.
- BINC collaborated with many key opinion leaders and launched a series of scientific webinars and interviews with experts in the field, contributing to the dissemination of scientific knowledge aimed at health care professionals.

BINC China

BINC 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 maternal and child nutrition and care experts. In 2022, BINC China contributed RMB800,000 for scientific research in these areas.

As the first non-profit academic organisation focusing on maternal and infant health research created in China, BINC has committed to creating a cross-disciplinary academic exchange platform. We have been working closely with experts in multiple fields, including nutrition, care and psychology, to provide scientific and comprehensive solutions to maternal and infant health problems.

The four successful project applications chosen by BINC China in 2022 are listed below.



Inner Mongolia Agricultural University:
Mechanism of action of probiotics and osteopontin in regulating gut immunity.

Shanghai Institute for Nutrition and Health, Chinese Academy of Science:
Breast-milk microbiota and human milk oligosaccharides (HMOs) and infant executive function.

Zhejiang Academy of Agricultural Sciences:
Probiotic transfer between household furry pets and children.

Children's Hospital of Fudan University, National Children's Medical Centre (Shanghai):
Effects of fatty acid esters of hydroxy fatty acids in breast-milk on growth and development of early childhood – a mother-child birth cohort study.

The 6th BINC Annual Symposium successfully held in Guangzhou

On 15 October 2022, the sixth Annual Symposium of BINC was held in Guangzhou, mainland China.

With the theme of 'Building a healthy body with microbiota', the symposium focused on the cutting-edge research, technology, application and management of probiotics in the field of infant and child health and the importance of probiotics in early infancy. Hot topics that are of concern to academia, industry and Chinese consumers were discussed in depth. More than 100 experts in the field of probiotics from China and abroad were invited to share the latest research progress and academic achievements at the conference. A live online broadcast was streamed simultaneously, attracting more than 4,000 domestic and international delegates to participate in this annual event.

REDUCING 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 while 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 continuously strive to use resources more efficiently, be mindful of our carbon footprint and make conscious decisions to reduce our emissions.

Science-based GHG emissions reduction targets developed (that we intend to submit for validation by SBTi)

100%

renewable energy across all operations

Comprehensive carbon footprint including Scopes 1, 2 and 3 emissions

18.9%

water consumption intensity decrease in our owned factories

INTRODUCTION

Our participation in the Global Compact 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 comes contributory risks across our value chain. Each part of the process of the product supply chain has unique challenges in relation to climate change.

We are determined to play our role in the transition to a low-carbon global economy. This year marked an important step in our climate action plan. We signed up to the Climate Ambition Accelerator led by the UN Global Compact and calculated our Group-wide global Scopes 1, 2 and 3 GHG footprint (including our purchased goods and services and other relevant Scope 3 categories). Our overall carbon footprint is larger than the ones disclosed previously which encompassed very limited Scope 3 elements. We now know that 99% of our carbon footprint comes from indirect, or Scope 3, emissions. These indirect emissions come from our value chain – how we source, make and transport our products. Only 1% of our carbon emissions come directly from the fuel and electricity we use in our operations (known as Scope 1 and 2 emissions). Thanks to this thorough analysis, we now have a clear understanding of our carbon footprint and are able to focus our efforts on areas where they will have the most impact.

Based on this work, we have developed our first science-based GHG emissions reduction targets and intend to submit them for validation by the Science Based Targets initiative (SBTi). If accepted, the Group will be committed to significantly reducing its carbon footprint.

In this context, we also decided to concentrate on the reduction of our own emissions and on projects in our value chain before further investing in carbon credits.

ENHANCING OUR ENVIRONMENTAL STEWARDSHIP

Most of our sites across the world are corporate offices, with only four being operational sites. Our operational sites are the focus of our environmental efforts, as those account for 67% of our environmental footprint across energy, waste and water.

Each of our sites fully comply with all relevant environmental laws and regulations and set operational expectations through their own environmental policies and standard operating procedures (SOPs). Our internal H&H Code of Conduct, which addresses the UN Global Compact Ten Principles, sets global standards for our Group, and defines the guiding principles for our team members' behaviours, including relating to the environment. In particular, it encourages our team members to consider the impacts on the environment as well as cost when procuring products and services and to be mindful of the environmental implications in such areas as new product development, marketing activation plans, trade marketing, packaging, and content recycling. We also expect our team members to understand and comply with environmental regulations. We had no incidents of non-compliance relating to environmental law or regulation in 2022.

A new energy management system for our factories in mainland China

In 2022, we implemented an energy management system (EMS) covering electricity, water and natural gas within our two factories based in mainland China. Among other functions, this digital system can monitor and analyse the energy consumption patterns of our factories in real time, store historical data analysis records, and record pre-warning data regarding the energy consumption of our equipment abnormal early warning.

Thanks to this system, we can improve the efficiency of our energy management and identify further energy saving opportunities.

Our factories in mainland China certified with ISO 14001 standard

Our two factories in mainland China are certified with the GB/T 24001-2016/ISO 14001:2015 standard for environmental management. Our factory in Changsha has been certified since 2017 and supervised and audited annually by Intertek, a third-party certification company. Science Park in Guangzhou was first certified in 2022. This certification demonstrates that we are committed to continuous improvement on environmental protection and that our production and operation meet the local government's management requirements for the factory: clean production, energy conservation and environmental protection.

Wastewater

Among our factories, our Guangzhou facility produces a material stream of wastewater. The wastewater mainly comes from equipment cleaning, production wastewater, office domestic sewage, canteen sewage, and wastewater from laboratory.

We comply with the Local Standard of Guangdong Province (People's Republic of China) "Water Pollutant Discharge Limits" (DB44/26-2001) in Guangdong Province. After we ensure the water does not contain pollutants beyond the maximum allowable discharge concentration as specified in the local standard, the wastewater is treated in tertiary septic tanks and then discharged into the municipal sewage pipe network and finally into the Dashadi Sewage Treatment Plant.

High environmental standards at our new Melbourne (Australia) head office

In November 2022, our Melbourne team moved into its new head office in the inner-city suburb of Collingwood. During the construction and fit out of the space, our team worked closely with the property manager and builders to ensure the office reflected our business, felt warm and inviting to our team and guests, and followed a high environmental standard and best practice facilities.

As of 2020, our hybrid working model was formally introduced to our Australia and New Zealand team members. With this change in working structure, downsizing was an appropriate move and provided us with an opportunity to choose a space which would have a smaller environmental impact and feel more vibrant and intimate for our Melbourne team's flexibility. The size of our office space reduced from 2,808m² net lettable area to 1,134m².

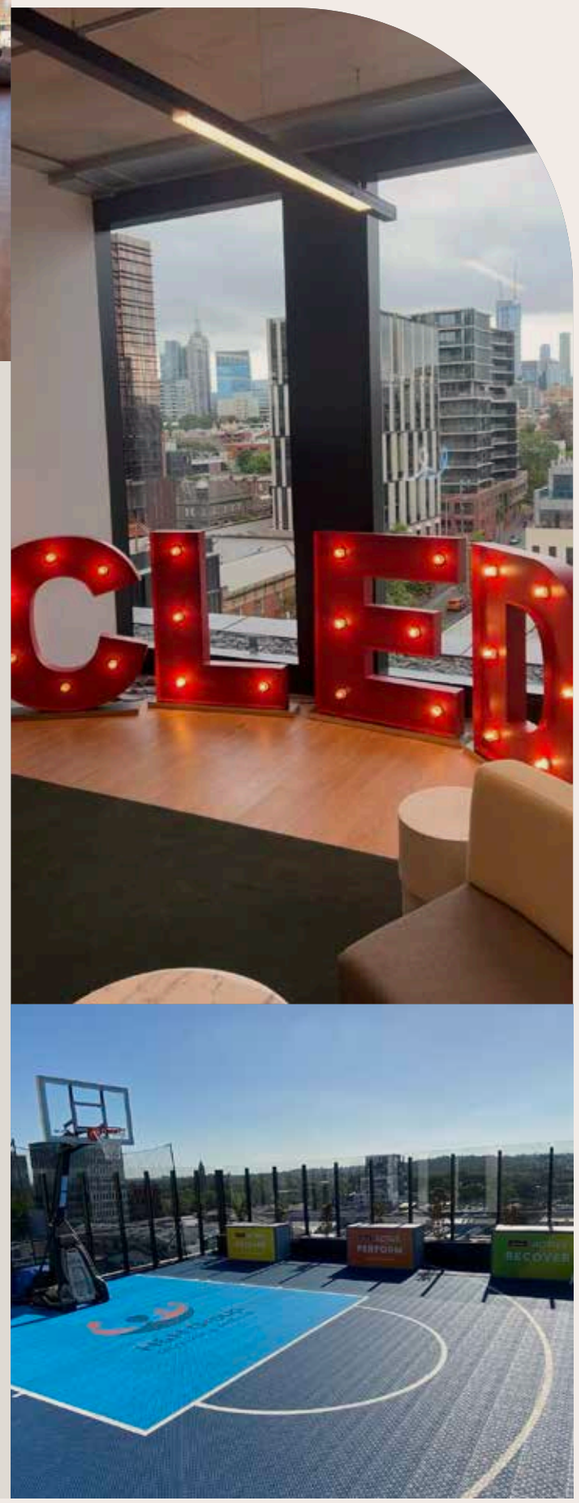
During the move we prioritised repurposing and reusing existing office furniture and donated furniture and stationery that we could not move with us to our local community partners.

When searching for a new space for our team, it was important that the building followed high standards across all facilities, including energy, water and waste.

The following key sustainable design initiatives have been incorporated into our office building and spaces:

- high-performance glazing and energy efficient building services, appliances and fixtures
- rainwater harvesting system for toilet flushing and irrigation
- 19kWp rooftop solar photovoltaic array
- electric vehicle charging infrastructure
- environmentally preferable internal finishes
- all appliances have a 6-star energy rating, where possible
- after-hours timers across lights and air conditioner
- automatic sleep mode for all electrical items
- end of trip facilities – to encourage team members to ride, walk or run to and from work rather than drive.

Our team across our Collingwood head office and Keilor Park site continues to monitor, measure and discuss with our landlord and property managers as to how we can improve across our facilities, and meet and/or exceed benchmarking standards.



Minimising our environmental footprint through our Group Information Technology sustainability strategy

The H&H Group IT team fully participates in our sustainability strategy and has implemented several projects to minimise our environmental footprint.

Personal computer (PC) recycle and disposal programme in mainland China: we launched an electronics-related device disposal and recycle programme in mainland China where we make sure our obsolete PC items are disposed of responsibly and dismantled and recycled in accordance with local environmental regulation to align with ISO 14001 standard. This programme will be rolled out to the other regions in 2023.

Phasing out in-house and internet data centres (IDCs): in 2022, we migrated 20 in-house and IDCs in mainland China to cloud hosting. This migration contributes to our efforts to reduce our energy use. It will be rolled out in other regions in 2023, along with other projects with cloud-based solutions for hosting.

Reducing our paper use: since 2020, we have been widening our use of electronic seals to more types of contracts. In addition, we have implemented an e-invoicing system.
Both those programmes allow us to reduce our use of paper and its related carbon emissions, while improving our efficiency and limiting the risk attached to those processes.

A note on our intensity metrics

We strive for meaningful environmental performance indicators and therefore also report intensity metrics in addition to totals for GHG emissions, water, waste, and all energy. We note that these are highly sensitive to the underlying modelling assumptions of the GHG inventory and can therefore vary significantly year-on-year.

In 2022, we used the following calculation methods for the intensity metrics relating to our use of resources:

- Intensity per team member is calculated by dividing total emissions or resources from laboratory, UK warehouse and office facilities only by the total FTE in these facilities.
- Intensity per unit produced at manufacturing sites is calculated by dividing total emissions or resources from factory sites by total units produced.
- Intensity per unit packed at packing sites is calculated by dividing total emissions or resources from packaging sites by total units packed at these packing sites.
- Regarding our GHG emissions intensity metrics, given that we have calculated our Scope 3 emissions in 2022, the full GHG footprint has been taken into consideration and then divided by the relevant metric. Allocating GHG emissions per office worker or manufactured product would have been misleading since some emissions categories are difficult to allocate and would be left out of the calculation. For example, emissions from the procurement of finished products from co-manufacturers would be entirely excluded from the scope of office workers' emissions, even though the office workers may have control over production orders sent to co-manufacturers. The current data granularity and methodology do not allow for the calculation of other types of intensity metrics.

Special note on the 'intensity per units produced at manufacturing sites' metrics

In 2022, we made sure we used the same methodology to account for the number of units produced for each site. In order to have a comparable basis, we retrospectively applied the same methodology to the number of units produced in 2021. By using this methodology, the relevant intensity metrics for our manufacturing sites in 2021 should read as follows:

- **emissions:** 37g CO_2 equivalent per unit produced at manufacturing sites
- **energy consumption:** 0.27kWh per unit produced at manufacturing sites
- **water consumption:** 933mL per unit produced at manufacturing sites
- **waste:** 19g per unit produced at manufacturing sites.

MEASURING OUR GREENHOUSE GAS EMISSIONS

Our comprehensive carbon footprint

In 2022, the emission boundary for the Group carbon's footprint significantly increased. For the first time, we identified comprehensively the Scope 3 GHG emission categories which are relevant to the Group. Those were only partially captured in previous reporting cycles. We calculate our carbon footprint based on the internationally recognised GHG Protocol established by the World Resources Institute and the World Business Council for Sustainable Development.

Scope 3 emissions represent 99% of our global emissions.

553,200t
Total CO_2 emissions

216t CO_2 equivalent per person
Per team member for our offices

8kg CO_2 equivalent per unit
Per unit produced at manufacturing sites

108kg CO_2 equivalent per unit
Per unit packed at packing sites

Emissions boundary

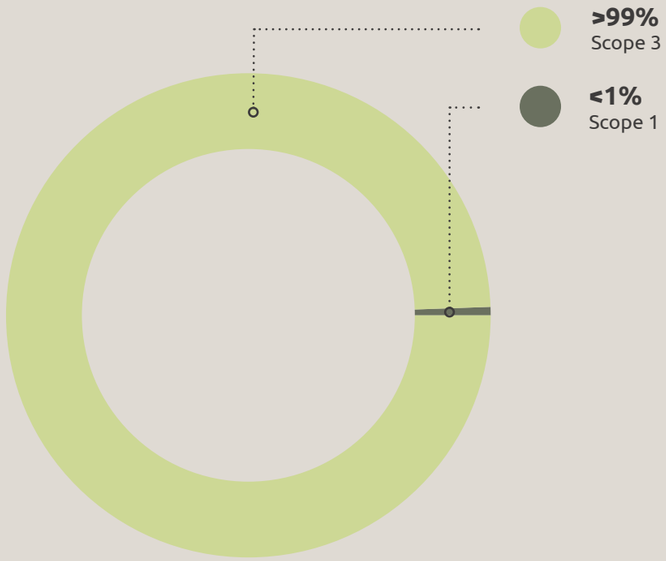
Scope 1 2,234t CO_2-e	Scope 2 0 CO_2-e	Scope 3 550,966t CO_2-e
Refrigerants	Electricity*	Purchased goods and services
Natural gas		Upstream transportation and distribution**
Diesel generators		Capital goods
Fuel from operated vehicles		Emissions linked to fuel and energy (not included in Scope 1 and 2)
LPG		Waste
		Business travel
		Employee commuting

In 2021, only waste, flights, water and employee commuting were included in the footprint for all regions.

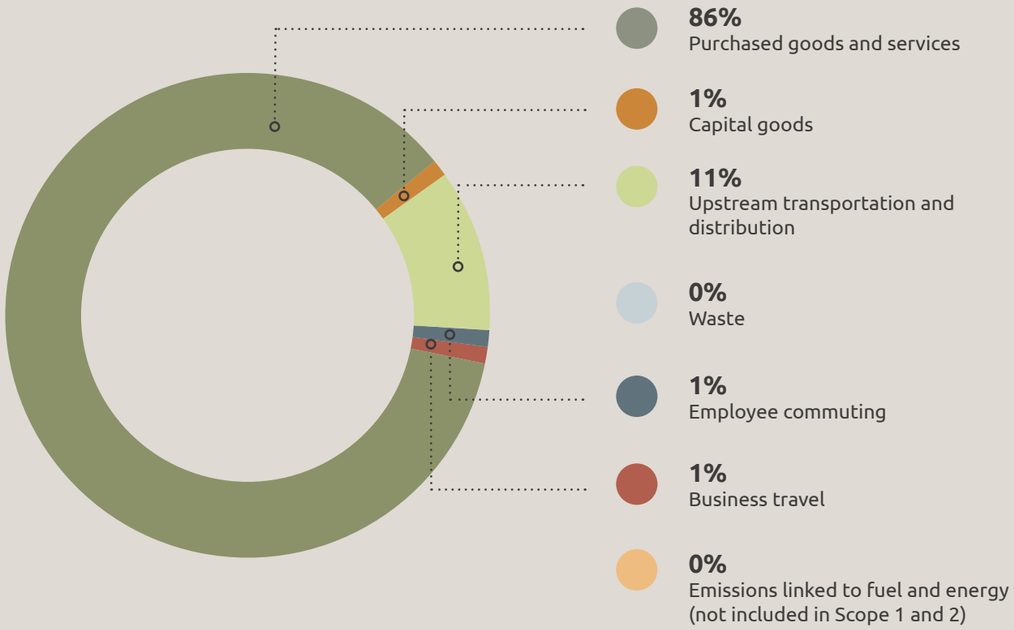
**100% of our electricity consumption in 2022 was covered by electricity from renewable sources.*
***In respect to GHG Protocol, category 3.9, which covers downstream transportation and distribution pertains solely to emissions resulting from the transportation and distribution of products after their sale, when they are not supported by the company. Since the Group in principle pays for the outbound transportation and distribution services, the outbound transportation and distribution services are not accounted for in category 3.9 but are instead classified under category 4 (Upstream transportation and distribution). This clarifies why there are no emissions documented in category 3.9 – Downstream transportation and distribution.*

Emissions

Breakdown of 2022 emissions



Allocation of 2022 Scope 3 emissions



How Isigny Sainte-Mère Cooperative, our main dairy partner, is lowering its carbon impact

Following COP27, and more than ever, we are deeply conscious of the impact of our products on the planet and specifically on climate change.

During 2021, H&H and Isigny Sainte-Mère Cooperative – our largest strategic supply partner for dairy, which represented 84% of our spend on dairy in 2022 – jointly initiated a 'Low carbon farms' programme to reduce the carbon impact of the 40 organic farms that supply organic dairy for Biostime France. This programme aims to mitigate GHG effects and encourage carbon sequestration. This initiative will contribute to the B Corp certification process for both H&H France and Isigny Sainte-Mère Cooperative.

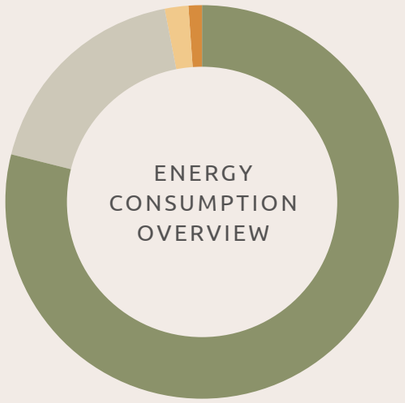
By the end of 2022, 20 volunteer organic farms had finalised their carbon emissions assessments through the diagnosis tool CAP'2ER®. The measure is science-based and conducted by technical experts, approved by French Government.

In November 2022, H&H France and the Isigny Sainte-Mère Cooperative organised training with the Chamber of Agriculture of Normandy for the organic dairy farmers to better understand their carbon footprint and share farming practices with impact on carbon emissions. During the session, the 24 farmers attending identified four main topics of interest – namely, animal health, heifer rearing, electricity production and agroforestry – to reduce GHG emissions. These topics will be incorporated into the next training sessions to be held in 2023.

Measuring our emissions of NOx and SOx

In 2022, we requested Jnke Testing Institution, a qualified third-party testing institution to inspect the production of nitrogen oxides (NOx) and the possible emission of sulfur oxides (SOx) at our Changsha factory in China. Pursuant to the results of this inspection, the steam generator produces an estimated amount of 0.349 tons of NOx per year and the concentration of SOx emitted was almost nil. Those results are below stipulated emissions allowances by the local government.

OUR ENERGY CONSUMPTION



79%	18%	1%	2%
Manufacturing sites	Offices	Laboratories	Packing sites

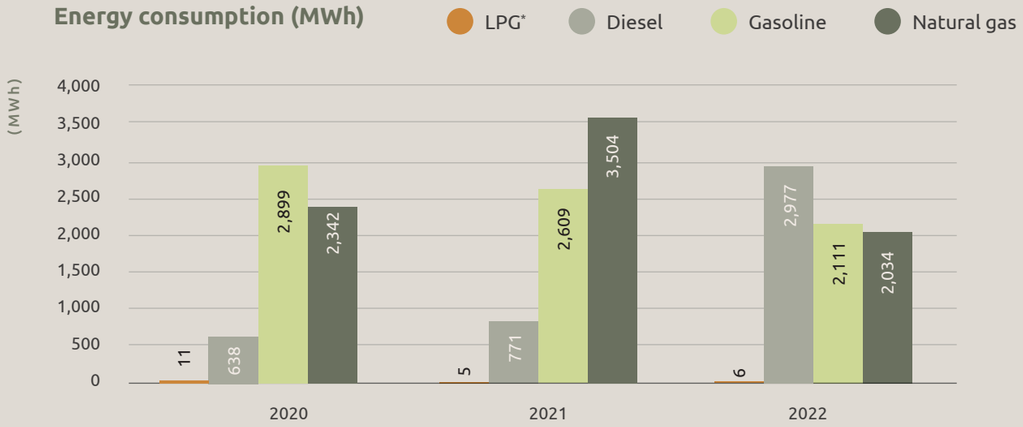
20,937MWh
Total energy consumption

1.62MWh per person
Per team member for our offices

0.24kWh per unit
Per unit produced at manufacturing sites

0.005kWh per unit
Per unit packed at packing sites

Energy consumption (MWh)



Our diesel and gasoline consumption comes mostly from backup generator consumption and professional vehicle consumption. In 2022, we included in our scope the fuel consumption from business travel with company cars for all geographies where H&H operates.

The share between gasoline and diesel consumption has also been reworked in 2022, leading to a small proportion of kWh initially allocated to gasoline being reallocated to diesel.

In 2022, we recorded a decrease in our use of natural gas in our Changsha facility thanks to the full recovery and use of the waste heat from the dehumidifier for energy.

**The conversion factor used between litres and kWh for LPG has been modified in 2022, using the UK Government conversion rate. In order to stay consistent within the years, the same conversion rate was applied for 2020 and 2021 within this Report.*

Reducing our energy use in our manufacturing sites

In 2022, we continued to implement energy efficiency projects in our manufacturing site in Changsha, China. Two of the projects are described below.

Central air conditioning natural cooling energy saving project: the addition of plate heat exchangers to the central air conditioning system of our Changsha factory, allowing us to adapt to seasonal cooling requirements, and saving approximately 204,000kWh of electricity per year by deactivating the air conditioning main engine when the weather is cooler in winter and from winter to spring.

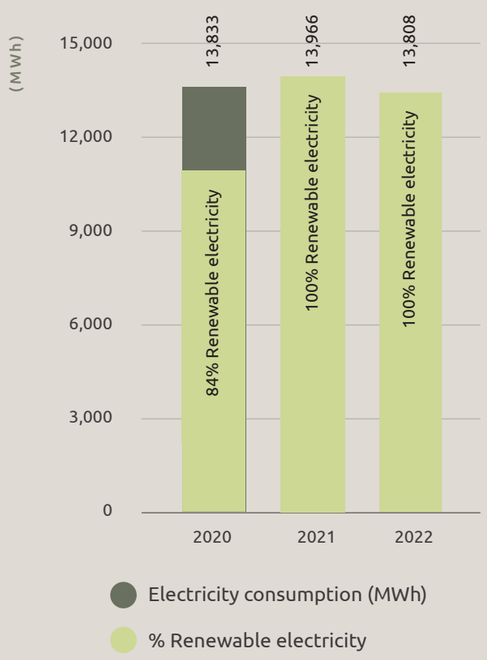
Replacement of the outer partition of the air conditioner in the Changsha office area: we replaced the cooling equipment of the air conditioning system in the office area of our Changsha site to improve heat dissipation performance, increase cooling capacity, shorten air conditioning running time, and save approximately 13,334kWh of electricity per year.

Our electricity consumption per unit produced in our owned manufacturing sites has been reduced by 13.23% in 2022 compared to 2021. The reduction reached -15.13% when we only take into account our factories in mainland China.

The total electricity consumption was 13,808 MWh in 2022, corresponding to a 1.1% decrease compared to 2021.

In 2021, electricity consumption data from Chinese rented offices was only partially collected. In 2022, data from rented offices was either directly collected or extrapolated based on number of employees to provide the full electricity consumption picture from offices.

Electricity consumption



100% of our electricity consumption was covered by electricity from renewable sources

We either purchase Energy Attributes Certificates, which include Renewable Energy Certificates (RECs), switched to renewable energy options provided by local utilities, or have self-generated (on-site) energy (from our photovoltaic solar panel farm located on our facility in Guangzhou).

OUR WATER STEWARDSHIP

Water management

Our first focus regarding water protection is on our operational sites, recognising that most of our sites across the world are corporate offices and have limited water use. In 2022, we launched water conservation initiatives at our operational facilities and reduced our water use by 18.9% per unit produced in our owned factories of Guangzhou, Changsha, and Auburn in Australia (representing 92% of the Group's water consumption). Those results are driven by an increase in the number of units produced in those factories while our water consumption remained stable compared to 2021 thanks to, among other factors, our conservation efforts. Our ongoing efforts to find solutions for conserving greater amounts of water will be sustained in the years to come.

In addition, whether in our operation sites or in our offices, all our team members are encouraged to make a conscious effort to reduce their water use.

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

Our efforts also focus on engaging with our supply chain to manage and reduce their water use. Pursuant to our Supplier Code of Conduct, we expect our suppliers to implement and maintain a water management system or similar process to measure, manage and minimise adverse environmental impacts.

56,905kL
Total water consumption

1.70kL per person
Per team member for our offices

757mL per unit
Per unit produced at manufacturing sites

43.11mL per unit
Per unit packed at packing sites

Water use reduction of 18.9% per unit produced in our owned manufacturing sites

Reducing our water consumption in our factories

In 2022, the Group launched water conservation initiatives, beginning with our factories in mainland China. We enhanced the water system of our Guangzhou factory to better control the liquid level in the storage tank, extend the storage time of purified water and reduce the frequency of emptying the buffer tank (while always ensuring that the quality indicators of purified water do not change significantly and are in line with the requirements of the specification). We estimate that it could save 5,566t of tap water annually.

In addition, we changed the cleaning method and frequency of the equipment of our Guangzhou factory to dry cleaning. We estimate this could save 2.5t of water per day.

We also launched a "Save water" campaign in factories, reminding our team members to reduce water consumption, including in their daily lives. We also replaced the faucets with automatic faucets and turned down the flow rate by 20%.

We will implement additional water conservation measures in the coming years, including recycling the purified water we use for processing and for air conditioner cooling.

Water consumption

Rationale for the 2022 changes of perimeter and assumptions

In 2021, the water consumption from Chinese rented offices were only partially collected. In 2022, the full perimeter of rented offices was either directly collected or extrapolated based on the number of team members.

For all other offices where activity data was not accessible, extrapolation has been applied using average water consumptions hypothesis in the concerned geographies.

OUR APPROACH TO WASTE MANAGEMENT

Waste management

We are aware that avoiding the generation of waste in the first place and minimising waste are crucial measures in any waste management and reduction strategy. As such, our team members are encouraged to make a conscious effort to reduce waste. When waste has been generated, our team members are requested to recycle where possible and to employ special streams of reusing waste, e.g. composting organic waste or collecting batteries separately for proper recycling. We have procedures in place at site level which cover how team members should use resources more efficiently (including in order to limit paper, food or water waste) and dispose of waste guiding them on proper recovery or recycling measures when they are available.

In 2022, we continued to update our waste classification labels and promotional pictures on the updated waste management procedure of our Guangzhou and Changsha facilities to ensure that our waste is sorted according to four categories – hazardous waste, recyclables, food waste, and other waste – and is treated properly. In 2023 and beyond, reducing our waste will remain a major focus. Waste reduction has been included as one of the ESG KPIs of one of our senior executives and is recognised as collective responsibility of all our team members.

Our efforts also focus on engaging with our supply chain to manage and reduce waste. Pursuant to our Supplier Code of Conduct, we expect our suppliers to implement and maintain a waste management system or similar process to measure, manage and minimise adverse environmental impacts.

Finally, we are very conscious of our role in minimising the waste generated by our packaging or increasing its recyclability, notably at the end of the life cycle of our products. During our product development process, we implement systematic measures to reduce waste at source or improve materials recovery. Please see the ‘Innovation’ and ‘Packaging’ sections of this Report for more details on our committed journey to improve the sustainability of our packaging.

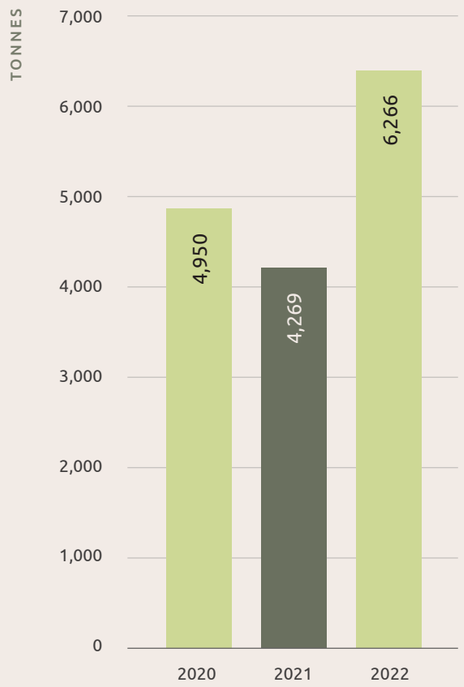
6,266t
Total waste

595kg per person
Per team member for our offices
Non hazardous waste: 594kgs/FTEs
Hazardous waste: 668g/FTEs

67g per unit
Per unit produced at manufacturing sites
Non hazardous waste: 66.74g/unit
Hazardous waste: 0.02g/unit

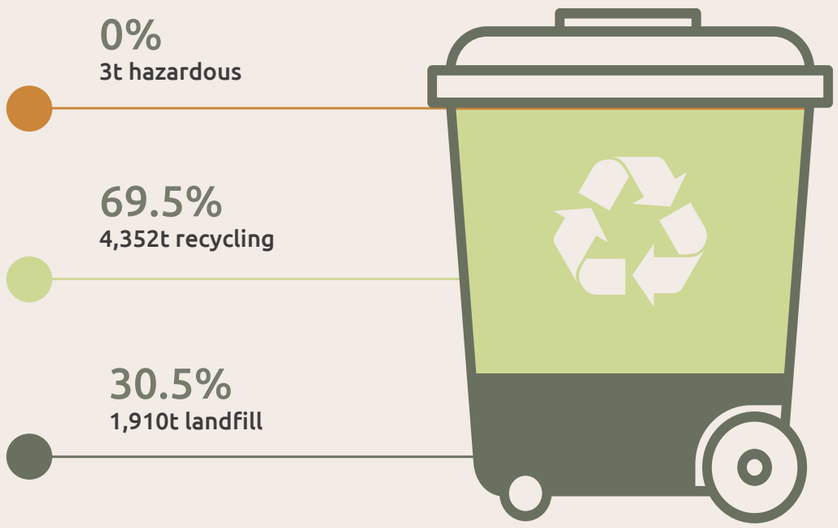
25g per unit
Per unit packed at packing sites

Breakdown of waste per year



In 2022, the total volume of waste (tons) increased by 56% compared to 2021 due to a change of waste classification and perimeter compared to 2021. In China, we classified all recycling waste into recycled, instead of landfill. Moreover, in Australia, the waste associated with co-manufacturers in Sydney and Melbourne was considered in 2022 within the Group’s footprint, following the GHG methodology regarding the operational control the Group has over its co-manufacturers. We included this waste for the calculation of the intensity at our manufacturing sites.

Breakdown of waste types per volume (2022)



CLIMATE-RELATED RISKS AND OPPORTUNITIES

Assessing the climate-related risks and opportunities of a company is crucial for combating climate change, supporting the transition to a low-carbon economy and ensuring its resiliency to both those changes. Recognising this, we have completed in 2022 a comprehensive mapping of potential impacts of climate-related risks and opportunities on our Group's business.

We followed the recommendations of the Taskforce on Climate-related Financial Disclosure (TCFD), a voluntary reporting framework for companies to consistently report climate risk to investors. The process for identifying the potential climate-related risks and opportunities has been elaborated considering the specificities of climate-related risks and opportunities, integrating external scenarios from recognised institutional sources and consultation with internal stakeholders

We assessed the following risks:

	Risks description	Timeframe	Potential impact
Physical risks *(Risks which arise from the chronic evolution of climatic regimes as well as from the increased frequency and intensity of climate hazards and extreme events. Such modifications can damage products and infrastructures, and disrupt their sourcing and their commercialisation.)*	**Extreme heat events and heatwaves**	Medium term	• Sourcing of milk hindered as heat stress is known to negatively impact the quantity and quality of milk production. • Increased operating costs due to increased air conditioning needs to maintain workers wellbeing and productivity, as well as products integrity.
	Agricultural and ecological droughts	Medium term	• Increased price or shortage of raw material ingredients due to negative impacts on crop yield.
	Heavy precipitations and pluvial floods	Short term	• Disruptions of the logistics activities, increasing the delivery time of products to our clients, and increasing transportation costs. • Storage infrastructures damaged, with potential impacts on the integrity of products.
	Wildfires	Short to medium term	• Impacts on operated infrastructures and logistics flows.

	Risks description	Timeframe	Potential impact
Transition risks *(Risks which arise from the rapid implementation of GHG mitigation measures that are necessary to transition to a low carbon economy and society. The fight against climate change is expected to require the introduction of stringent regulations, to provoke rapid market evolutions and to be driven by shifts in customer preferences.)*	**Carbon pricing policies**	Key sectors already covered in Europe, China and in some areas of the United States Extension in short to medium term	Increased costs of: energy intensive raw materials (aluminium and chemicals); transformation and manufacturing processes; and transportation and logistics.
	Regulations targeting specific practices (Examples: development of requirements to reduce the use of plastic and favouring the reduction of packaging; current restrictions introduced for thermal car circulation in city centres could become more mainstream, requiring a faster shift to electric vehicles for 'last mile logistics.')	Medium term	Increased operating costs to adapt our practices.
	Shift in customer preferences	Short term	Decreased demand of products that have a particularly negative impact on climate change.
	Reputational challenges	Emerging trends identified Mainstreaming in a longer term	Stigmatisation of products that have a particularly negative impact on climate change.

The pressure stemming from climate risk also creates significant opportunities for H&H to align our strategies with the direction of climate change.

We identified several opportunities that can lead to future cost reductions and to higher performance:

- The development of new low carbon products represents an opportunity to ensure new revenue lines and position the Group's brands as front-runner in the eye of the consumer. We anticipate that the burgeoning interest among consumers in sustainability could lead to an increased demand for vegan-friendly products in our key markets in the medium term, reason for which we developed a plant-based strategy to widen the range of offering in all product segments.
- The use of more efficient transportation and distribution could contribute to reducing transportation costs in the context of potentially higher fuel prices.
- The use of more efficient and lower carbon production processes is assessed to play a key role in mitigating energy and carbon pricing costs, leading to an increased competitive advantage in the short term. The engagement of our suppliers on the improvement of their energy efficiency and for their renewable energy sourcing could play a role in harnessing this opportunity.

The ambition of our Group's climate strategy is a key lever to manage the identified risks and maintain a competitive advantage in our sector.

- The use of financial incentives is an opportunity that we have already been harnessing in the form of our sustainability-linked loan. Carbon finance, providing with remuneration of practices allowing to reduce emissions or sequestrate carbon, could also be harnessed to improve the competitivity of key ingredients sourcing – such as milk.

Following the mapping of our climate-related risks and opportunities, we initiated an in-depth analysis of the resilience of our activities regarding one of the material climate-related risks identified: the potential impacts of carbon pricing policies on various segments of our value chain. For the purpose of this climate scenario analysis, we have focused on two scenarios: (i) a business-as-usual scenario, where the carbon pricing mechanisms remain relatively similar to what is already in place as of today; and (ii) a steep decarbonation scenario, where carbon pricing mechanisms are rapidly mainstreamed around the globe at significant price levels, driving a rapid decrease of GHG emissions. This analysis will inform our climate strategy, both with respect to our direct operations and in collaboration with stakeholders across our value chain.

HONOURING HUMAN RIGHTS AND FAIRNESS

We protect human rights as the foundation of health and happiness.

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

We respect and enhance human life in our workplaces.

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

2022 HIGHLIGHTS

4 Great Place to Work awards won in 2022

Listed in the 2022 Australia's Best Workplaces for Women

All team members globally have access to health and wellbeing initiatives and benefits

Launch of our Global DE&I Statement

Global Parental Leave Statement published

INTRODUCTION

Our philosophy of health and happiness begins with the people touched by our business – encompassing both our team members employed by the entities within the Group and the people within our supply chain. We recognise our people are one of our greatest assets and protect their basic human rights as the foundation of health and happiness.

At H&H, honouring human rights and fairness includes but is not limited to:

In 2020 we launched our H&H Code of Conduct across all markets, and in 2022 we continued to embed this across the business to ensure education and alignment to the Code. The H&H Code of Conduct 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 unites us as One Big Team and helps to ensure cultural consistency across all our regions while 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, remuneration and wellbeing as well as compliance with relevant regulations. They are committed to promoting diversity, inclusiveness, fair recruitment, employee retention and development. At all stages of talent development, we assess, give feedback, develop, reward, and promote our talent using the following three factors.

- **Ability –** technical skills and experience.
- **Influence –** how we behave, in line with our five key values – Power Our Passion, I Trust You, Let's Be Brave, One Big Team and Celebrate Life Every Day (CLED).
- **Drive –** our mindset and how we think – we encourage all team members to think like a disruptor and an owner.

In 2020, we introduced our AID Talent Management framework (incorporating the key attributes of ability, influence and drive listed above) to help us in assessing, developing and rewarding our team members. We embedded this across most areas of the talent cycle throughout 2021 and 2022 and will continue this during 2023. The framework helps us to assess and target development opportunities, and then reward and recognise our people based on the three core areas of ability, influence, and drive. We apply this AID framework through our recruitment process as well as performance reviews. No area is more important than the other and it ensures we don't focus too much on one, to the detriment of the other. This framework ensures consistency and fairness in how we recruit, develop and reward our people to ensure equal opportunity and outcomes for all. It has elevated our approach to attracting, engaging, and growing our talent in a personalised way.

TLAD! Think like a disruptor!

A 'Think Like a Disruptor' mindset means:

- challenging traditional approaches
- keeping our consumers at the centre of our thinking
- embracing opportunities to LGI – Learn Grow Improve
- being curious and bringing innovation to your area of the business.

TLAO! THINK LIKE AN OWNER!

A 'Think Like an Owner' mindset means:

- being proactive in seizing opportunities
- being accountable to do what we say we will
- acting decisively to make the most of opportunities
- taking other team members on the journey with us.

The below diagram shows the cycle of how we aid talent at H&H Group

Drawing on our internal talent pool to fill High Performance Teams; filling vacant and upcoming roles

- Talent mapping and succession planning

Finding the talent needed now and for the future

- Talent attraction process
- Talent attraction tools
- Employer branding

Competitive rewards

- Annual remuneration review and half-yearly Short-Term Incentive Plan (STIP)
- Recognition of Actions Speak Loud nominees
- Recognition of H&H Heroes

Setting our team members up to understand AID and how they are performing

- Orientation reviews
- Team member handbook
- Learning (Hub)
- Values competencies
- Drive descriptors

Developing individuals to drive performance and engagement

- 360-degree performance reviews
- Ability + Influence x Drive (AID) assessment tool

RECOGNISING OUR TEAM MEMBERS

In 2022, we launched our first Global H&H Hero Awards to celebrate the achievements of our team members. These awards are an extension of our regional awards and recognise and celebrate our incredible H&H Heroes from around the world. The nominations come from our Actions Speak Loud programme (that commenced in 2021) and are then shortlisted for our H&H Executive Committee to decide on the standout nominees. Each award is aligned to our values (Passion, Bravery, Trust, Celebrate Life Every Day (CLED) and One Big Team) and celebrates individuals who have contributed enormously to our culture and business performance. These awards will continue in 2023.

EXTERNAL AWARDS AND ACCREDITATIONS

We continuously strive to elevate the experience and positive impact we can have on our people. These prestigious awards and certifications give us a benchmark of what exceptional looks like.

- Certified Great Place to Work 2022 (North America)
- Certified Great Place to Work 2022 (Australia and New Zealand)
- Certified Great Place to Work 2022 (UK)
- Certified Great Place to Work 2022 (Italy)
- Best Workplaces for Women 2022 (Australia and New Zealand)
- 2022 Best Experience Employer Award by Mr. Offer (mainland China)
- 2022 Favourite Employer Award by Shixiiseng (mainland China)
- 2022 Extraordinary Employer Award by Liepin (mainland China)
- 2022 Employer Branding Exemplary Award by Dayee (mainland China)
- 2022 Digital Intelligence Talent Development Outstanding Case Award and 2022 Corporate Culture Outstanding Case Award by Knx (mainland China)
- 2022 Talent Development Award for Outstanding Programme by Training Magazine (mainland China)
- 2022 Best E-Learning Management Award by GuangHua (mainland China)

WORKING CONDITIONS AND ADDITIONAL BENEFITS

All 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 health and wellbeing benefits to our team members across the regions, including team fitness classes, gym allowances, vaccinations, healthy team lunches and guided meditations. Our regional People and Culture teams determine the best health-related benefits that are relevant for team members in each location.

We also offer life insurance, parental leave, retirement provision, health care and disability and invalidity coverage, all helping to keep our team members healthy, happy, and financially secure. In 2022 we spent USD1.25 million* on health and wellbeing for employees globally. Examples of health and wellbeing activities include in-person and virtual exercise classes, healthy snacks and meals, presentations from external providers and medical health checks in some markets. The decrease in this budget compared to 2021 (where it reached USD1.66 million) can be partly explained by the different situation and control measures regarding COVID-19 in mainland China.

In 2022, we had no incidents of non-compliance relating to compensation, recruitment, promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare and national labour laws and standards. In 2022, we had no cases of unfair dismissal.

** Please note this figure does not include medical insurance coverage provided in some markets.*

FINANCIAL SECURITY

Our benchmark for remuneration is often set far above the minimum requirements. We ensure that every team member is paid a fair wage. We monitor market rates in all 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 benchmarked salaries and bonuses for meeting or exceeding goals and targets.

Salaries are reviewed at least once per annum, with consideration given to the competitive market rate and the individual's role, responsibilities and performance. Salary increases are then calibrated amongst senior managers to ensure a fair and equitable process and assessment against our AID Talent Framework.

In 2022, all the team members in France were covered by collective bargaining agreements. In China, 85% of our team members were covered by unions (however, not specifically collective bargaining arrangements). We did not employ team members under collective bargaining arrangements in any other regions.

Annual total compensation ratio

In 2022, the ratio of the annual total compensation for the Group's highest-paid individual to the median annual total compensation for all team members (excluding the highest-paid individual) was 42:1. The corresponding ratio of the percentage increase of their annual total compensation was -7:1. The cessation of the Group's Chief Executive Officer duties announced in September 2022 impacted both the ratio of annual total compensation and the ratio of the percentage increase.

For the calculation of the annual total compensation ratios, the annual base compensation (excluding long term incentive plans) of all the employees in service on 31 December (excluding part-time, intern and outsourced staff) was considered.

TURNOVER AND RETENTION

AUSTRALIA AND NEW ZEALAND	ASIA (EXCLUDING MAINLAND CHINA)	CHINA	EUROPE	NORTH AMERICA	GLOBAL
17% OVERALL	**30%** OVERALL	**24%** OVERALL	**46%** OVERALL	**30%** OVERALL	**25.2%** OVERALL
BY GENDER					
17% Male	**36%** Male	**28%** Male	**44%** Male	**33%** Male	**28.7%** Male
17% Female	**27%** Female	**21%** Female	**47%** Female	**28%** Female	**23.2%** Female
BY AGE					
26% <30 years	**25%** <30 years	**30%** <30 years	**48%** <30 years	**36%** <30 years	**31.5%** <30 years
15% 30-50 years	**33%** 30-50 years	**22%** 30-50 years	**47%** 30-50 years	**25%** 30-50 years	**23.2%** 30-50 years
13% >50 years	**0%** >50 years	**0%** >50 years	**27%** >50 years	**43%** >50 years	**21.3%** >50 years

While turnover (including both voluntary and involuntary exits) remained higher than expected for 2022, we saw a 1.2-point decrease in overall turnover rate (25.2%) compared to 2021 (26.4%). Three out of five regions – namely, Australia and New Zealand, Asia excluding mainland China, and North America – recorded a reduction in their turnover compared with 2021 rates. The turnover rates for female team members also dropped considerably in these three regions. The mainland China rate remained unchanged in 2022 (compared with 2021). The turnover rates for our male team members also dropped in three out of five regions: Australia and New Zealand, mainland China and North America.

These promising results can be attributed (in part) to our ongoing focus in seeking feedback and insights into why our people may choose to leave and putting these learnings into action. In addition, ways of working and expectations of team members have shifted post pandemic and therefore our approaches have shifted to engage and retain our talented team members. We have embraced hybrid working, put a focus on internal progression and career pathways, and cultivated our culture of trust and empowerment.

The higher turnover rate in Europe in 2022 has been influenced by restructuring efforts implemented in the UK and France.

We continuously monitor employee retention, seeking to understand why our employees sometimes choose to leave. We will be putting plans in place to ensure these turnover rates continue to decrease in 2023 and beyond.

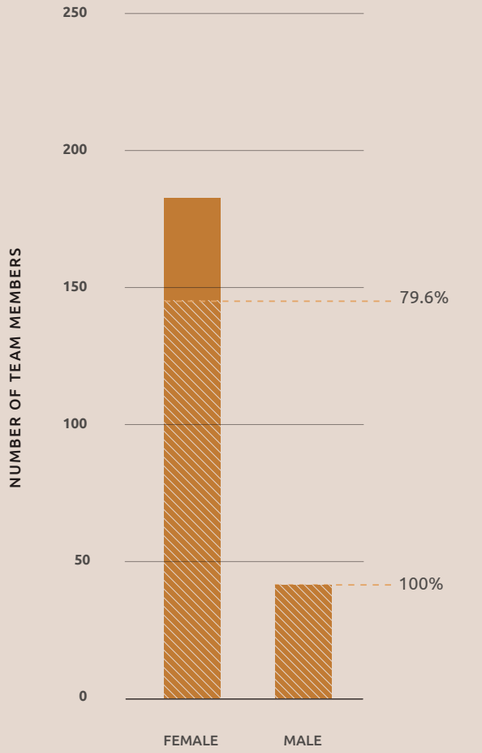
PARENTAL LEAVE

We report on parental leave and return to work rates as a means of measuring how we are supporting employees 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 team members are entitled to parental leave, although the eligibility criteria and amount available varies from region to region.

We go beyond regulatory requirements in two of our five regions – Australia and New Zealand and Europe/United Kingdom – in providing additional paid leave or financial support. We also see this is as a way of supporting gender equality across our operations.

In 2022, we launched our Global Parental Leave Statement which conveys H&H Group's stance on parental leave and our support for team members planning to take either primary or secondary parental leave. As the Group operates at an international level, team members refer to their local policies for guidance as it may vary from region to region.



In 2022, we launched our Global Parental Leave Statement which conveys H&H Group's stance on parental leave and our support for team members planning to take either primary or secondary parental leave.

DIVERSITY, EQUITY AND INCLUSION

Driving a diverse, equitable and inclusive culture has always been important, but has become a more pivotal focus for H&H Group in recent years and integral to our sustainability strategy.

Our aim is to promote and support the representation and participation of different groups of individuals across the full breadth of diversity. In doing so, we acknowledge and seek to address the structural inequities that create disadvantage, whilst creating an environment whereby all team members feel they can bring their authentic self to work and, as a result, feel a sense of belonging within our Group. We recognise that a strategic focus on DE&I enables our team members and Group to perform better and compete in the interest of advancing health and happiness. We see supporting DE&I as a key enabler for driving innovation and value because it enables us to solve problems more creatively, which in turn leads to better health outcomes and promotes a better quality of life for all within our community.

We are fortunate our One Big Team offers a vast range of talents, backgrounds and insights. It is the driving force behind our innovation, collaboration, and creativity. In 2022, we launched our first Global DE&I Statement which defines our commitment to cultivating a workplace culture and experience that embraces DE&I, whereby everyone is treated with dignity and respect.

New global diversity and inclusion programme #IamRemarkable

In 2022, under the staunch endorsement of our CEO, we launched our #IamRemarkable diversity and inclusion programme which is part of a global movement created by two female employees at Google to empower women and other underrepresented groups to celebrate their achievements in the workplace and beyond.

The China team hosted two virtual workshops while the London team welcomed an external facilitator to conduct our first in-person #IamRemarkable workshop to team members from the UK and Europe offices. The Australia team also conducted an in-person workshop at the Google offices in Melbourne. Our Asia team (excluding mainland China) completed three online workshops covering over 75% of team members across the region. After the success of these workshops, we will be further rolling out the initiative across all H&H offices globally in 2023.

In 2022, we launched our first Global DE&I Statement which defines our commitment to cultivating a workplace culture and experience that embraces DE&I, whereby everyone is treated with dignity and respect.

CLEW Committee

Our Australia and New Zealand region has been leading the way for the broader Group in the diversity and inclusion space by establishing a 'CLEW' committee which signifies 'Celebrate Life Every Way' and is linked to our core value of 'Celebrate Life Every Day'.

Established in 2018, CLEW comprises 26 team members who have volunteered to help foster our DE&I culture. There are six sub-pillars that the team focus on and there is a strategy and a roadmap for improving across each pillar.

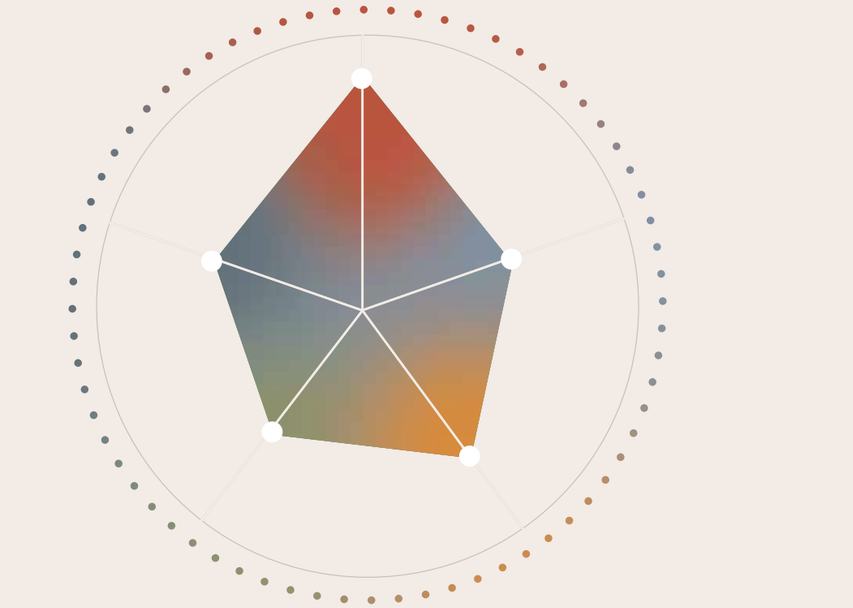
In 2022, the CLEW committee was showcased by our People and Culture teams to recruit a global CLEW champions network to help embed these initiatives, take accountability for the delivery of work, and receive feedback and insights to continuously evolve and improve. We have also implemented more structure to how we maximise the champions network and will be sharing these learnings with the other regions.

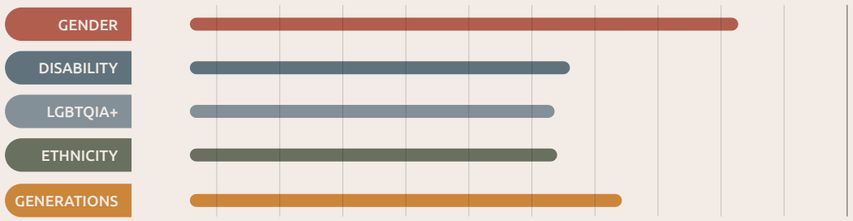
Measuring our diversity, equity and inclusion impact

In 2022, we collaborated with Mixity, a 'Tech for Good' start-up, leader in measuring, monitoring and promoting diversity and inclusion impact in the workplace, to assess our DE&I footprint at H&H Group.

The Mixity assessment included five key categories based on 2021 H&H Group data:

- gender equality
- disability
- ethnicity and multiculturalism
- generations
- LGBTQIA+.





This footprint represents our maturity scores across the different dimensions. Branches close to the outer points mean the Company is meeting Mixity's diversity and inclusion policy expectations.

Our global DE&I footprint by dimension

Gender	Disability	Ethnicity	Generations	LGBTQIA+*
84%	57%	56%	65%	56%
72%: average score of all companies	57%: average score of all companies	56%: average score of all companies	60%: average score of all companies	57%: average score of all companies

**Only data for Europe, Australia and New Zealand, and North America*

Mixity highlighted several DE&I achievements and best practices at H&H, including:

- a CLEW committee in Australia and New Zealand, based on five pillars, to develop DE&I initiatives and programmes
- 100% of managers in Australia and New Zealand and 100% of recruiters in the US have been trained on non-discrimination
- a gender pay gap of 0.29% in comparable situations in Europe
- partnership development with associations that actively promote and support ethnic, cultural and social diversity in Asia, Australia and New Zealand, and Europe
- balanced age pyramids in Europe and the US
- HR policies adapted for LGBTQIA+ employees across Australia and New Zealand, and Europe.

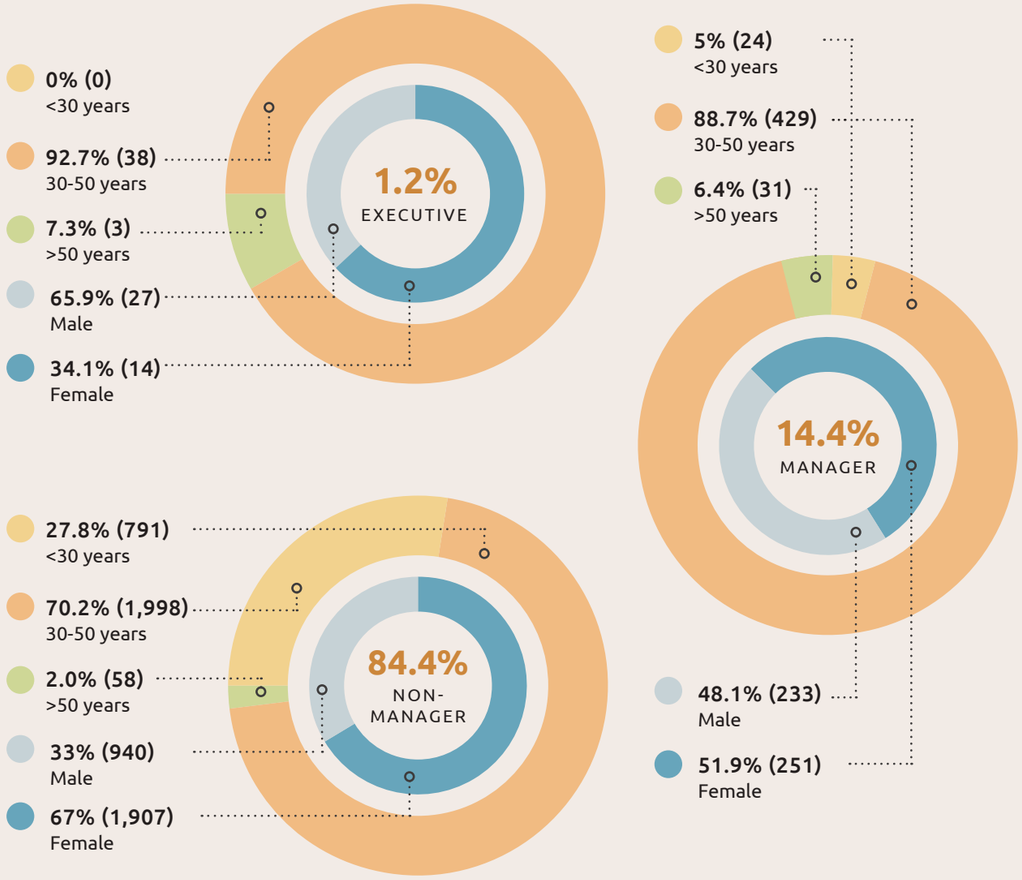
We will continue our collaboration with Mixity to re-assess our global and regional DE&I footprint in 2023 based on our 2022 data.

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 is consciously trying to avoid this, we know that there may be unconscious bias. All our regions except mainland China (where LinkedIn is not available) use LinkedIn as a proactive search tool and the tool supports 'blind' CV/profile reviews by removing a candidate's name to ensure no unconscious bias based on an individual's name that could infer their gender, nationality or race.

Team members by level, age bracket and gender

Numbers are by FTEs at the end of the reporting period



Our websites made more accessible

H&H is committed to accessibility, diversity and inclusion. As such, we believe all of our consumers and the general public should be able to access our websites.

In 2022, we deployed solutions to offer an inclusive and equal experience for all people, when they visit our websites. Our Zesty Paws and Group websites are both equipped with toolbar accessibility interfaces. Those interfaces aim to ensure an excellent user experience, regardless of the assistive technology being used to access the site or the specific abilities of those individuals seeking access to the site. We aim to expand those accessibility solutions to our other brand websites.

HEALTH AND SAFETY

Our Global Health and Safety Policy has been implemented at all sites across the world, covering 100% of our team members, since 2020. The Policy covers how to raise and manage health or safety risks, and how to log and manage incidents. It is available on our Group website.

In September 2022, our facility in Guangzhou became certified ISO 45001 (Occupational health and safety management systems) and we plan to have our factory in Changsha certified in 2023. This certification shows our commitment to provide a safe and healthy workplace for our team members.

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 in 2022.

In 2022, we had no work-related injuries. There have been no fatalities at H&H for as long as we have been reporting, since 2017.

Safety in 2022

- No fatalities reported
- No work-related injuries
- No acute, recurring, or chronic health problems caused by work conditions
- No incidents of non-compliance with laws and regulations relating to safe working environments and/or protecting team members from occupational hazards
- Health and Safety Committees operating in Australia and New Zealand, Singapore, mainland China, Europe and North America
- Our facility in Guangzhou is certified ISO 45001 for Occupational Health and Safety management systems
- 100% of team members in Europe and mainland China received training on Occupational Health and Safety (OH&S)

In Australia and New Zealand, our OH&S training covered aspects relevant to different types of work. For example, for office- and home-based team members, this includes an office tour including fire exits, what to do in case of fire, and who our fire wardens and first aid trainers are (there are also posters on every floor with these team members and their contact details). For employees who work from home (or those who work hybrid), this includes how to ensure an ergonomic setup and how to report health and safety risks. For our Sales Field team, they receive training specific to driving and being on the road in their cars, which is delivered by a specialised training provider. For our teams based onsite at our packing facility, this includes training specific to the site and may include job-based training on driving and managing equipment (i.e. forklifts). We also have mental health first aiders across our Australia and New Zealand team ready to support our team members if and when needed.

MODERN SLAVERY

H&H has a Modern Slavery Statement which we review and update each year. This Statement covers H&H Group and our operational entities globally. It outlines the actions we have taken to reduce the likelihood of modern slavery across our business, such as (but not limited to): identifying material risks and topics – launching and rolling out our Supplier Code of Conduct (which includes a section on our stance on human rights and freely chosen employment); implementing a formal process for carrying out due diligence across our direct suppliers; and pursuing our B Corp certification journey. Our suppliers must sign the Supplier Code of Conduct when the supply relationship commences and follow the guidelines within this to continue partnering with us.

HEALTH AND WELLBEING TO SUPPORT OUR TEAM MEMBERS' WELLNESS JOURNEYS

At H&H, we provide opportunities to all team members to celebrate and share what wellness means to one another, as it is a very important part of our Company's culture. We not only want to ensure our consumers and customers are healthy and happy, but also our team members. During the second week of June 2022, all H&H team members celebrated Wellness Week. This awareness week provided us with the opportunity to partake in a wellness activity each day, a Group-level movement goal, mindful music, tasty and nourishing recipes shared by our team members, worldwide workouts, and tips and advice to nourish and support our bodies, ecosystems, and communities. Each activity brought one of our three wellbeing pillars – Nutrition, Movement and Mind – to life. Wellness Week was a great initiative that enabled all team members to become even healthier and happier, and encouraged us to participate and incorporate activities into Wellness Week and beyond.

HONOURING HUMAN RIGHTS AND FAIRNESS

Connecting our One Big Team in 2022

At H&H, we know the importance of connecting in person. In 2022, our Australia and New Zealand, North America and China teams each came together as One Big Team in person for the first time since the pandemic.

Our Australia and New Zealand team members' inaugural One Big Team Retreat was a two-day, all-business offsite event with the theme 'Limitless', held at Cape Schanck RACV resort in Victoria, Australia.

During the time away from 'day to day' business operations, the team was encouraged to connect with each other over team activities such as a gala dinner, nature walks, golf, yoga and meditation. Throughout the retreat, the team heard from external keynote speakers on topics such as innovation, creativity, motivation, bravery and fear. Our H&H leaders also shared stories about the power of showing vulnerability, in fostering team connection and having courage in business situations. We also launched our Reconciliation Action Plan to the whole business, with a smoking ceremony hosted by an Indigenous Elder of the Land.

The North America PNC commercial team also got together for a three-day in-person meeting in Orlando, Florida. The focus was on how to tackle ambitious sales targets for the year and the session provided a prime opportunity to talk about the team's collective challenges, celebrate their wins and align on an action plan to drive strong performance in 2022 and beyond.

Our China team also had the opportunity to spend time together in August 2022 for a People and Culture development workshop. Forty-six of our local team members spent the day taking part in team-building activities, such as badminton, running, swimming and hula hooping. The purpose was to develop functional skills and learnings to apply to both professional and personal life.

TRAINING AND DEVELOPMENT

We provide team members with training and development opportunities through internal and/or external courses covering leadership, diversity, culture, and technical training.
Some key highlights include:

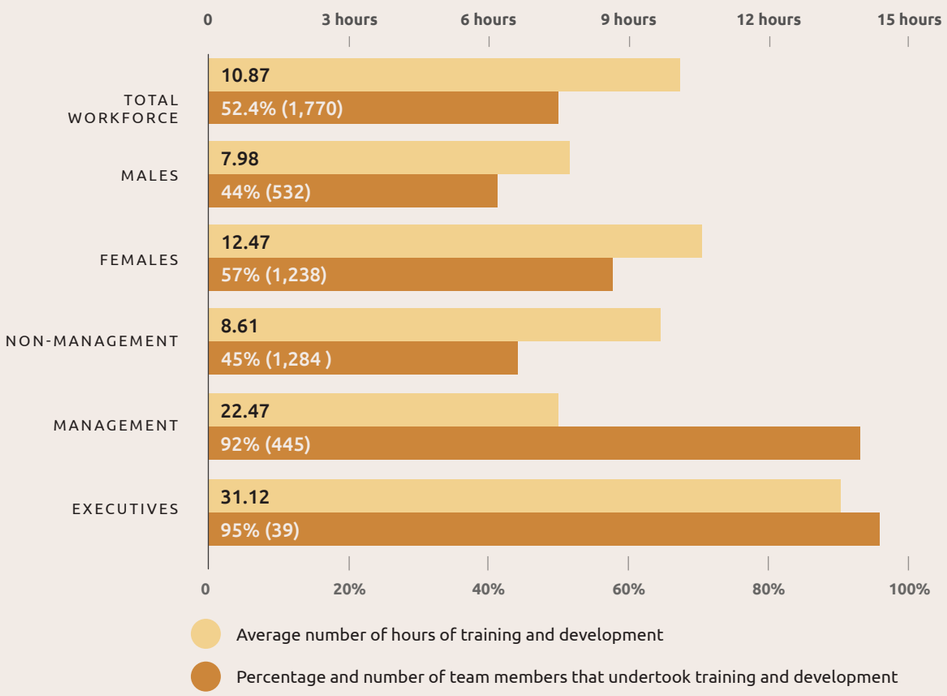
1,770

team members undertook training and development in 2022 (versus 2,514 in 2021) for a total of 36,663 hours (versus 32,290 hours in 2021).

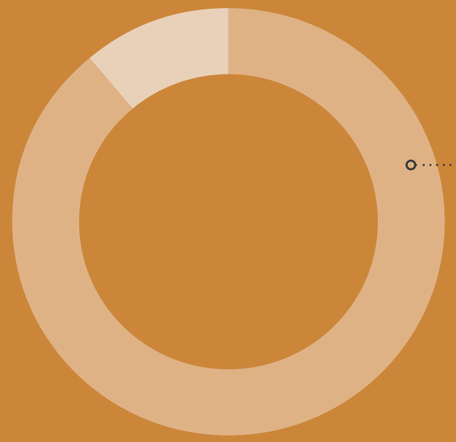
The substantial number of hours of training undertook by our team members (and its increase compared to 2021 whether it is in total or on average in all categories) demonstrates our commitment to the growth and development of our team. In mainland China (representing more than 77% of our team members), our training programme in 2022 focused on our managers and executives (whereas in 2021 it was focused on our non-management staff), explaining the reduced number of team members who undertook training in 2022 compared to 2021.

We also recognise that career opportunities and development are key retention strategies, so this focus will continue throughout 2023.

Training and development in 2022 by category:



The training and development information developed in this section does not include the data relating to the Annual Compliance Training for China.



86.8%

OVERALL SATISFACTION RATING FROM TEAM MEMBERS IN RELATION TO TRAINING AND DEVELOPMENT (VERSUS 88.92% IN 2021)

**Satisfaction has been calculated on a weighted average to give a true and accurate representation*

36,663 HOURS

Total number of hours of training and development undertaken across the Group

SUPPORTING GOOD GOVERNANCE

We make decisions taking all stakeholders into account, ultimately serving our purpose to make people healthier and happier.

We act with strong principles and put in place structures, processes and monitoring systems that work towards a sustainable future.

We monitor and mitigate risks and capture opportunities that support our mission.

We transparently share information relating to Company performance.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

OVER 99%

of our team members worldwide completed the Global Annual Compliance Training

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Continuously update and implement our Group Incident Management Policy and Privacy Impact Analysis Procedure

ETHICS, INTEGRITY AND TRUST

At H&H, our commitment to good governance shapes every aspect of the way we conduct business. It is essential in helping us to run our business responsibly and to set and fulfil the Group's vision and strategy on sustainability.

We advocate ethics, integrity and trust at the workplace and in our business relationships and firmly combat fraud or corruption, for such actions would greatly corrode Company interests, our healthy relations with staff and business partners, and ultimately the sustainable development of the Group.

To promote these values, we maintain a robust and comprehensive framework consisting of policies, internal auditing, awareness-raising initiatives and effective oversight of the Group's governance bodies for ethical standards.

Anti-fraud (including anti-corruption) policies

We are committed to building H&H as a fair and transparent workplace.

H&H Group strictly abides by laws and regulations on anti-corruption and anti-fraud (including regarding bribery, extortion and money laundering). Our Group Anti-Fraud Policy and Whistleblower Protection Policy are disseminated and easily accessible to our team members at all levels (including our senior executive team and Board), and all suppliers and business partners. The policies are published on our website and shared internally. Tailored regional procedures and policies were also developed for our major operation units in mainland China, Australia and New Zealand. Those policies set a uniform tone and principles in managing our anti-fraud practices, explicitly conveying our consistent zero tolerance approach towards any fraud or corruption. They are subject to periodical reviews based on the review requirements specified in the relevant policies.

These policies stipulate that the Group and its employees are all responsible for preventing any fraudulent actions including but not limited to corrupt practices (soliciting/accepting inappropriate commercial interests) and, disregard of conflict of interests, embezzlements or misappropriation of Company assets. Our Anti-Fraud Policy and Whistleblower Protection Policy clearly state the Company's authority to conduct anti-fraud investigations, the principles of reporting in good faith, and protecting whistleblowing.

Our Code of Conduct outlines the H&H Group ethical decision framework to help team members ensure they are making ethical decisions, while the Anti-Fraud Policy includes an extensive list of examples of actions constituting fraud or misconduct.

We fully support the WHO (World Health Organization) recommendations on breastfeeding and acknowledge the importance of the principles of the WHO International Code of Breast-Milk Substitutes (BMS) and subsequent relevant WHA (World Health Assembly) and commit to ensure our marketing practices are fully in line with our BMS policy and do not undermine the choice of mothers to breastfeed.

How to make the right choices

Always ask these questions and seek guidance if unsure

- Does it comply with laws and regulations?
- Does it comply with H&H Group policies and procedures?
- Is it aligned with H&H Group values?
- Will it protect H&H Group's reputation?
- Am I being truthful and honest?
- Would this be perceived as an ethical decision by a manager or someone I respect?

Our commitment to fostering a fair and transparent workplace across our H&H community extends to our suppliers and business partners. The scope of our anti-corruption standards for suppliers is defined in our Supplier Code of Conduct, which establishes our stance on compliance and integrity, and outlines our supplier anti-corruption and anti-money laundering principles. We state to suppliers that the Group has a zero-tolerance approach towards corrupt conduct, which can take many forms, including conflicts of interest, taking or offering bribes, blackmail, fraud or inaccurate business records.

The Supplier Code of Conduct clearly states that the Group complies with all respective laws of the countries and regions in which we conduct business. This includes the territories in which our supply partners do business also and it is expected that our suppliers will be equally committed to this.

As defined in our Supplier Code of Conduct, we also expect our suppliers to:

- comply with all relevant national and local legislation in regard to bribery, corruption, anti-trust, fair competition, and other prohibited business practices including implementing policies and reporting breaches appropriately
- comply with all relevant national and local legislation in regard to insurance
- manage risk, governance and compliance
- implement and maintain a grievance management process for employees and suppliers
- implement and maintain a whistleblower policy or equivalent process that prohibits retaliation or victimisation to whistleblowers
- implement and maintain a documented business continuity plan.

Based on our policies, when any fraud is substantiated, the relevant team members or parties are subject to appropriate disciplinary measures.

Oversight of ethics and corruption issues and independent role of the Internal Audit function

We apply the Three Lines of Defence model in our anti-fraud management approach.

Our Board, including its Audit Committee, and our senior executive team hold responsibilities for managing business ethics and corruption issues, as defined in their Terms of Reference and related policies. Our ESG Committee, dedicated to developing the Group's vision, objectives, targets and strategies related to business sustainability, also deals with ethics and risks and issues that may affect our operations.

The Group's Internal Audit function acts as the independent role of the Third Line in coordinating and conducting fraud investigations. This team directly reports to the Board's Audit Committee and the Group's senior executive team, so that they can be free from any interference when working to combat any potential fraud or corruption.

Our Internal Audit team conducts regular and risk-based audits focused on ethical standards and effectiveness of related controls. Post-review, the Group Internal Audit's recommendations to update policies, where necessary, are disseminated accordingly.

Our Internal Audit function performs quarterly audits for mainland China which is our largest market. These risk-based sample tests cover a variety of expense reimbursements, ethics and corruption issues, employees' claims of conflicts of interest, contracting processes and other fraud risk-related areas. The team then shares the results, and any remediation suggestions, to all mainland China team members.

The Internal Audit team's remit also includes special audit projects covering finance and internal controls, which cover ethical standards within each audit's scope.

Communication with the Board's Audit Committee

The Group maintains effective and straightforward communication with its governance body members on anti-fraud and anti-corruption.

Our Internal Audit function holds semi-annual meetings with the H&H Group Board's Audit Committee and H&H senior executive team to review their audit and anti-fraud and anti-corruption work. This team also reports the Group's anti-fraud and anti-corruption performance to the Audit Committee on a quarterly basis and on an as-necessary basis. This ongoing communication ensures the Audit Committee can effectively oversee the Group's practices pertaining to the Group's ethics and anti-fraud standards and practices. If there are significant fraud of corruption incidents, the Audit Committee then reports to the entire Board.

Anti-fraud and anti-corruption training

We attach great importance to continuously improving our team members' and business partners' knowledge and awareness on fraud and corruption and provide training using a variety of approaches.

In 2022, our team members across all five regions completed the Annual Compliance Training Programme, covering a wide range of compliance topics, including but not limited to the employee Code of Conduct, anti-fraud, finance compliance, anti-monopoly, information security, inside information and securities dealing, conflict of interest and compliance with our Responsible Marketing of Breast-Milk Substitutes Policy. More than 99% of team members successfully completed the training by the end of 2022 and acknowledged their conformity with the compliance requirements. This training programme is refreshed and has to be completed by all our team members* annually.

Our Directors are expected to comply with high standards of professional and ethical conduct. As part of our corporate governance practices, they receive a specific training on their fiduciary duties and responsibilities when they are appointed and on a continuous basis. They are also regularly informed and updated on Directors' duties including anti-corruption matters.

** Our contractors are also required to complete the training, depending on their job duties. The Annual Compliance Training is available and accessible to all team members.*

Over 99% of our team members completed our Global Annual Compliance Training on ethical behaviours and other compliance topics

Breakdown of team members' completion of compliance training in 2022 by region

AUSTRALIA AND NEW ZEALAND	ASIA (excluding mainland China)	MAINLAND CHINA	EUROPE	NORTH AMERICA
100%	100%	100%	100%	98%

Whistleblower reporting

Our Whistleblower Protection Policy outlines the multiple whistleblowing channels available to all team members and business partners, including our supply chain. It also outlines our measures to protect whistleblowers, to encourage those to report in good faith without fear of any reprisal or retaliation.

All team members, service providers and business partners are encouraged to utilise our whistleblower reporting platform 'HH Speak Up' to report any misconduct related to fraud, bribery, corruption, abuse of influence, conflict of interest, theft, marketing practices non-compliant with our BMS policy or any other unethical behaviours or misconduct.

'HH Speak Up' has been functioning well since its introduction in 2019. The platform is managed by external provider Deloitte to guarantee the confidentiality of the reporting and prevent any communication distortion. The platform is available to all team members, suppliers, and retailers across regions on a 24/7 basis, through multiple reporting channels, such as an official website, telephone number and email contacts, with each channel adapted to H&H's operating countries. Our website gives all relevant information and details to use our 'HH Speak Up' platform, ensuring a wide access to this reporting system.

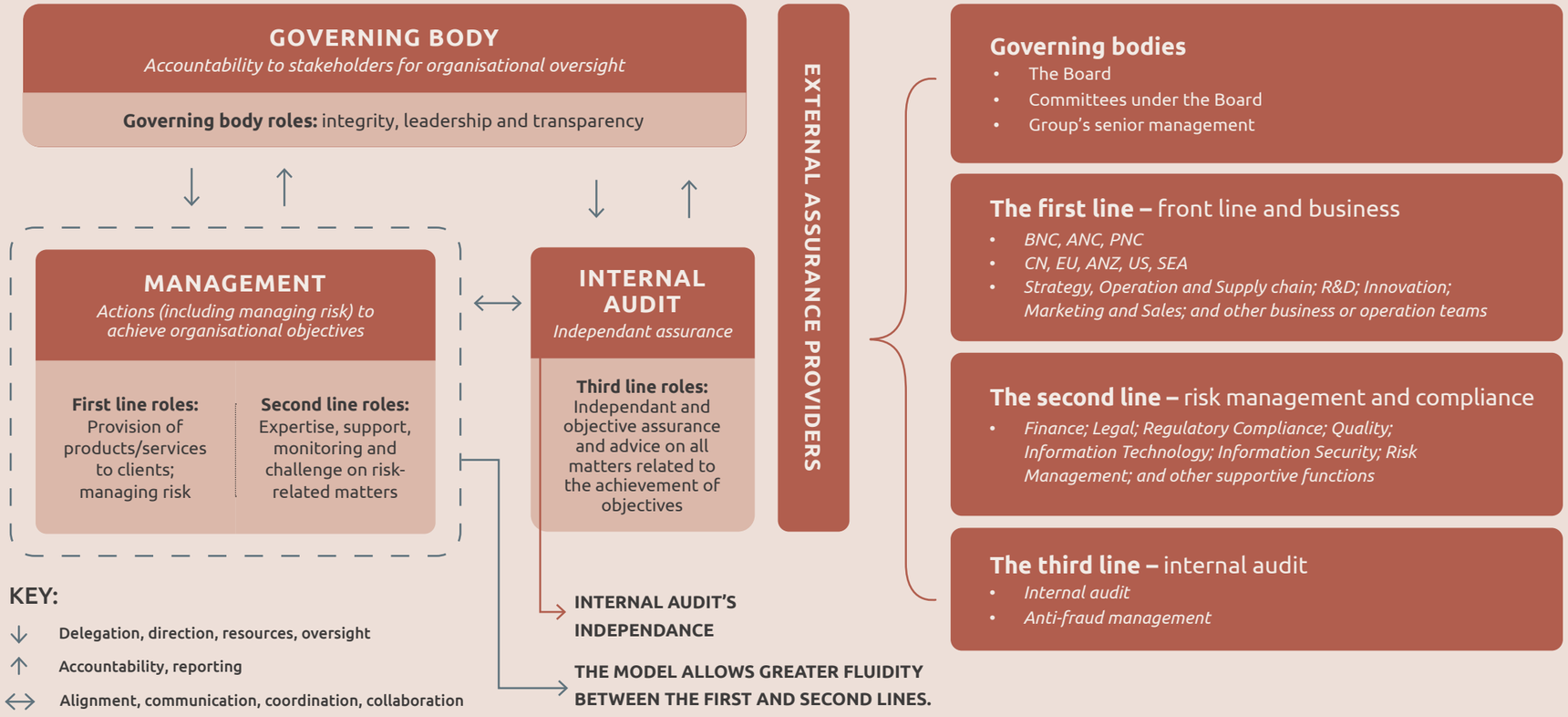
In 2022, 30 cases were reported to the Group's Internal Audit function via a variety of reporting channels, including 'HH Speak Up'. All cases have been investigated, and 16 employees were dismissed or disciplined due to their violation of the Group's rules and policies (including two incidents of corruption, where the relevant employees were disciplined, and we terminated our relationship with the relevant business partners). We sought the support of our external consultants for five cases which significantly assisted these investigations. In regard to our BMS Policy derived from the WHO code, we did not record any instance of alleged non-compliance with the policy on 'HH Speak Up'.

RISK GOVERNANCE

We attach great importance to effective risk management which can:

- enhance transparency
- support decision-making
- contribute to the continuous improvement of the Group.

Our risk management follows the Three Lines of Defence model. This model helps organisations identify structures and processes that best assist the achievement of objectives and facilitate strong governance and risk management.



We have a Group Risk Management Framework as a general guidance to our practice of risk management, which echoes the principles issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The framework defines the organisation structure, roles and responsibilities, as well as the processes to identify, assess and mitigate risks. It also guides our risk management practices.

Periodic Group risk assessments

Our risk management function conducts semi-annual Group risk assessments.

Below is an overview of our semi-annual risk assessment process.

- Collection of risk opinion from our middle and top management team members across the Group and regions.
- Consultation of our internal experts.
- Consolidation of a comprehensive report showing the risk appetite of management, the Group's risk heat-map and mitigation suggestions, and other significant risk information.
- Presentation of a holistic mapping of H&H's major risks to H&H senior executives and the Audit Committee of the Board to support their strategic decision-making.

The trends of top risks are also continuously tracked by the Risk team and communicated to the appropriate management or governance body members.

In addition, every team is expected to identify and assess the risks which exist within their scope and deliver the material risk information to the Group Risk Management team on an ongoing and timely basis.

In 2022, we enhanced our Group Annual Risk Assessment questionnaire, which collects the risk appetite and perception of current top risks from the Group and regional management, by adding a question on ESG risks.

Group Incident Management Policy

In 2022, we refined our Group risk management system. We created and disseminated to all our team members our Group Incident Management Policy (based on our pre-existing regional incident management policy). This policy specifies the procedure for escalating major incidents or crises to the Group management, the criteria for rating the severity of incidents and crises, and the defined roles and responsibilities for incident management. It aims at balancing Group early involvement and region's swift responses when coping with significant incidents.

GOVERNMENT AFFAIRS

Our Government Affairs and Communication teams managed our engagement with government departments, policy-makers and industry associations in 2022, including participating in industry forums and events. This aimed to strengthen our relationships and position the Company as a trusted industry leader on a range of important industry development issues.

We do not have any government entity in our shareholding structure. H&H Group did not make any financial or in-kind political contributions in 2022.

INTELLECTUAL PROPERTY

We maintain a central, Group-wide Intellectual Property (IP) 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 for their region. We had no incidents of non-compliance related to IP across our regions. We also maintained the Group's product information database, where confidential product information on our brands and product categories can be safely stored and used.

DATA PRIVACY AND SECURITY

Data privacy and data protection concerns are critical factors in safeguarding the fundamental rights of individuals, including our customers and team members.

Our Personal Information Management System (PIMS), which has been utilised by our Global Information Security team since 2018, ensures H&H and our suppliers are stringent about protecting the information privacy of our relevant stakeholders, including customers, staff and business partners.

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

To provide some examples, in 2022, we remained compliant with the General Data Protection Regulation (GDPR) in the European Union, the Privacy Act in Australia, Personal Data (Privacy) Ordinance in Hong Kong SAR, the Personal Information Protection Law of the People's Republic of China, the California Consumer Privacy Act (CCPA) in the United States, and the Personal Data Protection Bill in India. We follow the principle of 'Privacy and Security by Design and by Default' throughout our information systems.

We continued to use our Personal Data Breach Response Procedure and H&H Privacy Impact Analysis Procedure across 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. Examples include: our China team conducts periodic awareness training, global risk assessments and tests the resilience of key business processes and systems against security breaches and; we ensure our customers first agree to clear terms and conditions at the point of data collection.

Globally, we had no incidents of non-compliance relating to privacy matters in 2022. We did not have any identified leaks, thefts, or losses of customer data.

TAX TRANSPARENCY

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

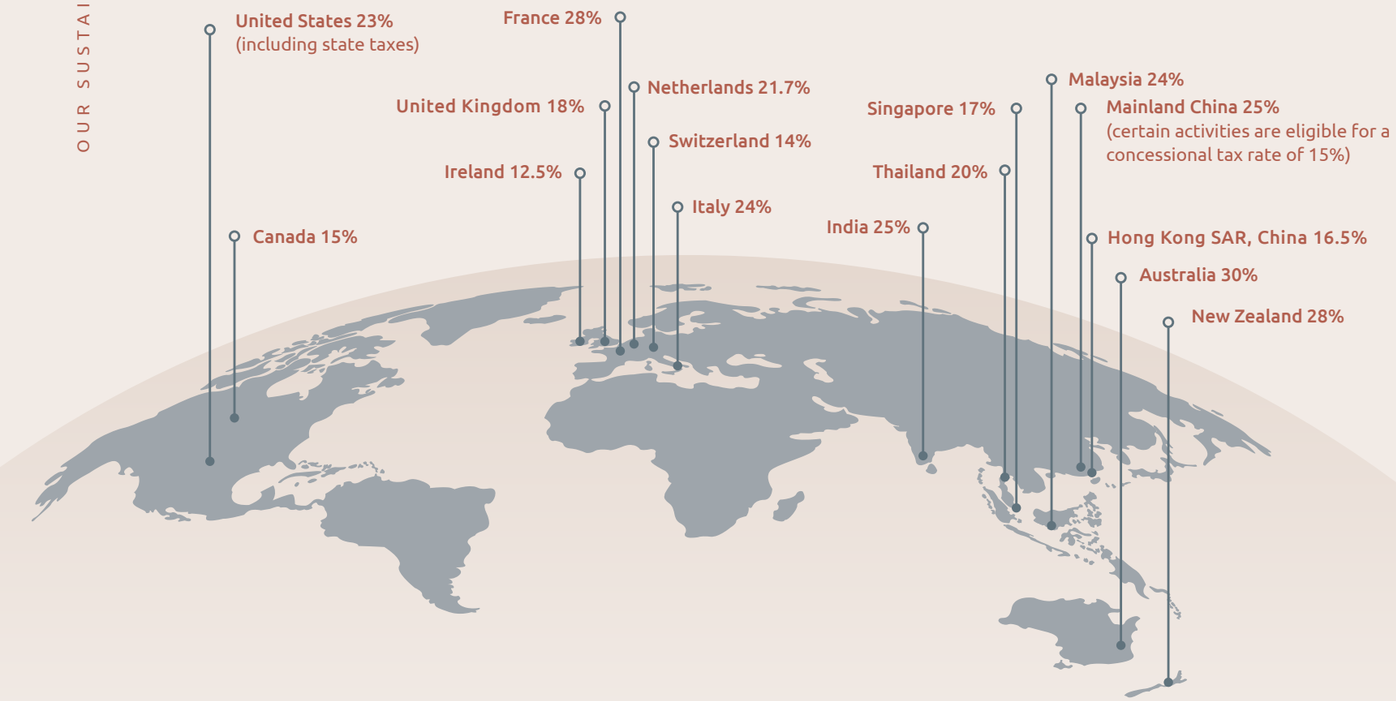
We pursue a proactive approach to tax strategy. Long-term tax planning seeks to enhance sustainability and shareholder value whilst having full regard to all relevant tax laws and regulations. These principles are governed by the Group Tax Risk Management Policy.

This policy is approved by the Board 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.

The 2022 corporate income tax rates of the territories in which the Group operates are:



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 40.7% in 2022 and reflects:

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

Our tax contribution

H&H Group operates in numerous countries and as a corporate taxpayer contributes to the economies of the regions in which we operate. The distribution of taxes paid by the Group reflects the geographical spread of our business.

The Company is a Hong Kong SAR tax resident. The principal subsidiaries are disclosed in our 2022 Annual Report.

All related party transactions are conducted under arm's length methodologies prescribed by the Organization of Economic Cooperation and Development (OECD) – at both normal market prices and on normal commercial terms – and in accordance with global transfer pricing laws.

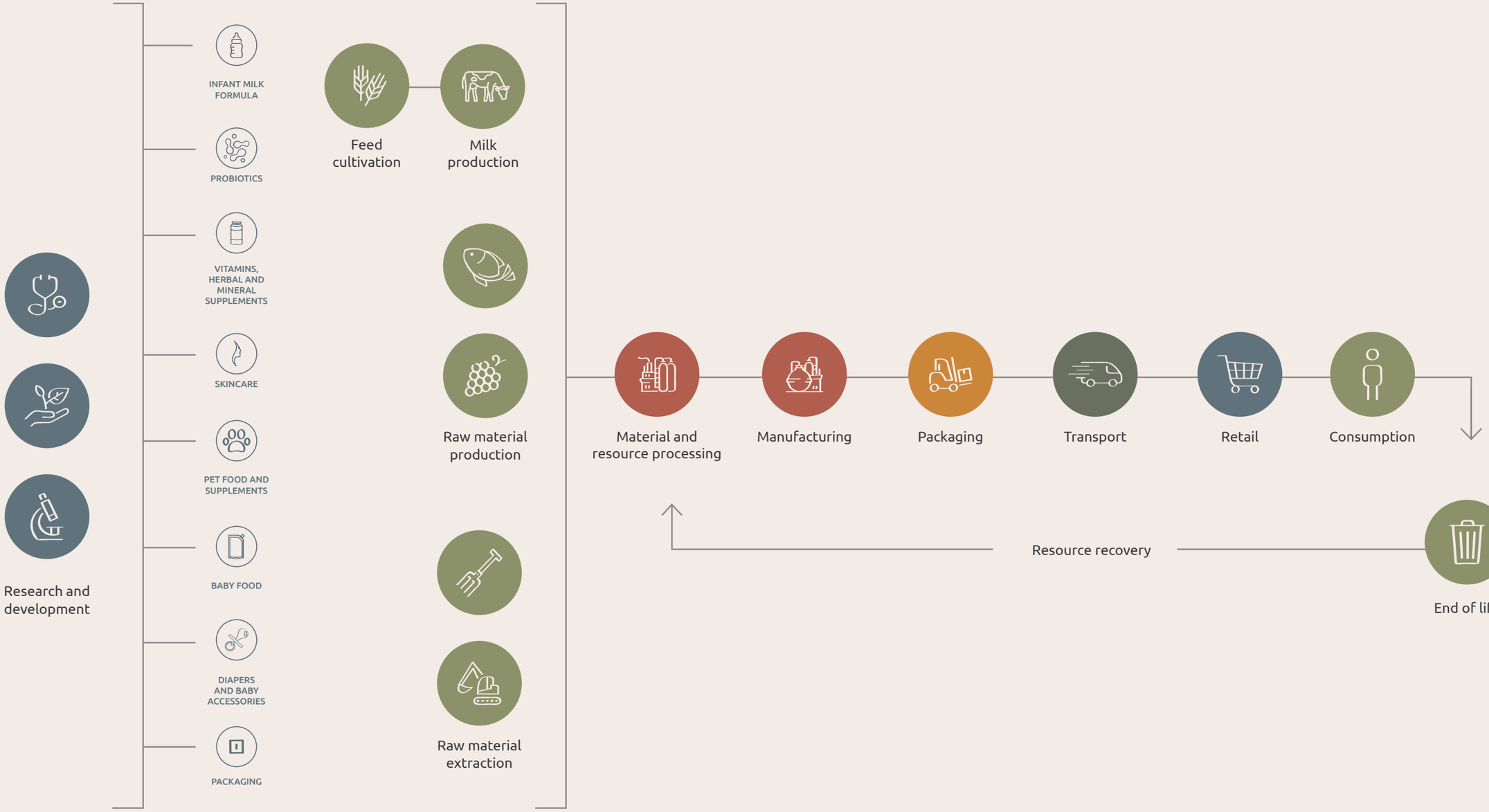
During 2022, the key business dealings between related entities of the H&H Group concerned:

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

OUR VALUE CHAIN

04

OUR VALUE CHAIN



Innovation	Raw material sourcing	Processing and manufacturing	Packaging	Distribution	Marketing	Resource recovery

INNOVATION

H&H Group's vision is to become a global leader in premium nutrition and wellness through superior products and aspirational brands.

Research and product innovation are at the heart of this vision, as we focus on delivering meaningful products to our customers to support their health and wellness journey throughout life. We provide science-based products with innovative formulations, new ingredients, and disruptive formats through a tailored portfolio, across the whole family life span, ranging from baby to adult and pet nutrition and care.

Sustainability is embedded throughout our Innovation Strategy. Our products, packaging, quality and innovation are key contributors to our sustainability material topics, including:

- Strategy and Vision
- Product Safety and Quality
- Nutritional Quality of Product Portfolio
- Sustainable Packaging
- Innovation for Consumer Health Outcome
- Animal Welfare.

Our H&H Group R&D strategy and roadmap

In 2022, we made major strides on our three-year R&D plan – connecting science, technology and development to strengthen innovation for short-, mid- and long-term pipeline development. We also enhanced the Group's R&D leadership team and Innovation Strategy, strongly rooted in our three H&H pillars of wellness: Nutrition, Movement and Mind.

We revisited the consumer benefits that we aspire to and aligned these across the full life spectrum from pre-conception to healthy longevity and throughout our business categories. We also defined the three key enablers to innovation across our categories to be: Consumer Experience; Customisation; and Naturalness and Sustainability. This renewed Innovation Strategy provides our businesses – particularly our R&D teams and our partners – a clear framework for new projects, new products and sustainable business growth.

2021 milestones

Established H&H R&D leadership team and global H&H Research community.

Re-aligned Quality organisation, strengthened standards, and initiated our electronic Quality Management System (eQMS).

Assessed core R&D assets and translated them into innovation.

Co-developed Innovation Strategies and three-year pipelines for BNC and ANC, and initiated PNC.

Reset and consumerised our Human Studies programmes.

Integrated Sustainability principles, drove '5Rs' for Packaging and Plant-based opportunities.

2022 milestones

- **Solidified pipelines and established taskforces for key H&H innovation areas.**
- **Finalised ANC clinical trials and initiated new Human Studies for ANC and BNC.**
- **Implemented eQMS, updated Quality Standards and developed Clean Labels.**
- **Developed an R&D People Strategy with a focus on development, retention and succession.**
- **Developed Innovation Portfolio analysis and set targets for Growth through Innovation.**
- **Established Cost-Out, Sustainability-In programme.**

2023 goals

- **Develop the 'Future of Infant Milk Formula (IMF)' programme.**
- **Develop 'Biotics' programme and pipelines.**
- **Develop pipelines for Beauty, Mental Health and Healthy Ageing.**
- **Develop PNC assets, innovation platforms and pipelines.**
- **Deliver impactful results from our Human Studies.**
- **Deliver sustainable packaging and further ESG commitments.**
- **Develop and deploy Quality roadmap.**
- **Deploy R&D Digitalisation roadmap.**

Our Innovation Framework

Our Innovation Framework supports our vision to make people and their pets healthier and happier through a foundation of superior products and aspirational nutrition and wellness brands.

It guides how we:

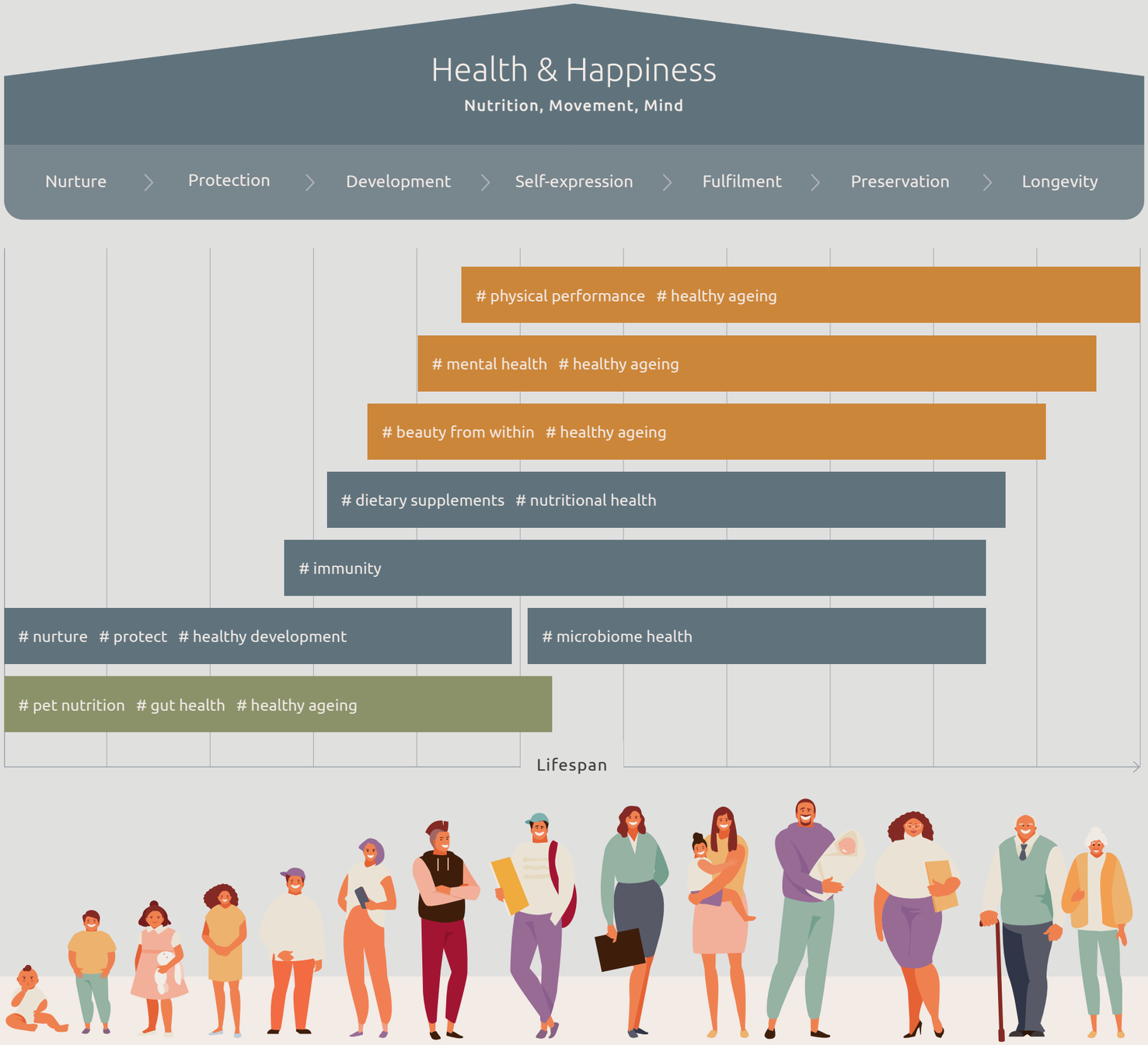
- leverage science across our categories
- synergise product development across our regions
- extend capabilities and opportunities through external partnerships.

The framework incorporates our three key business segments and their priority areas listed below.

BNC	ANC	PNC
Premium nutrition	Premium and customised multivitamins	Premium and customised nutrition
Digestive and microbiome health	Digestive and microbiome health	Digestive health
Immunity and protection	Immunity	Immunity
Cognitive development	Mental health	'Humanised' pet nutrition benefits
	Beauty from within	Healthy longevity
	Physical performance and energy	
	Metabolic and cardiovascular health	

Sustainability is incorporated throughout our Innovation Framework. Through our three enablers to innovation (Consumer Experience; Customisation; and Naturalness and Sustainability), we address product development topics, including sustainable packaging, clean labels, sourcing plant-based ingredients, new formats, and customised products.

Supporting health for the whole family, throughout the life span



Sustainability as a driver for efficiencies and innovation: Introducing our 'Cost-Out, Sustainability-In' programme

We have initiated a new transformational programme, called 'Cost-Out, Sustainability-In' (COSI), which aims to combine cost efficiencies with sustainability gains, including reducing the impact of our products and activities on the environment.

By rethinking our formulations, products and packaging design, we aim to reduce the use and wastage of raw materials and enhance the recyclability of the materials used. This will impact both cost and sustainability in a positive way and is also interlinked to progress on our clean label objectives.

We have seen our COSI programme come to life through optimising our formulations, removing non-value-added ingredients, replacing active ingredients with more effective and sustainably sourced ingredients, and reducing excipients, additives and coatings where possible.

Following our 5Rs sustainable packaging principles (please refer to the 'Packaging' section for more details on our 5Rs sustainable packaging principles), our COSI mindset includes reducing non-essential packaging elements, light-weighting our packs and reducing the headspace and size of our vials, contributing to overall lower costs and reduced environmental impacts. Smaller vials and lighter products have the additional advantage of reducing costs and carbon emissions from our transport and supply.

Through our COSI programme we can enhance the consumer value of our products through smaller tablets for easier swallowing, easier to carry smaller vials, more natural products and recyclable packaging.

In this way we build on our productivity and sustainability efforts as a driver for innovation and create win-win-win solutions for our consumers, our business and the planet.

Our ‘triple win’ Innovation Guidelines

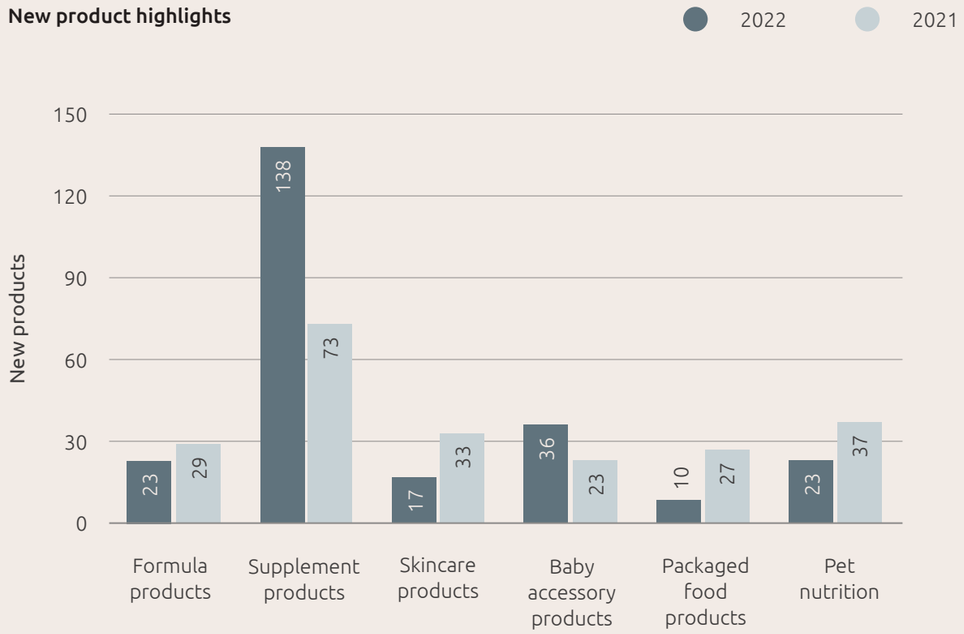
The H&H Innovation Guidelines, known internally as the ‘10 Golden Rules’, help to shape a stronger and more sustainable product portfolio across the Group. The Golden Rules are a ‘triple win’ that benefit our consumers, business and the planet.

Win for consumers	Win for business	Win for the planet
Engage through consumer-led trends and positive contribution to our health and planet pillars.		Assess raw materials (ingredients) for traceability and sensitivity across governance, human rights and environmental impact.
Ensure meaningful health benefits through scientific substantiation, experts’ endorsement and responsible marketing.		Develop clean label standards, and simplify to ensure cleaner formulations through the use of natural ingredients and additives.
Promote formula superiority and differentiation holding to our Group purpose and Premium, Proven, Aspirational, Engaging (PPAE) standards, while ensuring accessibility.	Contribute to the business value creation through higher margin drivers and sustainable growth.	Ensure the use of sustainable packaging and adherence to the 5Rs packaging framework, and engage consumers in circular economy.
Develop an inclusive and consumer-centred approach in portfolio development to cater to all communities, where possible.	Drive global scale for synergies and efficiencies across regions and categories where possible.	Reduce our carbon footprint by optimising supply chain and prioritising regional sourcing where possible.

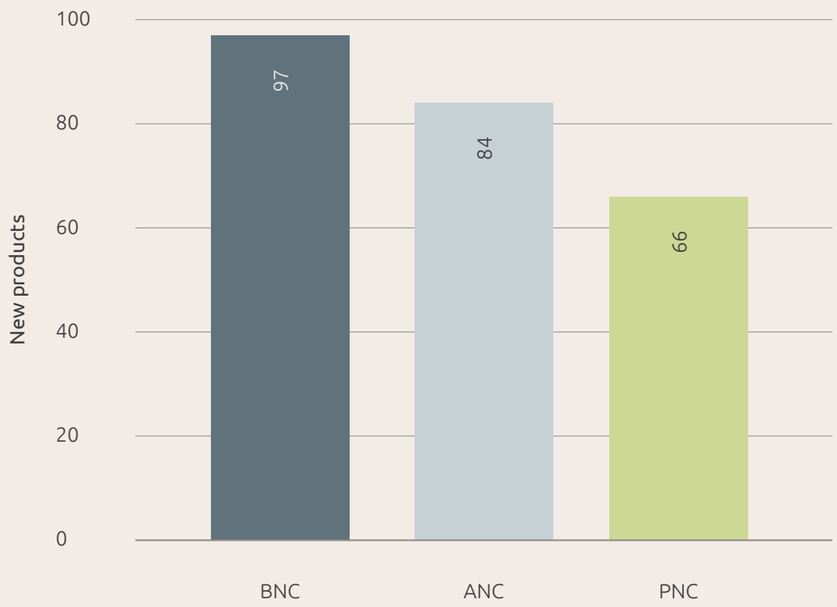
247 new products launched across the Group in 2022

(versus 222 in 2021)

New product highlights



New products by category launched in 2022



Biostime Vitamin D + Probiotic Drops

In 2022, our Biostime brand partnered with nature-backed probiotic solutions company AB-Biotics to develop and launch Biostime Vitamin D+ Probiotic Drops which target baby digestion, gastrointestinal discomfort, immunity, and teeth and bone health. The product includes *Bifidobacterium longum CECT 7894* and *Pediococcus pentosaceus CECT 8330*, which when used in combination are scientifically proven to help reduce crying time caused by gastrointestinal discomfort.

The innovation is clinically documented for colic and includes the new Kolicare strain. As microbiome health is one of the cornerstones of our expertise at H&H, this product innovation is a key example of our strengths in science and collaboration with industry leaders to develop effective, evidence-based supplements for our consumers.

Swisse launches Swisse NR+ range to support holistic healthy ageing

2022 saw the launch of the Swisse NR+ product range. Its innovative Nutracell Formula™ combines the benefits of NR (Niagen®) and antioxidants to help consumers age well. The range – comprising of Swisse Beauty Activator™, Swisse Body Activator™, and Swisse Mind Activator™ – incorporates the latest scientific discoveries in healthy ageing to offer holistic support for the skin, body, and mind. The products are formulated with NR (Niagen®) which is a patented Nicotinamide Riboside Chloride, an important molecule which converts to NAD+ (nicotinamide adenine dinucleotide) which is essential for cellular energy metabolism. NR is a bioactive source of Nicotinamide that supports energy production and vitality. Swisse NR+ is an industry disruptor, with cellular energy as a foundational new concept, positioning NR and NAD+ as next generation innovation that reflects our commitment to develop premium, professional, and effective health solutions.

Zesty Paws' new line of vet-formulated pet supplements

Zesty Paws' new supplement line builds on the brand's Aller-Immune, Mobility, and Pre, Pro and Postbiotic Bites formulas, which are boosted with highly concentrated ingredients. With clinically studied branded ingredients and input from trusted veterinarians, the Vet Strength line contains the premium formulations and proven ingredients our pet parents expect from Zesty Paws. This new premium line of supplements includes a combination of actives uniquely featured in our assortment, such as Spirulina, Epicor® and vitamin C in Zesty Paws Vet Strength Aller-Immune Bites, OptiMSM®, BiovaPlex® and Serrazimes in Zesty Paws Vet Strength Mobility Bites and Vitafiber® IMO, DE111, Gingever®, and LBiome® in Zesty Paws Vet Strength Pre, Pro and Postbiotic Bites. These three new formulas were developed in partnership with veterinarians.

Solid Gold launches new calming supplements for dogs

Solid Gold's Keep Calm & Wag On Supplement Chews are the first of a complete multi-condition line that was launched in early 2023, all containing Bioboost, a proprietary blend that supports nutrient absorption in dogs and provides a foundation for overall wellness to thrive. Formulated with holistic ingredients recognised for their calming effects, such as ashwagandha, valerian root, chamomile, L-theanine, L-tryptophan and melatonin, and formulated with Bioboost, these flavourful and efficacious chews can help dogs cope with external stress by supporting relaxation, calmness and sleep, and are available in smoked bacon flavour.

RESEARCH & DEVELOPMENT

In 2022, we further established our integrated Research & Development (R&D) organisation, building on the R&D leadership team established in 2021. The team consists of experienced leaders in Science, Innovation and Quality from other Nutrition and Consumer Health industries.

The leadership team now comprises 17 team members, covering all key H&H R&D responsibilities, including Research & Innovation, Translational Science, Product Development and Packaging Design, Quality & Regulatory and External Innovation & Partnering – who represent nine nationalities, and a 53% female to 47% male ratio.

We have structured our R&D organisation to maximise collaboration across our functions, categories and regions, and to establish a new global R&D footprint for H&H with proximity to all our key markets.

2022 saw a focus on strengthening our Quality leadership and expertise, bringing in two new experienced leaders in Consumer Health in Asia and Pet Nutrition in North America. Combined with our internal Quality expertise in China, Australia and Europe, we are now in a strong position to further develop our categories in BNC, ANC and PNC across our regions.

The Group's two sister Research & Innovation Centres continue to be based in China and Ireland. We have further strengthened our Translational Science Teams in Australia and Switzerland, as well as our Regional Innovation and Product Development Centres in China, Australia, Europe and the US.

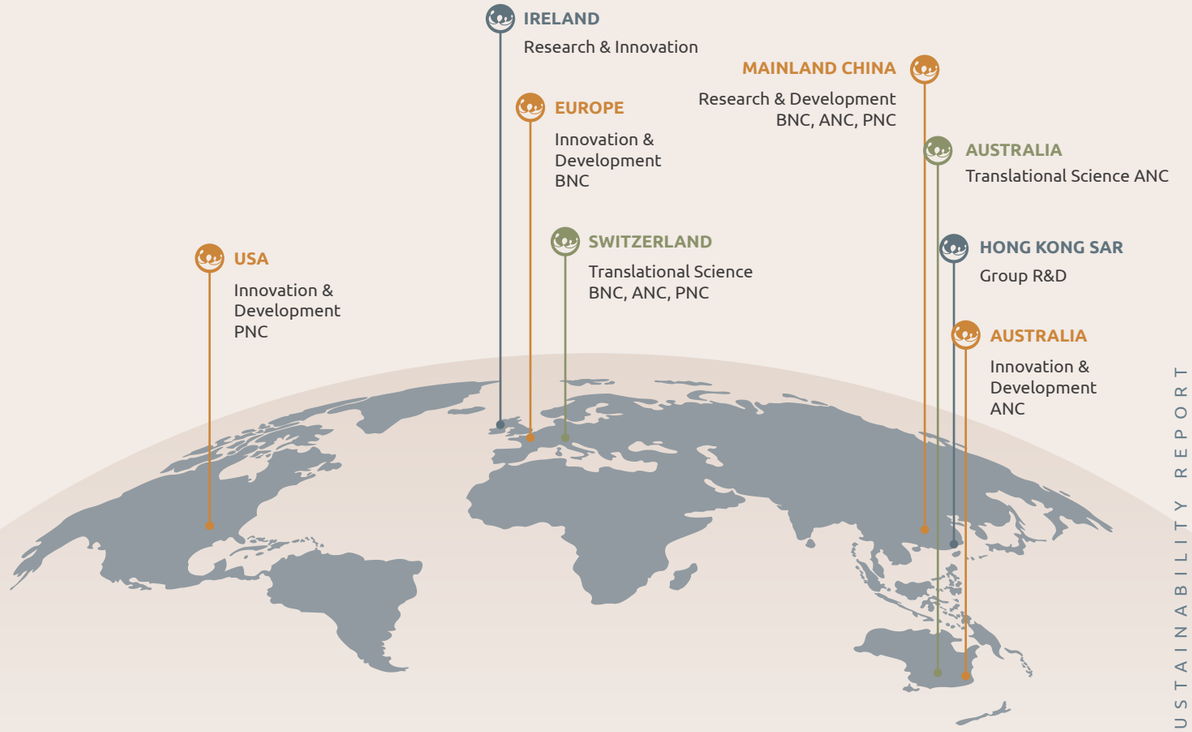
H&H Research
Science and Innovation

H&H Research is our global R&D organisation that represents all our scientists, technologists, and quality, regulatory and innovation professionals across the Group. It powers and enables innovation within the Group and fuels the innovation pipelines for our portfolio of brands.

It drives research and innovation, new product and technology development, translating the science of ingredients, its sensorial and health effects into new formulations, formats and packaging, while ensuring regulatory compliance and quality assurance. This enables the Group to consistently deliver new and exciting premium, science-based products to human and pet consumers across the entire life cycle.

Establishing our global footprint for R&D

We have Research & Innovation Centres in China and Ireland, Translational Science teams in Australia and Switzerland, and Regional Product Development Centres in China, Australia, France and the US.



With these teams and our enhanced Innovation Strategy, we have significantly extended our New Product Development (NPD) and Innovation pipelines to expand our reach to more consumers, drive differentiation and consumer experience, enhance our naturalness and sustainability credentials, and to enable our short-, mid- and long-term business growth.

R&D People Strategy and talent development

In 2022, we began the development of a new R&D People Strategy, with the aim to grow and develop our talents and teams and strengthening the connections between our international teams.

We have performed a full talent mapping across all our R&D teams to form a base for individual and collective development programmes and succession planning. Our R&D People Strategy bolsters our unique H&H culture and values as a basis for our collective successes, encouraging our sense of belonging across the Group and our global Research arm.

With our diverse, multi-disciplinary, multi-national and multi-cultural organisation, we have many opportunities for cross-functional collaboration, learnings and training. We have initiated a cross-R&D mentoring programme and connected more than 50 mentee/mentor pairings, cultivating a strong learning platform and a multitude of new and valuable connections across our global organisation.

These initiatives will contribute to our talent retention, growth and future-proofing of our overall R&D organisation.

Launching our global H&H Scientific Advisory Committee

In 2022, we launched our H&H Scientific Advisory Committee (H&H SAC), bringing together top academics and experts in the health and nutrition industry from around the world.

H&H SAC is one of the world's only professional advisory committees that focuses on health and nutrition for all family members and has been developed to further promote the health industry to global authorities. The committee is made up of leading academics and industry experts from some of the world's most prestigious institutions, such as WHO, UNESCO, Columbia University, Peking University and the University of Southampton.

These experts have been brought together by the Group to advise on academic topics, develop science-related promotional videos, and attend international conferences on H&H's behalf.

H&H Research: Developing a new model for human studies

H&H invests in science and technology with a key focus on: premium and preventative nutrition; microbiome health; immunity; physical and mental health; beauty; and healthy ageing. We strive to create the highest-quality products backed by research.

In 2022, our human studies focused on unearthing real-world evidence research for objective and subjective evaluation, consumer usability and experience, and claims innovation.

Expectations and requirements from regulatory authorities make it necessary to invest in clinical studies to strengthen claims on our brand assets and to deliver proven and advanced nutrition in our key benefit areas.

Taking a consumer-centric approach, real-world evidence is pivotal to develop new claims opportunities, and to develop meaningful, differentiating and engaging storytelling for consumers beyond generic claims. This will support our efforts to convey the Story of Good Health to our consumers.

In 2022, our new model for human studies included completion of key legacy clinical trials in Australia, and development of a new framework for real-world data collection along with how to leverage these datasets for product claims and consumer communication.

Krill oil clinical trial

H&H Research sponsored a breakthrough clinical trial which investigated the efficacy of krill oil on mild-to-moderate knee osteoarthritis.

The study, led by the Commonwealth Scientific and Industrial Research Organisation (CSIRO) – an Australian Government agency responsible for scientific research – looked at the effects of Swisse Wellness High Strength Deep Sea Krill Oil Superba BOOST on pain in adults with mild-to-moderate knee osteoarthritis over a six-month period. The trial, conducted as a randomised, double-blind, placebo-controlled study, found that the supplement significantly reduced pain and improves knee stiffness and mobility, when compared to a placebo supplement.

The full findings were published in the American Journal of Clinical Nutrition in July 2022. In September, this research won a NutraIngredients Asia Award in the category of Nutrition Research Project of the Year, established to recognise the 'best game-changing nutrition research project that pushes the boundaries of nutritional science.'

Our Swisse Wellness High Strength Deep Sea Krill Oil Superba BOOST is also a key example of nutritional quality – it is a powerful source of omega-3s with higher phospholipid content, and better bioavailability, including anti-inflammatory nutrients compared to standard fish oil.

Memory and focus clinical trial

A clinical trial, funded by H&H Research alongside Swinburne University in Australia, revealed new evidence that a multi-nutrient formulation containing B vitamins and selected botanical ingredients can significantly improve focus and attention span.

The 12-week study investigated the effects of a multi-nutrient formula containing B group vitamins, Bacopa monniera and Ginkgo biloba on memory, attention, mood and biochemical markers of nutrient status in middle-aged adults with 'optimal' and 'sub-optimal' diets. The multi-nutrient formula is used in the Swisse Ultiboost Memory + Focus supplement.

The findings, published in December 2022 in the journal Nutrients, suggest that those with 'optimal' diets will see a greater improvement than those with 'sub-optimal' diets, further demonstrating the link between nutrition and brain function. There were also indications that the multi-nutrient aids in reducing anxiety levels and mental fatigue in those with an adequate diet.

Cranberry clinical trial

H&H Research embarked on a clinical trial with our key ingredient supplier, Naturex, to study the efficacy and safety of our Swisse High Strength Cranberry (Pacran®) for women with recurrent urinary tract infections (UTIs).

The research, conducted as a randomised, double-blind, placebo-controlled study, found a clinically significant 52% reduction in incidence of UTIs in the study participants taking the cranberry supplement versus the placebo. The study also reported an absolute reduction in culture positive UTI incidence at 17% versus an incidence of 35% in the placebo group.

These important findings bolster our product packaging claims that Pacran is clinically tested, with a high-potency product that is a unique powdered form of the whole cranberry fruit to support urinary tract health.

Research projects that fuel our innovation pipeline

Our Research & Innovation and Science teams continued to work on some groundbreaking research that is fuelling our innovation pipelines across our regions and product categories, including:

- advanced pre-clinical models that facilitate the identification of ingredients and ingredient combinations for the development of next generation products for immunity, digestion, mobility and beauty benefits
- gene sequencing the gut microbiome and skin microbiome compositions
- exploration of different biotics (pre-, pro-, syn-, and post-biotics) concepts with promising gut health function, microbial interactions, and gut-axis consumer benefits
- development of HMO combinations for applications in infant and children's supplement products
- investigative trials and overall formulation optimisation of natural fat blends and protein nutritional quality
- real-world studies assessing the subjective benefit of our products on outcomes related to acne, energy, fatigue and quality of life outcomes
- clinical studies designed to support registration and launch of our innovative Rice Milk Infant Formula
- development of new sustainable packaging concepts to reduce virgin plastic usage, enhance recyclability and design of completely new renewable packaging options.

We have intensified our research projects and partnerships to reduce the environmental impacts of our ingredients, processes, and final products. For example, the assessment of plant- and algae-based ingredients and fermentation-derived ingredients as alternatives for chemically synthesised or animal-derived ingredients. These opportunities guide our plant-based and sustainability strategy and innovation projects and stimulate research and co-development partnerships that will lead to a more innovative and sustainable product portfolio.

Engaging with the scientific community

To engage the broader scientific community, H&H Research representatives attended several high-profile international conferences in: paediatric nutrition and infant health; microbiome and maternal health; and probiotics and how they affect immune health.

In 2022, our team members presented at, and participated in, the Growth Asia Summit in Singapore, VitaFoods Asia in Bangkok, the 7th Annual International Conference on Food Digestion (IFCD) in Cork, Ireland, and the French Paediatric Hepatology, Gastroenterology and Nutrition Group's Congress in Bordeaux, France.

H&H Research also attended the 54th annual congress for the European Society for Paediatric Gastroenterology, Hepatology and Nutrition (ESPGHAN) in Copenhagen. ESPGHAN hosts around 3,000 scientific delegates and key industry leaders in the field, making the congress the largest conference of its kind worldwide. At the event, H&H Research introduced our latest findings in infant and maternal nutrition based on our research on children's growth and development.

Our key strategic collaborations

- South China University of Technology, China
- Dalian Institute of Chemical Physics, Chinese Academy of Sciences, China
- Southern Medical University, China
- Jiangnan University, China
- Beijing University of Chemical and Technology, China
- Shenzhen Institute of Advanced Technology, Chinese Academy of Sciences, China
- Chinese Society of Nutrition, China
- Monash Children's Hospital, Australia
- Swinburne University, Australia
- Necker Hospital, France
- Teagasc, Ireland
- University College Cork, Ireland
- Alimentary Pharmabiotic Centre Microbiome Ireland
- Cryptobiotix, Belgium
- Institute of Food Science, National Research Council, Avellino, Italy
- National University of Ireland, Maynooth, Ireland

Innovation statistics

23.5 | **million USD spent on R&D in 2022** (+ 5% compared to 2021)

29 | **research and technology projects**

21 | **patents filed**

9 | **peer-reviewed team publications**

QUALITY MANAGEMENT

We maintain a robust approach to quality and safety across our brands, and actively manage the potential health and safety impacts of all our products.

H&H Global Quality Manual and compliance

Our H&H Global Quality Manual, launched in 2019, describes our quality organisation and commitments across our product categories, covering key topics such as our suppliers' required qualifications, bulk vendor specifications, and finished product vendor specifications.

Our products are subject to category and brand-specific regulatory compliance checks, as well as product quality checks and reviews – with an approach based on continuous improvement.

We complete reviews during the research and development phase prior to products reaching the market, throughout the product life cycle, as well as in response to consumer enquiries and/or feedback from regulators.

Our quality manual includes standards in the complaints process, including the implementation and organisation of corrective and preventative actions (CAPAS) where appropriate. These guidelines have been incorporated as a permanent fixture in our Quality framework, with attention to continuous improvement.

NASC Quality Seal for our Zesty Paws products

Zesty Paws is a member of the National Animal Supplement Council (NASC) whose mission is to promote the health and wellbeing of companion animals and horses that are given animal health supplements by their owners, and to protect and enhance the animal health supplement industry. Central to NASC's efforts is its Quality Programme, designed to help NASC members meet high sourcing, manufacturing, and safety standards. In order to display the NASC Quality Seal on their products, companies must commit to several important quality and safety control measures.

We have been interviewed by NASC to ensure we understand membership requirements, as well as the quality standards we must uphold. We have also passed a rigorous independent audit and earned permission to display the Quality Seal, which demonstrates to consumers our commitment to the highest standards of quality in the industry.

Our factories in mainland China certified to food safety and quality standards

Both our factories in mainland China are certified to several widely accepted food safety and quality standards including HACCP and ISO 9001. In addition, our facility in Guangzhou is certified ISO 22000 for food safety management system and our facility in Changsha is certified Good Manufacturing Practice (GMP) for Dairy Industry.

ISO 9001 22000 CERTIFIED

Consumer feedback and complaints

We assess 100% of all consumer feedback – positive and negative, including complaints – which supports our continuous improvement approach to quality.

We have Standard Operating Procedures (SOPs) for complaint management regarding product quality. The main steps include:

- receiving the complaint, and issuing a request for the maximum available information from the external contact at the origin of the complaint
- a preliminary investigation is then conducted with the contract manufacturer based on batch record, in-process controls, and retention samples – which allows for a preliminary investigation report
- checking for possible associated vigilance cases
- an in-depth investigation is then conducted with the contract manufacturer, resulting in the production of a detailed investigation report
- providing a detailed response or answer to the complainant
- if necessary, conducting a withdrawal or recall, and following incident management SOPs.

We prepare a complaint status report each quarter, and at the end of each year. This includes analysis of the volume of complaints in terms of percentage of sales. This gives an overview of complaint trends, allows us to compare across periods, and supports the establishment of improvement actions as well as audit plans.

We have conducted e-training sessions about this process. In 2021, we ran a simulated crisis exercise in France, which was rolled out to other European Union countries in 2022.

In 2022, we dedicated a full session during our World Quality Week seminars to crisis exercises and recalls, with in-depth case studies and analysis of external examples of crisis situations.

Regulatory intelligence as an integral support

Our H&H Global Quality Manual and SOPs outline our priority of staying up-to-date through regulatory intelligence. We continually collect information from official and validated sources such as government websites, external consultants and associated validated data, training programmes, and through participation in trade union and industry association meetings.

We also regularly share various markets' regulatory intelligence updates across our global team to anticipate how regulators' actions in one market may potentially influence another. This ensures teams are well-informed on new information and/or issues that may affect their cross-border projects.

Quality assurance, recalls and withdrawals

Our brands follow market- and product-specific quality requirements and processes, depending on whether products are classified and regulated as infant milk formula, baby food, food, therapeutic goods, cosmetics, pet food or other categories within our H&H portfolio. Please refer to Appendix 6 for more information on the regulatory standards that we follow across our regions.

Our quality assurance processes and recall procedures are periodically tested through mock recalls. Where necessary, we respond quickly to enact any product recall or withdrawal to protect our consumers, customers, and our brand.

In 2022, we had two product recalls – one in Australia and one in New Zealand, with neither resulting in any consumer harm.

1. Recall of Swisse Ultiboost B+ Energy Gummies in New Zealand

We conducted a retail level recall of Swisse Ultiboost B+ Energy Gummies in New Zealand due to a breach of the Medicines Act 1981 and Dietary Supplements Regulations 1985, because the product exceeded the maximum daily dose of vitamin B12. Only one batch of this affected product had been sold in the New Zealand market, equating to one out of nine batches (11.11%) recalled from market. 2,780 units of 2,987 units from the affected batch were quarantined while 447 units of the distributed 654 units were recovered, equating to 68.3% recovery of distributed stock.

2. Recall of Swisse Beauty Collagen Glow Gummies in Australia

We conducted a consumer level recall on the Swisse Beauty Collagen Glow Gummies due to potential Aspergillus Penicillionides mould contamination in Australia. The suspected mould type poses minimal risk to the general population and a remote risk of an adverse reaction in immunocompromised individuals who consume it. One out of 25 batches (4%) of this product was recalled from the market. All 6,480 units of the affected batch were distributed in the Australian market and all customers were informed of the recall. The recall was conducted in conjunction with the Therapeutics Goods Administration (TGA) following the uniform recall procedure for therapeutic goods (URPTG) V2.3, June 2022.

3,923,809
product enquiries

1.26%
of the enquiries were complaints (49,547)

100%
of complaints responded to

>99%
of complaints resolved

Total spending on quality and regulatory activities

increase in spend on quality and regulatory activities in 2022 compared to 2021

**The above spending includes the Group's total investment in quality control and compliance and excludes people (i.e. team member compensation) costs.*

The intersection of Quality and Sustainability

Quality and Sustainability are intertwined at H&H Group, from ingredient sourcing and supplier relationships to product development and packaging innovation, as prime examples. Across the Group, our Quality, R&D and Sustainability teams are dedicated to driving innovation, growth and sustainability to ensure we deliver high quality and safe products for our consumers, and for the planet.

In 2022, we updated our Quality Charter to include Sustainability, Quality Management, and Good Governance:

H&H Group Quality Charter

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

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

We approach Quality through a lens of sustainability in every aspect of our operations, prioritising long-term growth that benefits our stakeholders, society, and the planet. Quality and Sustainability are intertwined, from sustainably sourcing our ingredients, to rethinking packaging solutions and reducing our carbon footprint.

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

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

We source premium ingredients from across the globe to ensure we provide the best product possible for our consumers. We manufacture using world-class techniques and put our products through rigorous quality control and quality management.

We partner with suppliers in the complete value chain who are carefully selected and committed to our strategy, corporate citizenship, and shared values regarding people and sustainability.

Ultimately, we are dedicated to improving Quality while engaging in sustainable procurement practices and protecting the environment on our mission to inspire wellness and make millions of people healthier and happier.

Through excellence and a dedication to transparent and responsible communication, we build trust to become lifetime partners for the whole family, and to provide health and wellness and encourage us all to Celebrate Life Every Day.

Clean label

H&H Group has developed and implemented global clean label standards and procedures, including a clean label register. The register clearly lists the ingredients – by product category and region – that are forbidden ('black list'), authorised ('positive list'), and sensitive and/or debated but not forbidden that we want to avoid in our formulas ('controversial list'). For example, an ingredient on the controversial list may be one not forbidden by law, but that has debated safety issues or negatively skewed consumer perception that we want to avoid in our formulas.

The clean list register was created through collaboration across our Quality, Regulatory, Marketing and R&D/Product Development teams. We will regularly update this list based on our regulatory intelligence activities. We will continue to roll out the clean label register across our categories and regions in 2023.

To provide an example of how we have practically applied the clean label register: our European Union and Italian team members anticipated the ban of titanium dioxide in the European Union (implemented in Q3 2022), and replaced the existing film coating containing titanium dioxide with a clear coating eliminating the banned excipient. All the Swisse tablets manufactured for the Italian market are now manufactured using the new clear ('clean') coating.

In our Australia and New Zealand region, we have replaced sucralose with natural sweeteners in several Swisse products, including Collagen Glow, Collagen Balance, Collagen Renew and Collagen Sleep. This transition means our packaging notes that these products contain no artificial sweeteners.

NO ADDED ARTIFICIAL SWEETENER

Quality digitalisation

We began the implementation of our global electronic Quality Management System (eQMS) database with the supplier Veeva in late 2021. The objective of this Group-wide system is to ensure consistency and timeliness of our quality management approach. This will support real-time collaboration, visibility, agility, and compliance across our entire supply chain. The roll-out continued in 2022 and will be fully implemented in 2023. This will allow our team to work more efficiently with all brands and regions, to support speed-to-market and the growth and evolution of our business.

H&H World Quality Week

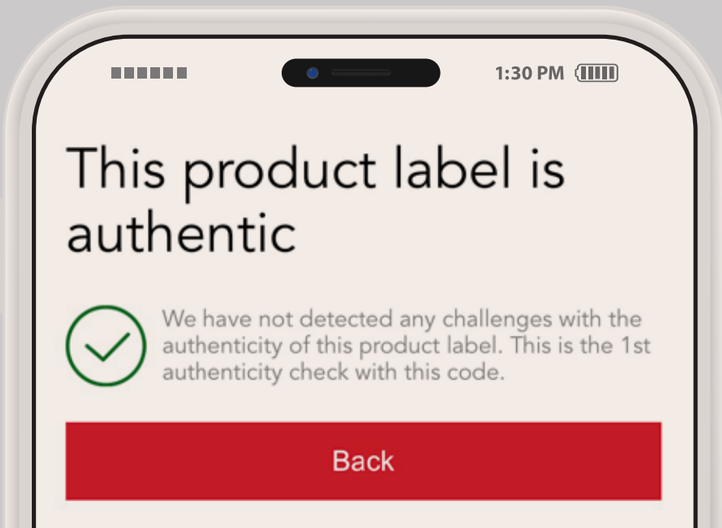
In 2022, we celebrated H&H World Quality Week, with the theme 'Quality conscience: Doing the right thing.' For the second consecutive year, we broadened the World Quality Day scope to a week-long programme. This initiative aimed to engage all H&H team members across function areas, through training sessions and interactive activities such as games and quizzes to enhance knowledge about H&H's approach to Quality and Sustainability.

The week's programme included:

- video messages from our CEO and H&H Executive Committee members, such as our Chief Technology Officer who is responsible for our Research, Development, Quality and Regulatory functions
- interactive videos and presentations about our H&H Quality processes and our robust QMS, including its main documents and its digitalisation (eQMS)
- sharing best practices and examples of our co-manufacturers' point of view on 'Quality conscience: Doing the right thing'
- analysis of 2022 crises in the industry (not related to H&H Group), and previous H&H Group recalls and crisis exercises, sharing Learn Grow Improve (LGI) opportunities
- presentations about the organisation and mandates of the regulatory authorities we adhere to across the Group, including how they interact with us in each region
- presentations showcasing examples of complaints management processes within H&H Group
- presentations about greenwashing and its impact on various industries.

Protecting our high-quality products from counterfeit

Counterfeit products present a significant threat and increase levels of risk to the health and safety of our consumers. Security scanning technology was introduced to most of our Swisse products where consumers can use an app to scan and authenticate our vitamin products. This helps to protect consumers and provides them with assurance that Swisse products are genuine and made to our high-quality standards.



Marketing and labelling compliance

Below is a summary of the incidents of non-compliance with marketing and/or labelling recorded across H&H's regions during 2022.

France
Dodie received two warning letters from the national authority regarding the brand's sunglasses and its massage oil.

In February 2022, authorities concluded the massage oil packaging was misleading because ingredients highlighted on the labelling were in low quantities. The labels were modified in subsequent production.

In December 2022, authorities warned of concerns regarding Dodie sunglasses, including the product's EU declaration, documentation file, and labelling. We have initiated discussions with authorities to align on corrective actions.

USA
Findings stemming from a National Animal Supplement Council (NASC) audit of our Zesty Paws brand towards the end of 2022 resulted in several improvements, including:

- a product label update from 'multivitamin' to 'multifunctional', as the term multivitamin is recognised as a feed term
- an update to the brand's Amazon webpage, removing drug and disease claims from product headings and from the descriptions under product images
- an update to the brand's Amazon website, including changing the webpage tab from 'Feeding instructions' to 'Directions for use', which is the applicable term for dosage for animal health products.

China
Relabelling Solid Gold products that originally stated a crude fibre of 10%. China has a regulatory limit of 9%, which meant the bags had to be relabelled and adapted with the correct crude fibre percentage.

RAW MATERIAL SOURCING

We have developed strong long-term relationships with our key raw material suppliers that are world-class organisations. Through these partnerships we focus on improving quality, reliability and cost, while engaging in sustainable procurement practices and protecting the ecosystems where we source our raw ingredients. We do this through cooperating with partners and suppliers that share our values regarding people and sustainability. Together, we continually look for opportunities to improve our processes to enhance the quality of our products and business performance.

Our Raw Material Sourcing Policy

In 2019, we developed a Raw Material Sourcing Policy in partnership with The Sustainability Consortium (a global non-profit organisation). The policy outlines the known sustainability hotspots (i.e. activities within a product's life cycle that are identified as having a substantial environmental or social impact) that lie in our supply chain for the different types of ingredients that we source for products. Some of the known sustainability hotspots for our industry notably include health and safety in relation to chemicals used in the production process, biodiversity risk, and human rights violation risks.

Our raw material environment and social risk assessment

At the start of 2021, we developed a systematic environment and social risk assessment process for the raw materials of our Swisse products sourced for Australia manufacturing* to address and mitigate the environmental, social and animal welfare-related risk of our existing ingredients, as well as any new ingredients to be used in our new product developments. We categorised our ingredients as high, medium, or low environment and social risk and implemented a mitigation plan when appropriate.

As part of our environment and social raw material risk assessment process, we created a checklist which included questions relating to the origin, processing, and packaging of our raw materials. We also requested our contract manufacturers and raw material suppliers to provide supporting documentation for each of the ingredients that they source for us. The aim of the supporting documentation/ accreditations is to demonstrate that our contract manufacturers and raw material suppliers are aware of the environmental, social and/or animal welfare risks associated with their ingredients and are addressing them appropriately.

**This represents approximately 90% of the production for Swisse.*

A few examples of documentation collected for our raw material environment and social risk assessment

- Environment hotspot:
  ISO 14001, Ecovadis rating, and internal Sustainability report
- Social hotspot:
  Code of Conduct, ISO 14001, Complementary Medicines Australia (CMA) Modern Slavery questionnaires
- Animal welfare hotspot:
  Animal Welfare statements; Marine Stewarship Council (MSC); Friends of the Sea (FoS); IFFO, The Marine Ingredients Organisation for marine-derived ingredients

At the end of 2022, we had assessed the environment and social risks of our Top 100 raw materials and of 80% of the raw materials (by spend and volume) of our Swisse products sourced for Australian manufacturing*. All these ingredients have been approved and deemed compliant with our Raw Material Sourcing Policy.

We have also incorporated a systematic raw material risk assessment as part of our new product development 'stage-gate' process to ensure that any new raw materials added to our products are properly risk assessed and will be compliant with our Raw Material Sourcing Policy.

The raw material risk assessment process has allowed us to have more control and visibility over our supply chain. We have created an extensive raw material database that documents that our top ingredients are sourced in a sustainable and responsible manner.

Looking ahead, we will continue our assessment, with the aim to reach 90% of our Swisse ingredients* assessed in 2023.

At the end of 2022:

Top 100 Swisse raw materials*

80% of our Swisse raw materials* (by spend and by volume)

have been assessed as part of our environment and social raw material risk assessment.

**Sourced for Australia manufacturing, which represents approximately 90% of the production for Swisse.*

Key ingredient categories

We have identified the following ingredient types to be the most critical to our brands: dairy; fish, salmon and krill oils; oil and fat solutions; and botanicals. Below are some examples of our approaches to supporting sustainability practices.

Dairy

- All our directly procured dairy suppliers follow at least ISO 14001 standards for Environmental Management Systems and have environmental targets and KPIs in place.
- H&H Group continues to invest approximately USD475,000 (EUR450,000) annually in a partnership with Isigny Sainte-Mère Cooperative to protect the Normande breed of cow and support local farmers in keeping the cows within the region, to ensure ongoing sustainable supply.
- Our main dairy partner Isigny Sainte-Mère Cooperative obtained silver rating from Ecovadis, which covers a broad range of non-financial management systems, including Environmental, Labour and Human Rights, Ethics, and Sustainable Procurement impacts.

Oil and fat solutions

- Fatty acids profiles are critical for our infant milk formulas, to ensure we provide the right nutritional profile to babies. We currently source these from either vegetable or milk fats.
- Regarding vegetable oils, we have transitioned 100% of our infant milk formula from palm oil to Roundtable on Sustainable Palm Oil (RSPO) Mass Balance Certified Sustainable Palm Oil.

Krill and salmon oils

- We support the Antarctic Wildlife Research Fund which facilitates and promotes research on the Antarctic ecosystem.
- 100% of the krill and fish oil contained in our Swisse products carry the MSC sustainably sourced certification.
- We also pay particular attention to the sourcing of the salmon oil used in our more recently integrated PNC segment (mostly for our Zesty Paws products), which mostly comes from suppliers that carry the MSC certification.

Botanicals

We have extensive visibility over our Top 10 botanical ingredients:

- we know their origin and where they are processed
- we have a long-standing relationship with the supplier
- we ensure they are compliant with our Raw Material Sourcing Policy.

Sustainably sourced krill oil

The krill oil used in our Swisse products, including Swisse High Strength Deep Sea Krill Oil (Superba BOOST), is sourced from Aker BioMarine, which is rated 'A' by the Sustainable Fisheries Partnership, the highest rating available, and certified sustainable by the Marine Stewardship Council.

The oil is extracted from the krill species Euphausia superba – a small crustacean living in large swarms in the Southern Ocean – and is rich in long-chain omega-3 fatty acids. Aker BioMarine's Krill Fishery is one of the most sustainable in the world, set up in Area 48, a region in Antarctica where fishing is regulated internationally and only 1% of stock can be harvested. Recent research suggests that the krill stocks in Area 48 has grown over the past 20 years.

Aker Biomarine uses Eco-Harvesting technology which almost eliminates by-catch and protects other marine species. The Antarctic Krill Fishery has been awarded the A-rating from the Sustainable Fisheries Partnership and is the only reduction fishery to have achieved this rating five years in a row.

This is a partnership we're proud of in our efforts to minimise our footprint on the planet and protect the world's biodiversity.

AWR
ANTARCTIC WILDLIFE RESEARCH FUND

Sustainably sourced cranberries

The cranberries used in H&H products are responsibly sourced from our key ingredient supplier Naturex, part of Givaudan, through its Sourcing4Good programme.

Naturex has been responsibly sourcing cranberries for more than 20 years, building strong expertise and close relationships with farmers, ensuring ethical agricultural practices throughout the supply chain.

Cranberries are native and sourced in North America, as a perennial low-growing, woody vine that thrives in wetlands and blooms between June and July. Fruits are harvested from bogs between October and November – 95% are mechanically harvested after the bogs are flooded and berries float to the top to be collected and vacuumed into a truck for sorting, cleaning and processing.

Naturex has developed responsible sourcing guidelines focused on quality management and traceability, biodiversity and resource preservation and limitation of hazardous substances.

For example, the entire cranberry system provides a diversity of habitat for numerous animal and plant species. For every acre of cranberry production, an average of six acres of 'support land' remains undeveloped to support the hydrological needs of the vines.

Best practices in farming also minimise the potential for pesticide contact with ground and surface waters, whilst farmers minimise impact to local water systems to prevent water pollution.

Through its Sourcing4Good programme, Naturex also conducts third-party audits and field assessments to make sure suppliers are following best practices across water management, pest management and waste reduction.

Animal welfare

Animal welfare is an important material topic for H&H, as well as our stakeholders. Accordingly, animal welfare will continue to be a key pillar of our sustainability strategy. We are committed to working with farmers and other partners to co-build agricultural models that respect natural resources and foster animal welfare. We also endeavour to be considerate in our choice of ingredients and formulations, as well as in any decisions to use animal-derived ingredients and/or involve animals to support health and safety outcomes. Our overall aim is to achieve better conditions for all animals in our supply chain, while ensuring we provide quality nutrition and care products for our consumers.

Our approach regarding animal welfare has two aspects:

Animal welfare in the production of animal-derived ingredients

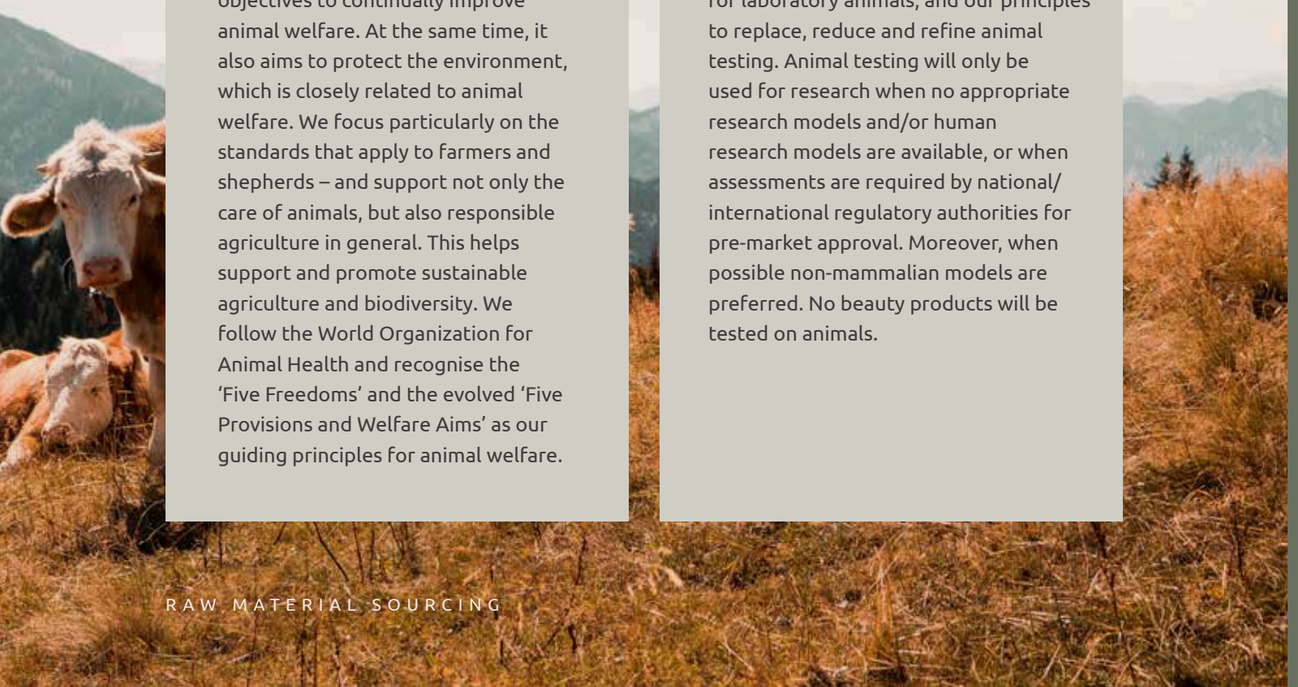
Animal-derived ingredients are present within our diverse product portfolio. For example (non-exhaustive list), we source dairy for IMF products, collagen and fish oil for our vitamin and supplement category, and beef, chicken and fish for our dog and cat nutrition products.

We released our H&H Animal Welfare policy in 2022. Our policy aims to effectively implement the highest species-specific standards and objectives to continually improve animal welfare. At the same time, it also aims to protect the environment, which is closely related to animal welfare. We focus particularly on the standards that apply to farmers and shepherds – and support not only the care of animals, but also responsible agriculture in general. This helps support and promote sustainable agriculture and biodiversity. We follow the World Organization for Animal Health and recognise the 'Five Freedoms' and the evolved 'Five Provisions and Welfare Aims' as our guiding principles for animal welfare.

Animal welfare in the research and development and testing of our products

H&H develops and releases nutrition and wellness products without the use of animal testing in most cases. However, animal testing may be required in some circumstances; for example, where national or international regulatory authorities require this for pre-market approval for infant nutrition products.

We released our animal testing policy in 2022. Our policy outlines our commitment to internationally recognised high-quality standards of care for laboratory animals, and our principles to replace, reduce and refine animal testing. Animal testing will only be used for research when no appropriate research models and/or human research models are available, or when assessments are required by national/international regulatory authorities for pre-market approval. Moreover, when possible non-mammalian models are preferred. No beauty products will be tested on animals.



Animal welfare at Isigny Sainte-Mère Cooperative

H&H's largest supplier and dairy partner for Biostime is Isigny Sainte-Mère Cooperative, which constituted 84% of our spend on dairy in 2022. H&H is working closely with the Cooperative on its journey to becoming a B Corp.

Isigny Sainte-Mère Cooperative has been pioneering in sustainable farming in France for decades, and its farmers are passionate about protecting their unique and unspoiled terroir in Normandy which offers high-quality pastures to cows. Since 2000, all the Isigny Sainte-Mère Cooperative farms are certified by AgriConfiance which ensures not only safety and full traceability, but also high level of standards in terms of responsible livestock farming practices such as herd's feed, farm hygiene and animal welfare.

All of the Cooperative's farms should comply with Good Farming Practices Charter.
The meat and dairy trade association has developed a new version of this Charter, including new animal welfare indicators that will be mandatory in 2025 for all farms in France but have been mandatory for all Isigny Sainte-Mère Cooperative farms since July 2022.

Called BoviWell, this new assessment was built with scientific and technical experts and is articulated around the internationally recognised Five Freedoms of Animal Welfare:

- Freedom from hunger and thirst
- Freedom from discomfort
- Freedom from pain, injury, and disease
- Freedom to express normal and natural behaviour
- Freedom from fear and distress.

In 2022, Isigny Sainte-Mère Cooperative's dairy consultants received training by the French Chamber of Agriculture and more than a third of the farms have already completed the BoviWell assessment. Thanks to this assessment, they can highlight good practices and identify areas of improvement in each farm. The Cooperative helps its farmers to define tailored action plans by providing advice and also dedicated training. For instance, Isigny Sainte-Mère Cooperative carries out training on cattle dehorning which is crucial to improve animal welfare. Any milk producer that is not compliant with the BoviWell assessment will be excluded from milk collection.

Aurelia London – A 'Leaping Bunny' brand

We do not test our Aurelia London brand's products on animals. Aurelia London is a 'Leaping Bunny' certified brand by Cruelty Free International. The Cruelty Free International Leaping Bunny Programme is the recognised global gold standard for cruelty-free skincare and beauty. Aurelia London has also joined People for the Ethical Treatment of Animals' (PETA) cruelty free certification programme.

Our approach to biodiversity conservation

At H&H, we know how much we owe to our natural capital, and we are working to reduce the impact of our supply chain (especially regarding raw material production) on land, soil, and biodiversity, particularly where ingredients are scarce, drawn from vulnerable ecosystems and/or ecosystems which support endangered species. Biodiversity is one of the hotspots identified in our Raw Material Sourcing Policy.

For our products coming from farmlands and grasslands, which are some of our most vital ecosystems, we are looking at how we can support sustainable agriculture practices, or better yet, regenerative ones, that will, in turn, ensure long-term, high-quality supply. By ensuring our ingredients and formulations carry an organic certification, we can verify that we are not damaging the soil or water quality and avoiding the use of harmful fertilizers in our supply chain.

Over 40% of the total global portfolio (in number of stock keeping units (SKUs)) under the BNC segment are organic.

In France, 100% of Biostime infant milk formula (IMF) and over 98%* of our Good Goût sales in France come from products carrying the organic certification: Agriculture Biologique certified by third parties such as Ecocert FR-BIO-01 and Bureau Veritas SAS FR-BIO-10 respectively. Combining the power of nature and science, Biostime offers in France a range of certified organic infant milks without palm oil.

In China, Biostime's Healthy Times Organic IMF range has been awarded organic certification for both China (by the China Organic Food Certification Centre) and Europe (FR-BIO-10 certification), where the products are made.

We are witnessing the popularity of organically farmed products with our consumers.

In France, the Biostime brand holds the No. 1 position in the organic IMF market and has more recently emerged as new No.1 in the organic goat milk market category, both in pharmacy channels**. Good Goût is leader in organic individual fruit pouches and organic biscuits market*** in France.

In Australia, more than a third of our IMF sales in 2022 were for organic products. Our Biostime brand achieved top 5 position in organic IMF brands in Australia in 2022, following its launch in the region in 2018.

**The three Good Goût products that are not organic are made with fish certified by the Marine Stewardship Council for its sustainable fishing.*
*** Data Gers, pharmacy market, Value Market Share MAT December 2022.*
**** Data IRI, HMSM+DRIVE, Sales Value MAT December 2022.*

In France, 100% of Biostime and Good Goût infant milk formulas are certified organic

Partnering with Isigny Sainte-Mère Cooperative for the preservation and planting of hedgerows, an area rich in biodiversity

In 2022, we joined our long-term partner Isigny Sainte-Mère Cooperative – our largest strategic supply partner for dairy – in its efforts to support Cooperative members to develop their action plan to protect and grow hedgerows. The Cooperative had started this initiative in 2021, and we joined in 2022 with a minimum yearly support of EUR15,000 until 2025. EUR3 will be donated for every metre of hedgerows planted.

Hedgerows – rows of densely planted trees or shrubs – help to limit soil erosion while promoting biodiversity and protecting crops and animals from wind and heat.

They have many functions:

- biological and ecological through the maintenance of fauna and flora
- agronomic by playing an anti-erosion and windbreak role
- hydraulic by its filtering and regulating function of surface water
- landscape by partitioning and diversifying spaces
- economical for the production of wood or fruit.

Each member of the Isigny Sainte-Mère Cooperative replanting hedgerows will benefit from a subsidy from the Cooperative and H&H, in addition to the public aids which exist in the region for the reforestation of hedgerows. To benefit from these subsidies, the member of the Cooperative must first have an aid application validated by the local authorities in Normandy, France.

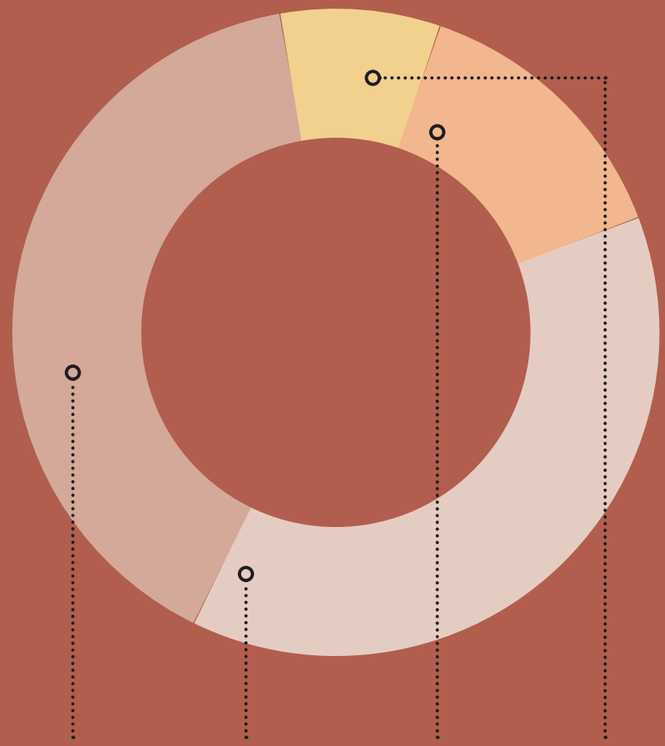
PROCESSING AND MANUFACTURING

Our supply chain consists of contract manufacturers and raw material, packaging, transport and logistics, and warehouse suppliers. We have direct relationships with suppliers across these categories, however our contract manufacturers manage the sourcing of many of our raw materials, and in some cases, packaging. Across our three business segments (BNC, ANC and PNC), we had approximately 225 suppliers including contract manufacturers as at the end of 2022.

Supply Chain Governance, Relationships and Continuity is one of our most material topics. H&H's supply chain plays a major role in the way we conduct our business and, as such, every contributor and stage of our value chain is equally important and valued. Supply chain governance is at the crossroads with many other environmental and social topics, including GHG emissions, climate risks and labour rights. As reflected by our comprehensive carbon footprint which includes our Scope 3 emissions, our environmental impact mostly lies within our supply chain. The collaboration with our suppliers is crucial to enhance our sustainability performance.

Mapping of our suppliers

Percentage of suppliers per geographical region:



40% Asia

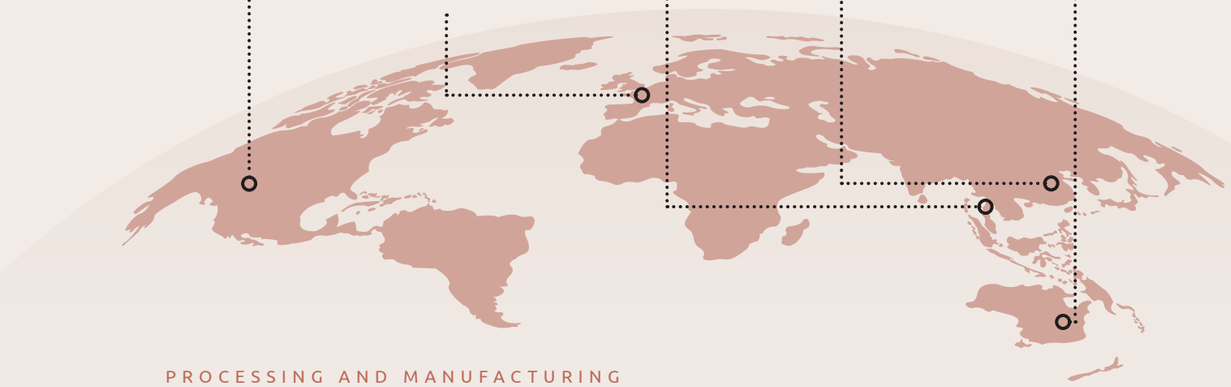
38% Europe

14% Australia and New Zealand

7% North America

Key contract manufacturers

North America	Europe	Asia	Mainland China	Australia and New Zealand
PetDine	Isigny Ste Mère	COSMAXNBT	SIRIO 仙乐健康	vitex
DANISCO	LALLEMAND	Thai Union	可艾 COAMIE	COSMAXNBT
ALPHIA	Arla			apm quality innovation
	SOCHIM			MALTRA FOODS
	PARMACEUTICI PROCEMSA			LIPA
	CHR. HANSEN improving food & health			FPA
	probi			ENSIGN
	Maison Larzul			nbc natural beauty care
	eurowipes ANJAC			
	Roval ANJAC			
	Biscuiterie de l'Abbaye			
	Herrco			



PROCESSING AND MANUFACTURING

Our Supplier Code of Conduct

Our Supplier Code of Conduct, which is publicly available on the Group website, outlines our values and the behaviours we expect our suppliers to strive for as well as the expectations they should have of their own respective supply chains. It covers a wide range of sustainability topics such as:

- human and labour rights
- health, safety and quality
- environmental issues.

Our Supplier Code of Conduct states our opposition to any form of slavery (including child labour) or trafficking of persons and specifies that we expect our suppliers to respect and champion human rights in all activities in accordance with the UN Universal Declaration of Human Rights. It is also our expectation that suppliers provide fair wages and working conditions to all employees (including equal pay for equal work, adequate rest periods, sufficient leave, freedom of association and collective bargaining). Suppliers shall also take responsibility to minimise adverse environmental impacts including but not limited to emissions, non-renewable energy consumption, water and waste, through implementing environmental management systems.

The Supplier Code of Conduct applies to all direct suppliers, including upstream supply chain, raw material suppliers, manufacturing and packaging suppliers. It stipulates that it is the responsibility of direct suppliers to: disseminate to their supply base; and educate and exercise due diligence in implementing requirements equivalent or similar to those within this policy.

Since its launch, we have made it mandatory that all new suppliers sign the Supplier Code of Conduct within the procurement process. We have also included several clauses relating to ethics, and environmental and social responsibility in our standard template agreements.

Assessment of our suppliers

We are working towards achieving greater transparency over our complex supply chain across our portfolio of products.

In addition to the environmental and social risk assessment of certain raw materials (please refer to the 'Raw materials sourcing' section of this Report), we have implemented a formal process for carrying out due diligence across our direct suppliers (contract manufacturers and raw material, packaging, transport and logistics, and warehouse suppliers) through the development of our H&H Suppliers Sustainability Survey through SupplyShift, an end-to-end supply chain data management, responsible sourcing, and supplier engagement cloud-based platform. The survey is tailored to the topics (both environmental and social) specifically identified as material for the industries we operate in, largely focused on The Sustainability Consortium's Thesis Industry hotspots for our relevant product categories.

The main themes covered in our supplier assessment relate to governance, general corporate social responsibility (CSR) commitments and actions, social and labour policies and initiatives (including human rights and modern slavery topics such as child labour or forced labour), health and safety, environmental policies and initiatives, and supply chain management.

This allows us to identify high-risk direct suppliers, analyse their sustainability profile and work with them to improve their ESG performance.

In addition to the above, our audit analysis grids that we apply to our European contract manufacturers include social and environmental evaluation criteria before we engage them and during our follow-up audits.

These actions have laid good foundations for supply chain sustainability by creating a database of information on our supply chain progress in sustainability to benchmark and build on.

2022 highlights

Focusing on our top 95% suppliers (in purchase value) who have completed our sustainability assessment in 2022*:

100% have signed our Supplier Code of Conduct

97% have confirmed their employees are free to join or form trade unions or worker organisations of their own choosing if permitted by law

83% have established environmental targets and reduction plans

88% of our suppliers (in purchase value) completed our sustainability assessment in 2022. We recorded an increase of 33% in the number of participating suppliers in 2022 compared to 2021.

* Representing 78% of our top 95% suppliers

Ethical or social audit of our suppliers

77% of our tier 1 suppliers (in purchase value) received at least one ethical or social audit carried out by a third party over the last two years (2021 and 2022). 81% of these used the SMETA (Sedex Members Ethical Trade Audit) audit referential.

Type of environmental targets our suppliers* have in place:

27%	Waste minimisation/recycling (including hazardous waste minimisation)
17%	Water use
16%	Energy efficiency
15%	Emissions (GHG and non-GHG)
10%	Raw material sourcing
10%	Renewable energy
5%	Biodiversity and soil quality

*Among our top 95% suppliers who have completed the sustainability assessment.

PACKAGING

Safe, sustainable – and less – packaging

Packaging plays an important role in ensuring the stability of active ingredients in our formulations, particularly in our two largest product categories – infant milk formula and supplements.

We continually aim to identify and implement packaging solutions which are more environmentally friendly yet can still meet the highest quality and safety standards to safeguard the health and wellbeing of our consumers. We also strive to reduce our use of packaging materials.

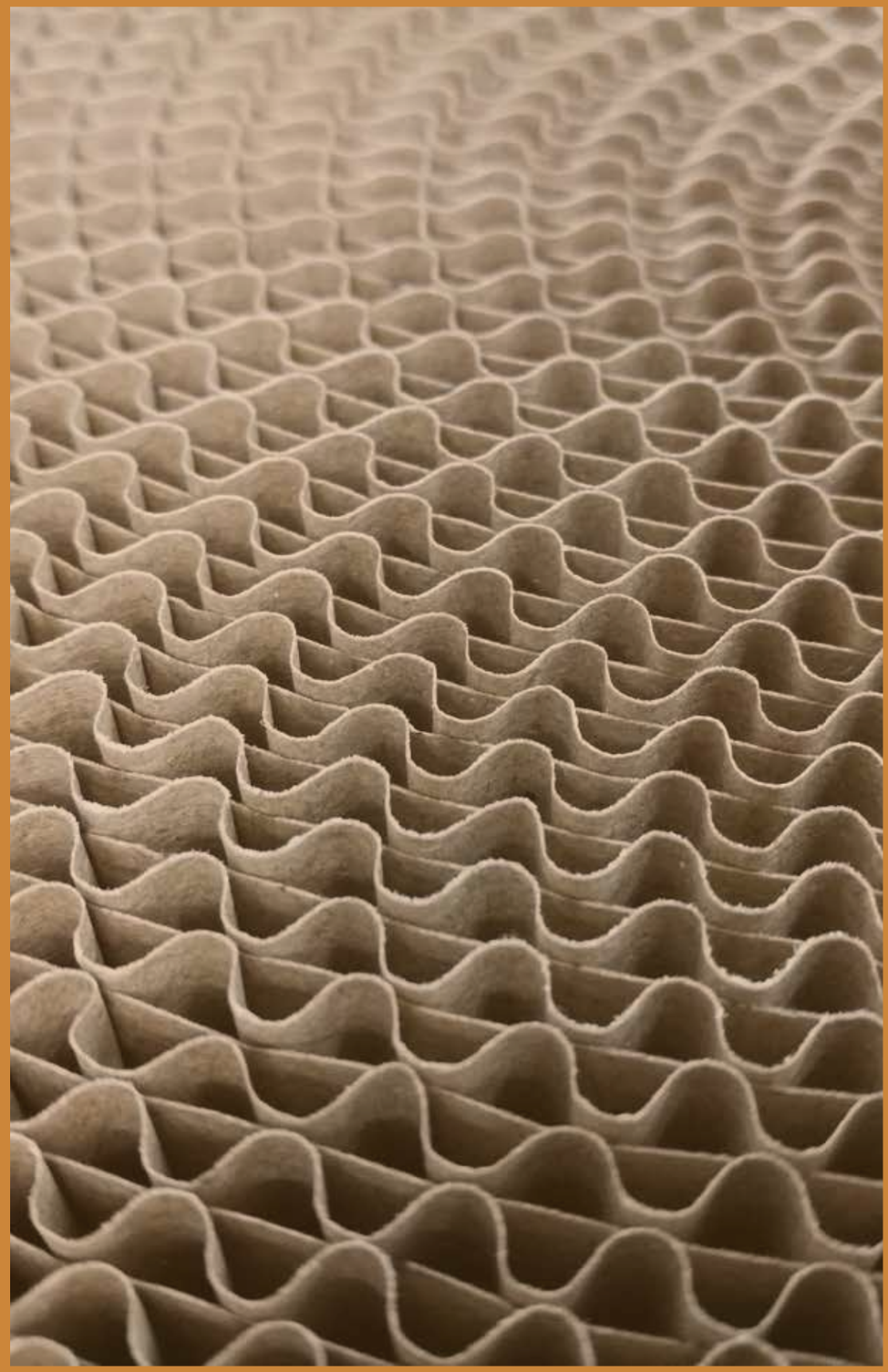
Since 2021, our teams are following the 5Rs packaging framework in order to enhance the environmental performance of our packaging and fully embed circularity principles both inside and outside our products.

REDUCE	Cut down on the amount of material to minimise environmental impact for both primary and secondary product packaging and other logistical packaging where possible.
RENEW	Integrate and optimise the proportion of renewable materials in packaging.
RECYCLE	Optimise the use of recycled materials to improve recyclability and reduce the amount of virgin materials created.
REUSE	Extend the life of packaging and encourage opportunity for consumers to reuse.
REGENERATE	Improve the ability of packaging to be reutilised and minimise carbon footprint across supply chain.

Our COSI ('Cost Out – Sustainability In') ethos (described in the 'Innovation' section of this Report) is applied to our 5Rs Framework as we continue our journey in identifying and implementing packaging solutions which are more environmentally-friendly, while still meeting quality and safety standards.

Our portfolio of projects in progress in 2022 focused on:

- **reduce** – design smaller vials, and remove desiccants and secondary packaging
- **recycle** – use of recyclable plastics and recycled materials
- **renew** – rely on recycled and recyclable paper-packaging.



5Rs PACKAGING GUIDING PRINCIPLES FOR 'COSI' PROJECTS

REDUCE

01. Can any component be eliminated?
02. Can we avoid secondary packaging (outer box)?
03. Can we avoid using desiccants?
04. Can the size, volume or weight of the packaging be reduced?
05. Can we reduce the use of virgin material inputs (e.g. exchange/increase proportion of post-consumer recycled (PCR) content in packaging)?

RENEW

06. Are any of the materials renewable? If yes, how much (%) renewable content is in the packaging now?
07. Is there potential to use a renewable alternative to any of the packaging materials?
08. Is there potential to use renewable materials that have been certified as from responsible sources, e.g. Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC)?
09. Can any of the printing (labels or direct packaging) be replaced with renewable inks and coatings?

RECYCLE

10. Is the packaging recyclable through kerbside or standard collection?
11. Can the design of the primary packaging be changed to improve recyclability? If not, what is the critical area that prevents this?
12. Can we avoid multiple layer packaging and multi-material components?
13. Can we avoid the use of plastic or metallic film layers?
14. Has the (certified) Recycling Label icon and disposal instruction been used on pack?

REUSE

15. Can the primary packaging of the product be reused by consumers?
16. Can the primary packaging be refilled with new product? If so, is this a viable option (taking into consideration costs and environmental impact of returning/ cleaning/refilling/ additional packaging, e.g. sachets/pouches?)

REGENERATE

17. Has the carbon footprint been minimised by looking at locally sourced inputs to reduce carbon emissions?
18. Is there a better way to produce or transport our products and packaging to reduce our carbon footprint?
19. Is the packaging certified as suitable for composting and other microbial treatment?
20. Is the consumer likely to have convenient access to a service that will collect and compost the packaging?

Our committed journey to improve the sustainability of our packaging and reduce our use of virgin packaging material

Designing our packaging material with recovery at the end of life in mind

Our goal remains to have all our product packaging to be either recyclable, compostable or biodegradable, by the end of 2023. As of 31 December 2022, 98% of our packaging materials are recyclable, biodegradable or compostable, we are still actively looking for relevant solutions for the remaining part of our packaging materials which did not hit the target yet.

In order to achieve our goal, we will continue to carefully consider the following:

- selecting materials that are renewable or have been recycled where possible
- designing for material recovery, litter minimisation, consumer accessibility, transport efficiency and reduced product waste
- ensuring safety of materials used
- optimising materials efficiency
- ensuring our products meet high standards of quality and safety.

Reducing our use of virgin packaging material inputs

Using less packaging material, including less virgin plastic, is part of our strategy to reduce our environmental impact. Our projects include designing smaller vials and removing unnecessary desiccants and secondary packaging. We also strive to increase our use of recycled content in packaging.

In July 2022, we became part of the Ellen MacArthur Foundation community.

Our Good Goût biscuits in China win award for sustainable packaging innovation

The brand's innovative and sustainable packaging design was recognised with a prestigious prize, due to the following features:

- a smart zip-locking system that allows the package to be easily resealed after the initial opening, minimising paper waste compared to traditional packaging designs
- the decision to opt for paper that has been certified by the Forest Stewardship Council (FSC), while forgoing the use of plastic film for ink protection
- the inclusion of a recycling slogan on the packaging, serving as a gentle reminder for customers to dispose of the box responsibly and do their part in protecting the planet.

Swisse participates in the Sustainability Open Innovation Challenge 2022 launched by Enterprise Singapore

Swisse and H&H Group have made it a priority to foster sustainability and innovation. In 2022, we teamed up with Enterprise Singapore's Sustainability Open Innovation Challenge to engage with a group of innovators and search for a sustainable sachet or pouch format for dietary supplements. The goal was to maintain the convenience and accessibility of these products to consumers throughout the region while also promoting environmental sustainability.

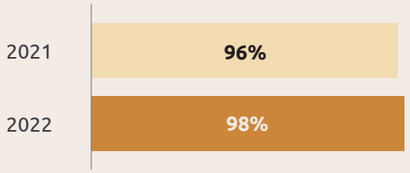
Our packaging progress

In 2022, we collected packaging data from H&H facilities and contract manufacturers that produced products of all our ANC, BNC and PNC brands. We expanded the scope from 2021 – adding Solid Gold. The data is expressed in tonnes of material and covers the life cycle of products, except for France where calculations are based on the CITEO Declaration.

Packaging material type

Recyclable, biodegradable or compostable packaging

Percentage of packaging materials that are recyclable, biodegrable or compostable (by packaging weight)



- **1.1%** glass
- **32.8%** plastic
- **32.6%** paper and cardboard
- **33.5%** metal (tin and aluminium)

**This is a saving of 2,751 tonnes of packaging compared to 2021.*

***Please note that there is a difference in the way we have reported our packaging data in this 2022 Report compared to our 2021 report. In 2022, we have reassessed the scope in order to have a consistent approach across our regions and decided to remove some logistics packaging materials reported on Biostime that were not reported on PNC and ANC activities. In 2022, we integrated the packaging data related to our brand Solid Gold, that were not reported in the previous report.*

Decreasing the use of virgin plastic

As described in our 5Rs principles, we believe that the transition to a circular economy starts with the way we design our packaging and our products.

In 2022, our Dodie baby wipes were fully redesigned from product to packaging to decrease as much as possible the use of plastic including the following developments.

- Wipes were replaced by plastic-free wipes made of plant-based fibres (viscose derived from wood pulp, like beech, pine and eucalyptus) that are home-compost certified.
- Plastic lid was removed from the packaging and replaced by an airtight flap, resulting in a saving of 65% of plastic than the previous packaging, estimated to save nearly 10 tons of plastic annually.
- In addition, the packaging, that was previously made of multilayer flexible plastic, was replaced by a 100% PE packaging, that is 100% recyclable in France.

Removing unnecessary plastic and making our packaging easier to recycle

In 2022, key initiatives were assessed for our ANC, BNC and PNC brands across all our regions which are summarised below.

- **China:** We conducted tests to replace the four-layer foils of our Swisse Collagen stickpack with a three-layer structure to improve the recyclability of the finished product.
- **China:** We reworked our Little Swisse Fish Oil gel Candy from a multi-packaging format (box + alumium bag + blister) by a single packaging (plastic jar) enabling us to increase the recyclability of the packaging from 58% to 92%.

- **Australia:** We have designed new Swisse vials with a reduced size that will be launched in 2023 for our top-sellers, generating savings in plastic usage, but also in logistics costs and carbon emissions.
- **North America:** We will remove the plastic shrink from our Zesty Paws jars and reduce the jar weight by 8% enabling us to save a total of approximately 21 tons of plastic per year.
- **France:** We removed the plastic window from the packaging of our Dodie baby bottles and transitioned to a 100% recyclable packaging that is plastic-free and made of recycled cardboard.

98%	**of recyclable, biodegradable or compostable packaging**
2,751	**tonnes of packaging savings** compared to 2021
16%	**of material** with recycled content
1KG	**of packaging** produced for every RMB858 in revenue

PIDA AUSTRALASIAN PACKAGING INNOVATION & DESIGN AWARDS 2022
HEALTH, BEAUTY & WELLNESS PACKAGING
DESIGN OF THE YEAR
BRONZE WINNER

Swisse Earth wins bronze award at Australian packaging awards

This year, our Swisse Earth packaging won the bronze award at the Australian Packaging Innovation and Design Awards (PIDA) in the Health, Beauty and Wellness category. The bronze-winning packaging features sustainably sourced bio-based packaging materials: the jar and the lid are made from recycled paper and are fully recyclable. The stackable lid and the paper bottom closure are a great innovation for functionality as well sustainability. This is a huge achievement for our brand and rewards the great efforts by our Swisse team and our supplier to turn a concept into a reality and bring this innovative packaging to life.

How we manage sustainable packaging innovation?

In order to improve our environmental hotspots, we are conducting Life Cycle Assessments (LCAs) on our key product categories. The LCAs identify, quantify and assess sources of environmental impact throughout the product's life cycle, including the packaging. In 2022, we have conducted two major LCAs on:

- Biostime infant milk formula: packaging has been identified as a key area of focus and action plans on re-packing are investigated to reduce our impacts.
- Dodie soothers and baby bottles: we have decided to phase out PVC from our packaging by end of 2023. Replacing PVC by recycled PET will allow us to reduce our impact on climate change indicators by 34%.

DISTRIBUTION

Transport and logistics

The rapid expansion of the H&H Group has significantly increased the complexity of our supply chain, including transport and logistics.

Following our unique Premium, Proven, Aspirational and Engaging model, we select premium ingredients to use in formulating our products. This means that while we source locally where we can, we do actively source high-quality ingredients from across the world. This is particularly the case for vitamins and supplements and infant milk formula product categories which are particularly stringently regulated in our key consumer markets. Accordingly, we are aware that the transport of ingredients to the manufacturing location does have an environmental footprint.

With the calculation of our global carbon footprint, including Scope 3, we have a better understanding of the emissions linked to our freight, upstream and downstream, which accounted for 11% of our carbon footprint in 2022. We are developing a plan to reduce our emissions linked to freight, including fostering even more use of low-emission modes of transport (such as rail and sea), and increasing the accuracy of our demand and supply forecasts to limit the instances where delivery needs to be accelerated to reach the market in time.

In 2022, we moved production of Good Goût's fruit purée pouches – the brand's largest category which represented 46% of our sales in 2022 – from Spain to France. As we currently sell Good Goût mainly in the French market, this allows further localisation of our production and supply chain, and therefore reduces our freight distance.

Our team has been working on this major project for more than two years. We used many sustainability criteria in selecting our manufacturing partner, including the evaluation of, for example: how the factory reduces its carbon emissions during production; how the manufacturer manages water and energy waste treatment; involvement and management of sustainable sourcing; and whether the manufacturer encourages the transition to sustainable farming. After this move, 80% of Good Goût product portfolio is manufactured in France. Other options are investigated and will be implemented in 2023 to produce other product ranges, such as our yoghurt pouches, in France.

In Australia, starting May 2022, we moved our delivery point for a major customer from Sydney to Melbourne, where the distribution centre for H&H is located. We estimate that 835km of road freight are saved twice per week.

DISTRIBUTION

Access to our products

We want our products to be accessible to meet communities' health and nutrition needs.

Regarding our commercial activities, we have prioritised three aspects in this respect:

- **distribution and markets served**: focusing on expanding the availability of our products to our target consumers across our existing markets and giving access to our products to consumers in new countries
- **cultural norms and lifestyle choice**: focusing on considering local cultural norms (e.g. halal products) and adapting to the growing desire of consumers to live more sustainably and embrace a plant-forward approach
- **sample size products**: proposing some of our products in sample size to increase the affordability and provide with trial for a wider consumer audience.

Our non-commercial activities described in the 'Advancing the Story of Good Health' section also support the accessibility and affordability of our products.

In this section, we will focus on the expansion of the availability of our products through distribution and markets served. Please refer to the 'Marketing' section for insights on our response to cultural norms and lifestyle choices.

In 2022, we enabled the consumers in our existing markets to find our products where and how they prefer to shop. The expansion of our product availability incorporates online channels – including our brand web stores and/or via e-commerce platforms – as well as offline, depending on the market.

In mainland China, we reached out to broader consumer base both offline and online through consumer education activities and deepened penetration in channels of lower-tier cities for our BNC products.

Regarding our PNC segment, we continued to expand our distribution reach across the United States, including major retail chains such as Walmart, Target, PetSmart and independent pet stores. Regarding e-commerce, Zesty Paws in the United States remained the No.1 pet supplements brand in the e-commerce channel, and we completed the transition of our Solid Gold's business on Amazon from a wholesale model to a marketplace model in December 2022.

The growth momentum of our Swisse brand in new Asian expansion markets was phenomenal, driven by distribution gains (in both offline and online channels) across markets including Vietnam (one of our new markets in 2022), Thailand, India, and Malaysia.

In 2022, we also expanded the availability of our products to consumers in new countries. Our Swisse brand has been introduced to consumers in the Middle East, making high quality nutrition more accessible. The Swisse range features 20 of our products based on consumer and category trends in the UAE. We also expanded our presence in several countries in Asia.

MARKETING

Consumer engagement

At H&H, our brands are Premium, Proven, Aspirational and Engaging (PPAE). Our unique (PPAE) model guides how we develop, market and communicate our products across our brands, and engage consumers on their health and wellness journey. It also guides us in how we communicate our brands' and products' sustainability attributes.

Premium

- Premium positioning and pricing
- Leveraging on naturality positioning
- Working with our supply chain partners to source high-quality and premium ingredients and products

Proven

- Science-based approach in developing and marketing products
- Efficacy and consumer feedback
- Health advocacy and consumer education on the benefits of our products

Aspirational

- Inspiring consumers to enhance their lives and lifestyles through using our products
- Global and local ambassadors and key opinion leaders (KOLs) help us inspire consumers

Engaging

- Two-way communications approach connecting with our current and potential consumers
- Visually appealing, exciting, and informative digital content and experiential moments

Our respect for nature and imaginative approach ensures that everything we do can better people, better society and better the environment, promoting sustainable wellness across the world.

We partner with credible and aspirational celebrities and influencers as well as invest in marketing on a local and global level to keep our consumers engaged and informed about the importance of leading a healthy lifestyle and overall wellbeing.

As an example, Swisse extended its partnership with acclaimed actress Nicole Kidman in 2022 and organised conversations about health, wellness and beauty with local ambassadors and partners in Singapore, India, Thailand, Malaysia and Hong Kong. Those conversations have been widely used across Swisse social media channels to promote the Story of Good Health, highlighting the importance of a healthy lifestyle, nutrition and exercise for our consumers.

In 2022, we launched our Swisse NR+ range, a breakthrough innovation containing Nicotinamide Riboside Chloride (NR, Niagen®), a precursor of Nicotinamide Adenine Dinucleotide (NAD), which is important for cellular energy metabolism, and a bioactive source of Nicotinamide to support energy production and vitality. It addresses consumer health issues around ageing as it promotes healthy ageing and strength. NR+ packaging contains clean label claims that are highly visible to consumers and highlight the quality and safety of ingredients and formulation.

Our global marketing team has developed and launched e-commerce guidelines together with brand assets that can be used across the markets on e-commerce platforms such as Lazada, Shopee and Amazon. The assets and guidelines help to improve the clear and transparent communication of product benefits and ingredients as well as highlight clean label claims.

‘Natural health. It’s our new fashion’

Our China team launched a new communication campaign with the tagline ‘Natural health. It’s our new fashion’ with strong digital support, while engaging one of China’s top influencers and celebrities, Dilraba. The inspirational and educative campaign has helped to improve consumer awareness and understanding about our wellness pillars of Nutrition, Movement and Mind.

Solid Gold’s “Real CAT Show” live broadcast with Bilibili

In 2022, Solid Gold launched a new product named NutrientBoost which aims to boost feline health. In order to capture the attention of Generation Z (Gen Z) consumers, Solid Gold created the “Real CAT Show” live broadcast with popular video sharing streaming platform Bilibili. The live broadcast was viewed by more than one million consumers in the Gen Z demographic and total exposure for the campaign exceeded 320 million people.

Solid Gold also invited Bilibili bloggers to produce creative videos to highlight Solid Gold’s selling point of ‘improving immunity and vitality’ to consumers in an interesting way and build a fun brand image and drive sales.

‘Reach for your reason’ campaign

In 2022, the Swisse team introduced to the markets the new ‘Reach for your reason’ campaign. The campaign was launched in Australia and Italy in 2022 with South-East Asia planned for launch in 2023. At the heart of our brand lies the idea that to achieve anything, we first need to discover our personal purpose. When we know what motivates us, we can commit to the future and what is needed to get there. The campaign conveys that Swisse will be your trusted and inspirational partner that will support you in every step of your wellness journey.

‘Reach for your reason’ campaign is illustrated by visuals that communicate healthy lifestyle and wellbeing.

‘Reach for your reason’ campaign highlights the importance of finding and pursuing your personal purpose with visuals that communicate healthy lifestyle and wellbeing.

Swisse Earth

The Swisse Earth range was launched with a targeted campaign and disruptive media launch event bringing together some of the most influential media journalists and influencers to build awareness among consumers aged 20-40 who are looking for premium and sustainable wellness solutions. In 2022, to celebrate Earth Day and launch into Chemist Warehouse we partnered with some of Australia’s biggest content creators to inspire Australians to incorporate our products into their everyday routines.
The campaign generated strong consumer engagement – driving more than 18 million impressions and coverage across leading wellness publications. The Swisse Earth range was also recognised as the bronze winner in the 2022 Australasian Packaging Innovation and Design Awards in the Health Beauty and Wellness category for its conscious packaging components which are mainly made from bio-based materials such as recycled paper.

Biostime and Xu Xin campaign

In 2022, Biostime launched a campaign in China riding on the Winter Olympics and Chinese New Year to engage with millennial mothers through different social media activities. Xu Xin, a famous Chinese national table tennis player, Olympic champion, and five-time world table tennis champion, was selected as the brand spokesperson.

During the campaign consumers could create their own WeChat emojis, participate in HTML5 mini-game competitions, and co-shoot New Year greeting videos with Xu Xin to receive customised red envelopes and gift package rewards. The campaign became a trending topic and went viral on social media platforms with more than 1.9 billion exposures.

Biostime unfiltered portraits campaign

Biostime France team launched a social media campaign with hashtag #LesHistoiresSansFiltre. By presenting a series of vignettes featuring real parents facing various challenges, we invite our community to discover other types of parenting and to raise awareness on different subjects. For example, a real story of a mother of two who has a very rare neurological condition and how she fights against the disease with love and perseverance. The campaign has gained social awareness and provided a great opportunity to change the discourse commonly associated with motherhood, womanhood, family and parenting in general.

Responsible marketing of Breast-Milk Substitutes

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

In 2018, we published our Responsible Marketing of Breast-Milk Substitutes Policy (BMS Policy) which aims to provide guidance on how the Group conducts marketing activity with regard to Breast-Milk Substitutes.

In 2021, and in addition to our BMS Policy, we reviewed our baby nutrition product strategy implementing key research and development (R&D) and science projects that will promote and enhance a mother's ability to effectively breastfeed. In 2022, we continued to strengthen our BMS Policy and implement key articles, particularly within key markets such as China where regulation is less stringent than our BMS Policy. We also improved our compliance management system to ensure we have appropriate marketing practices in place and an effective culture of compliance with the World Health Organization Code (the WHO Code).

Our BNC Council, made up of marketing and regulatory representatives from every brand and region in which we operate, continued to meet regularly to:

- remain up to date with local and global industry developments and changes
- oversee our approach and positioning in relation to baby nutrition and care matters (including Breast-Milk Substitutes)
- report on regional training of the BMS Policy
- raise and discuss any concerns with the BMS Policy
- report on compliance with the BMS Policy to the Group's Global Risk team and the Board
- discuss any concerns and cases of non-compliance raised through the 'H&H Responsible Marketing Non-Compliance form' and respond accordingly (including assigning roles and responsibilities)
- engage with stakeholders in any advocacy activities to support and protect breastfeeding, secure compliance with WHO Code and raise awareness among all our business partners.

Furthermore, in the context of our B Corp certification, the Group acknowledges that we are required to support legislation that fully aligns with the WHO Code, as well as disclosing our policies on lobbying, specifically lobbying practices as they relate to BMS, and areas of non-compliance with the Responsible Lobbying Framework (RLF).

Since the launch of our journey to become a B Corp, we have also actioned the following:

- progress and ongoing discussions with Access To Nutrition Initiative (ATNI)
- we have joined the ATNI Index and started the BMS Marketing assessment in February 2023
- our Research & Development team has been active in developing science-based products to encourage and support parents to breastfeed via lactation product offer, to be launched in Q4 2023
- ongoing annual BMS compliance training for all relevant team members and third parties acting on H&H's behalf
- we have run campaign to support the World Breastfeeding Week in China.

We are also committed to supporting breastfeeding parents when they return to work within our Company. Providing ample space, privacy, storage, break times, and access to all team members. From 2022, all H&H workplaces with more than 30 employees have a devoted parent space for breastfeeding.

Providing products that suit communities' demand and health concerns

In addition to the safety of our products and the benefits they provide to the consumers, the nutritional quality of our food and supplement products is an inherent factor in consumers' choices. Our goal is to create a positive impact on health by developing and offering products with higher nutritional quality and health benefits, tailored to meet the various nutrition and health needs of all family members and all life stages, including pets. We also draw on our knowledge of public health concerns and local cultural traditions to offer products that suit our consumers' needs and concerns. We know that a brand's product range in one market may not suit the customs or tastes of another. We, therefore, champion a 'glocal' approach within our product innovation and product selection strategy – where our global brands' product ranges are tailored to local consumer needs. We engage in quantitative and qualitative research to stay up to date with – and anticipate – global as well as market-specific consumer trends and demands. This ensures our consumers' health and wellness needs and priorities are an integral part of our new product development decisions. It supports us to evolve our brands and product portfolios to ensure relevancy.

Plant-forward strategy*

In 2022, we continued to integrate our plant-forward strategy across the organisation. This strategy was integrated in 2021 in response to – and in anticipation of – increased consumer interest for vegan-friendly products in our key markets. This outlines preferences for ingredients and formulations that provide health outcomes for consumers and do not require the use of animal-derived products.

ANC: our vitamin and supplement products from Swisse are inspired by nature and backed by science. Therefore, it is important to us that premium and sustainable quality ingredients are used in our formulations, and that includes the choice of vegan and plant-based ingredients. Our adult supplements portfolio in 2022 is composed of 38% vegan-friendly** products. Our vegan-friendly skincare products represent 63%** of the revenue in our skincare portfolio. 27% of our skincare portfolio (in revenue) is plant-based. We launched 54 vegan-friendly ANC products in 2022. For example, we launched the new Swisse Ultivite Vegan Multivitamin range in Australia and New Zealand in July 2022. This range is formulated with sustainably sourced high strength B12, vegan vitamin D and iron to support a healthy and active vegan lifestyle.

BNC: regarding our BNC segment, the total vegan-friendly offer accounted for 71% of Good Goût's total revenue. Half of the new Good Goût products launched in 2022 were vegan-friendly.

PNC: we currently do not have vegan products in our PNC portfolio. However, our Solid Gold SeaMeal products, nutritional supplements for dogs and cats, are plant-based (the main ingredients are seaweed and flaxseed). They do not qualify as vegan as they contain lactose in the ingredients panel (which serves as a carrier for the enzymes).

**For the purposes of the Report, we used the following interpretations of plant-based, vegan and vegetarian notions:*

'Plant-based' can refer to products with ingredients that are only sourced from plants, including algae. It can also refer to products that are predominantly made of ingredients of plant origin.

'Vegan' refers to products that do not contain animal-based ingredients or animal by-products, such as meat, eggs, milk and honey.

'Vegetarian' refers to products that do not contain animal-based ingredients (i.e. meat) but may include animal by-products such as eggs, milk and honey.

*** 2022 data was collected on all ANC brands, based on SKUs that are either vegan or plant based, in all Swisse regions (normal trade and China CBEC channels), except new markets (Sri Lanka, UAE and Brunei) and Global Export channel. The percentage is calculated based on NSR value. 2021 data was collected on Swisse brand only, based on SKUs that are either vegan or plant based, in SEA, Australia, Italy, China (Normal trade) and Hong Kong SAR regions only. The percentage was calculated based on NSR value.*

Total percentage of vegan-friendly products across H&H product categories by net sales revenue (NSR, USD)

71% Baby food products

63% Skincare products

38% Adult supplement products

8% Formula and baby supplement products

0% Pet nutrition and supplements

Plant-based products represent 2.4% of the revenue of our Solid Gold brand

Inclusivity

We work to consider local cultural norms, including religion, of our consumers.

The demand for halal certification requests for vitamins and supplements has accelerated since the beginning of the pandemic. Further, Future Market Insights has predicted the global market for halal nutraceutical products is set to double in sales value over the next 10 years from 2021 to 2031 (FMI, 2021). The South-East Asia (SEA) region has been the focus markets for Swisse in our global halal portfolio expansion. In 2022, we introduced 22 new halal-certified formulation, compared with the year before when we started with four halal products in the region. Expanding halal product offering allows us to provide better choices for consumers and accessibility due to limitation on their diet choice.

Nutritional quality of our products and clean label

We continuously improve our formulations to help consumers to be healthier by offering formulations with low or no sugar content. According to renowned newswire distribution service Globe Newswire, the rising incidence of diabetes and the rising demand for food with low calories are the major factors driving the growth of the sugar-free products market. These factors have influenced people to reduce sugar intake and adopt products with low sugar or no added sugar.

More than 80 % of our global ANC and BNC revenue comes from products that are either low sugar and/or without added sugar*. For our BNC segment, we understand that parents are worried about health implications of sugar and are seeking products that have “limited or no added sugar”. Over 90% of our Good Goût sales to end consumers consist of no added sugar. In addition, 100% of our infant formulas are without added sugar* - we do not add any artificial sugars or corn syrup to our whole infant formula ranges. Our new Biostime kids’ gummies range (specially developed for children to support their nutritional needs) that was launched in France has no added sugar or animal gelatin. Regarding our ANC segment, a majority of our products are sugar free or have no sugar added. 17.1% are actually tested and claimed as low sugar content and 21.5% as ‘no sugar added’**. Regarding our PNC segment***, we do not add sugar to our Solid Gold products. We intend to continue expanding low sugar or sugar-free formulations throughout all our markets in coming years on our journey to better consumers’ health.

Consumers in the Asia-Pacific region are growing more discerning and savvy and looking for more transparency throughout the entire value chain in order to make highly informed purchase decisions. They are growing increasingly cautious when it comes to products that directly impact their own wellbeing and are seeking a fuller understanding of what the ingredients mentioned in labels actually are, and their benefits. To raise consumers’ confidence in the safety of our products, we avoid addition of any artificial ingredients**** such as preservatives, colours, flavours, and sweeteners where possible. In our ANC key region of Southeast-Asia, 45% of the portfolio representing 49% of the revenue in this region has no artificial ingredients added, and we clearly communicate the clean labels to consumers on our marketing communication including packaging, to assist their decision making.

In our BNC segment, over 28% of the total global portfolio (in number of SKUs) has no artificial ingredients added****. 77% of total Good Goût products being sold to the market (in revenue) have no artificial ingredients added. As a wholistic baby food brand, Good Goût offers in France a large organic product range to cover different needs during baby weaning, from cereals to meals, from fruits and desserts to biscuits. With short ingredient list and a fine selection of natural and tasty ingredients, Good Goût allows babies to discover the true taste of nature and to fully develop their taste buds. We will continue to communicate the attributes to our current and potential consumers on product labels and marketing communication to inform their purchase decision.

In our PNC segment***, our Solid Gold products are natural with added vitamins, minerals, and other trace nutrients (meaning that we do not use artificial ingredients, except for some synthetic vitamins and amino acids that are added to our Solid Gold complete and balanced dog and cat food products).

** In accordance with regulations for IMF.*

*** For ANC portfolio, the percentage (%) of ‘low sugar’ and ‘no sugar added’ claims are based on VMS category only, not applicable to skincare and personal care categories. The percentage is calculated based on the number of qualified SKUs out of the total global Swisse portfolio SKU count.*

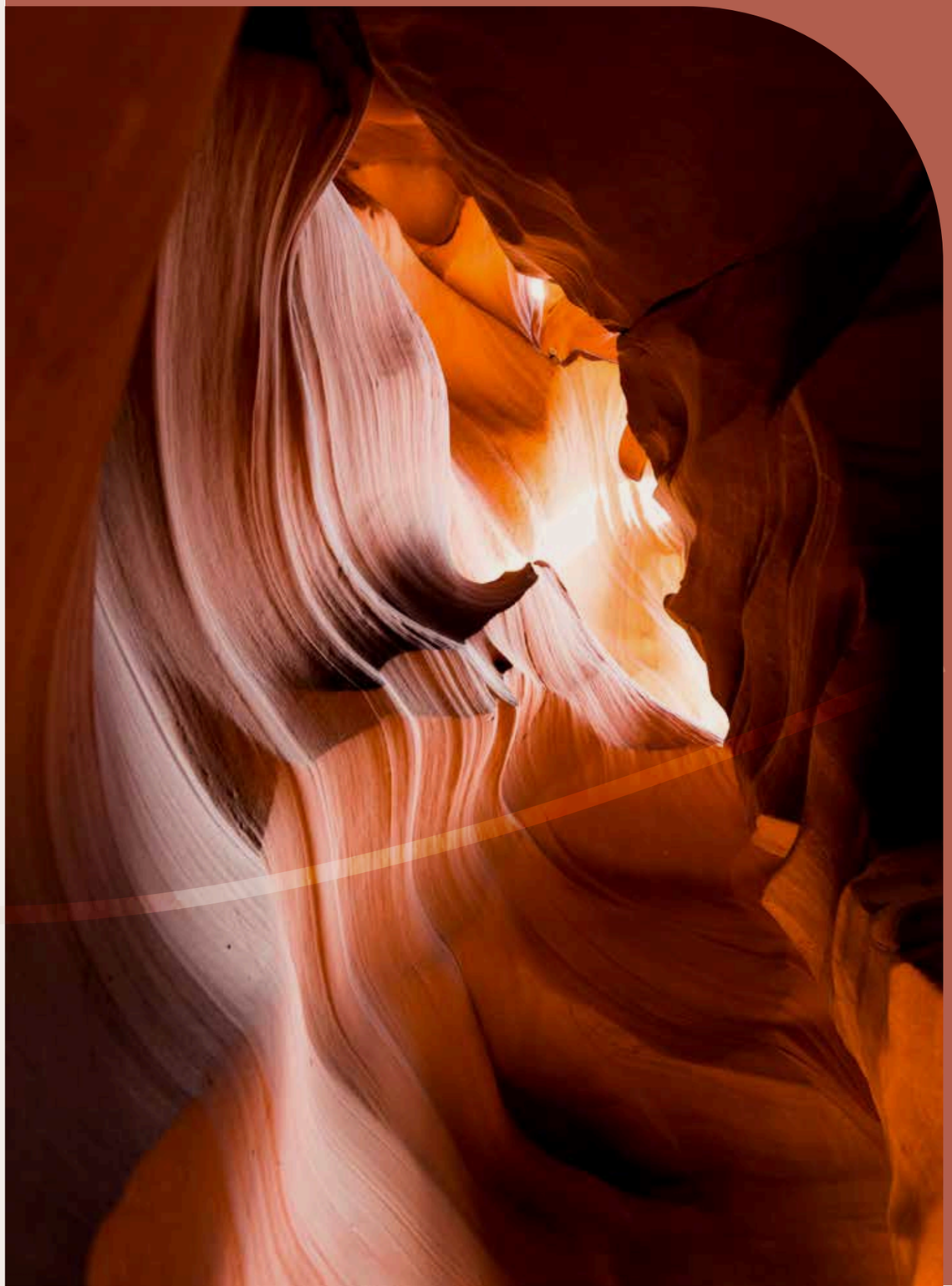
**** When the Report was released, the data for our Zesty Paws brand was unavailable.*

*****‘Artificial ingredients’ are defined according to the respective local country’s regulatory standards/criteria.*

APPENDICES

05

H&H Group



APPENDIX 1 – H&H GROUP OPERATIONAL ENTITIES

Health and Happiness (H&H) China Limited	Mainland China
Biostime (Guangzhou) Health Products Limited	Mainland China
Dodie Baby Products Inc. (Guangzhou)	Mainland China
Biostime (Changsha) Nutrition Foods Limited	Mainland China
Guangzhou Hapai Information Technology Co., Ltd.	Mainland China
Guangzhou Mama100 E-commerce Co., Limited	Mainland China
Health and Happiness (H&H) Hainan Nutrition Products Limited	Mainland China
Swisse Wellness (Guangzhou) Limited	Mainland China
Farmland Dairy Pty Ltd.	Australia
Swisse Wellness Pty Ltd.	Australia
S W Translink Packaging Pty Ltd.	Australia
Swisse Wellness Pty Ltd.	New Zealand
Health and Happiness (H&H) Hong Kong Limited	Hong Kong
New H2 Limited	Hong Kong
Swisse China Limited	Hong Kong
Health and Happiness (H&H) Singapore PTE. Limited	Singapore
Health and Happiness (H&H) (Thailand) Co., Ltd	Thailand
Health and Happiness (H&H) Trading India Private Limited	India
PT Health And Happiness Indonesia	Indonesia
Health and Happiness (H&H) Taiwan Limited	Taiwan
Health and Happiness (H&H) Malaysia sdn. bhd.	Malaysia
H&H Group DMCC	United Arab Emirates
Health and Happiness France	France
Biostime Pharma	France
Health and Happiness (H&H) Italy S.R.L	Italy
Health and Happiness (H&H) UK Limited	United Kingdom
Aurelia Skincare Limited	United Kingdom
Health and Happiness (H&H) Research Limited	Ireland
Health and Happiness (H&H) Inc.	America
Solid Gold Pet, LLC	America
Zesty Paws LLC	America

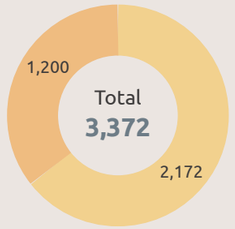
APPENDIX 2 – FURTHER INFORMATION ON OUR PEOPLE

The information is reported in number of full-time equivalents (FTEs) at the end of the reporting period.

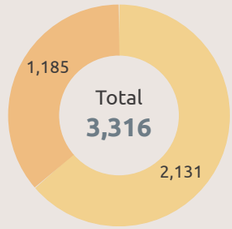
Breakdown of team members by gender

Female	Male	Total
Number of employees		
2,172 (64.4%)	1,200 (35.6%)	3,372
Number of permanent employees		
2,131 (64.3%)	1,185 (35.7%)	3,316 (98.3%)
Number of temporary employees		
40 (76.9%)	12 (23.1%)	52 (1.6%)
Number of non-guaranteed hours employees		
1 (25%)	3 (75%)	4 (0.1%)
Number of full-time employees		
2,133 (64.1%)	1,195 (35.9%)	3,328 (98.7%)
Number of part-time employees		
39 (88.6%)	5 (11.4%)	44 (1.3%)

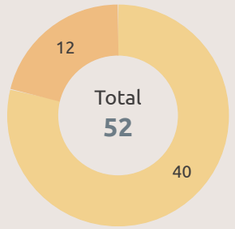
Number of employees



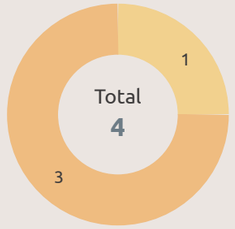
Number of permanent employees



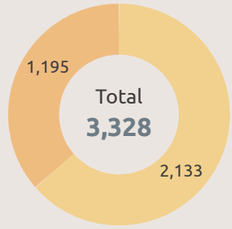
Number of temporary employees



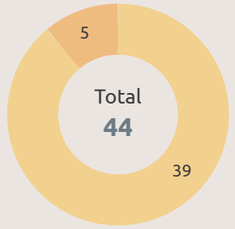
Number of non-guaranteed hours employees



Number of full-time employees



Number of part-time employees



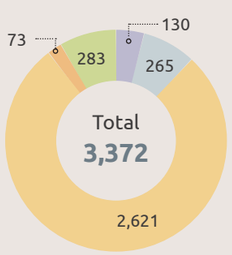
China's three-year standard employment contract system is included as permanent for the purposes of reporting given this is the standard system.

Male Female

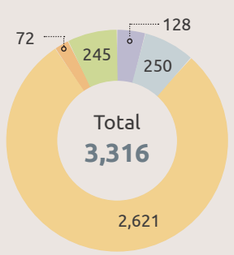
Breakdown of team members by region

Australia and New Zealand	Asia excluding mainland China	Mainland China	Europe	North America	Total
Number of employees					
283	73	2,621	265	130	3,372
Number of permanent employees					
245 (86.6%)	72 (98.6%)	2,621 (100%)	250 (94.3%)	128 (98.5%)	3,316 (98.3%)
Number of temporary employees					
34 (12.0%)	1 (1.4%)	0 (0%)	15 (5.7%)	2 (1.5%)	52 (1.6%)
Number of non-guaranteed hours employees					
4 (1.4%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	4 (0.1%)
Number of full-time employees					
245 (86.6%)	73 (100%)	2,621 (100%)	259 (97.7%)	130 (100%)	3,328 (98.7%)
Number of part-time employees					
38 (13.4%)	0 (0%)	0 (0%)	6 (2.3%)	0 (0%)	44 (1.3%)

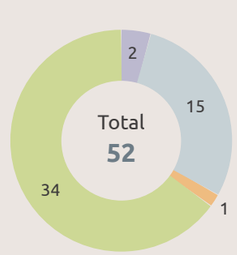
Number of employees



Number of permanent employees

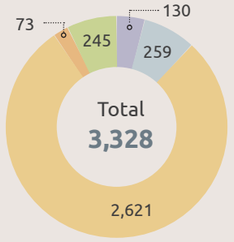


Number of temporary employees

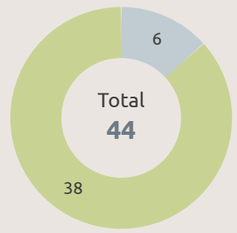


Number of non-guaranteed hours employees

Number of full-time employees



Number of part-time employees



Australia and New Zealand
Asia excluding mainland China
Mainland China
Europe
North America

Workers who are not employees

In 2022, there were 428 workers who were not employees but whose work was controlled by the Group. We mostly hire labour to work in our operational facilities (manufacturing and packing) as well as interns.

China's three-year standard employment contract system is included as permanent for the purposes of reporting given this is the standard system

APPENDIX 3 – MATERIAL TOPICS

Advancing the Story of Good Health

Product Safety and Quality

Ensuring our products and all ingredients and processes are tested, safe for consumers, and of the highest quality. This includes enabling traceability throughout the supply chain to prevent counterfeiting and protect consumers' safety.

Consumer Engagement

Connecting with our consumers to engage and educate them on H&H's brands, products (and benefits), and how they may embark on their broader wellness journey. This includes developing trusting and lasting relationships between our brands and consumers, to support business growth across international markets. A focus on digitisation will be a key means for H&H to do so.

Innovation for Consumer Health Outcomes

Investing in the research and development of new products, and the continuous improvement of the nutrition and efficacy of our existing products. Focusing on serving the health and wellbeing needs of our consumers, and utilising the power of digital technology to do so.

Responsible Marketing (and Labelling)

Transparently communicating the effects, benefits, limitations and alternatives for H&H's products. This includes ensuring products are accurately and transparently labelled with product ingredients, the nutritional profile and sourcing information to be easily understandable for consumers and empower them to make better health decisions.

Community Impact and Investment

H&H's contribution to community impact, engagement, investment in social solutions and inclusive growth. This includes for communities across our value chain, from upstream suppliers to consumers and end-of-life management.

Nutritional Quality of Product Portfolio

Developing and offering products with higher nutritional quality and health benefits, tailored to meet the various nutrition and health needs of all family members (including pets) and all life stages.

Access and Affordability of Products

Considering whether our products are accessible and affordable to meet communities' health and nutrition needs. Helping to address inequality and potential food scarcity resulting from geo-political, social or environmental disruption, and use of digital platforms to do so.

APPENDIX 3 – MATERIAL TOPICS (CONTINUED)

Reducing our Footprint on the Planet

Sustainable Packaging

Designing our packaging to reduce energy consumption in production and transportation, reduce waste and facilitate recycling. Partnering with suppliers and research institutions to understand and manage life cycle impacts.

GHG Emissions and Energy

Actively working to reduce the GHG emissions and energy consumption of our operations and value chain, including from raw ingredients and transportation as well as manufacturing. Increasing our use of low-impact, renewable sources of energy.

Land Management and Biodiversity

Understanding and working to reduce the impacts of our supply chain on land, soils and biodiversity, especially where ingredients are scarce, drawn from vulnerable ecosystems and/or ecosystems which support endangered species. Supporting sustainable agriculture practices that will in turn, ensure long-term, high-quality supply.

Waste Management

Our aim to reduce waste sent to landfill and increase resource recovery. This includes a focus on managing waste outputs in our supply chain and operations, with both partners and suppliers.

Water Stewardship

Both our water consumption and wastewater practices. Water consumption focuses on our operations and supply chain, and working with our supply chain to reduce usage. Our focus on wastewater aims to ensure that water used in our production operations is treated responsibly and does not contribute to water pollution, or adversely affect local communities or environments. Plus, designing our products to avoid water pollution from use or disposal.

Climate Risk

Understanding and managing our exposure to climate-related risks and opportunities throughout our value chain. This includes considering the impacts of the transition to a zero-carbon economy and the physical impacts of climate change.

Honouring Human Rights and Fairness

Health, Safety and Wellbeing

Actively managing and monitoring the health and safety risks for our own employees and in our supply chain. Creating supportive policies, procedures and an environment that supports health, safety and wellbeing.

Labour Rights and Modern Slavery

Ensuring consistent, fair and attractive remuneration and working conditions for own employees in the workplace and in our supply chain. Respecting and protecting the rights of all contributing to the value of H&H's business. This includes actively identifying and managing modern slavery risks within our supply chain.

Diversity and Inclusion

Embracing and being inclusive of the diversity of staff at all levels and in all regions of our organisation. Recognising the value this brings to our organisation. Supporting diversity and inclusion in our supply chain and local communities.

Animal Welfare

Actively managing animals' quality of life and welfare in the production of animal-derived ingredients, research and development and testing of products in H&H's brands.

APPENDIX 3 – MATERIAL TOPICS (CONTINUED)

Supporting Good Governance

Supply Chain Governance, Relationships and Continuity

Ensuring our supplier partnerships and relationships are governed to ensure high-quality, reliable supply; and to manage social and environmental impacts (especially those highlighted in our material topics). This includes not only raw material sourcing, but also R&D relationships, manufacturing and packaging processes.

Compliance and Government Relations

Actively participating in policy and engaging with government at all levels on behalf of the industry and to ensure regulatory compliance. Increasingly, positive relationships with governments are pertinent to enable the long-term security of trade and the business future.

Ethics, Integrity and Trust

Ensuring our business operates to clear and high ethical, legal and moral standards, both internally and when managing external relationships with our suppliers, partners, and engagement with customers. Includes having policies and procedures in place to combat bribery and corruption.

Strategy and Vision

Global integration of strategy and vision including integrating and managing H&H's strategy across multiple brands, countries and varied cultures. Managing the risks and challenges of a fast-paced strategy in a young company assimilating multiple acquisitions. This includes integrating our ways of working and communication and leveraging our diversity for business success.

Data Privacy and Security

Ensuring the compliance of H&H's partners and employees with data protection, cyber security laws and internal policies. Beyond compliance, this is a focus on the robustness of our systems to protect customer, employee and partner data.

Risk Governance

Identifying and managing H&H's existing and emerging risks, and their possible associated impacts, which are critical to our long-term value, growth and sustainability.

APPENDIX 4 – STAKEHOLDER ENGAGEMENT

Stakeholder group	How we engage
Team members	• Townhalls on our financial results and other topics localised to regions (mainland China, European Union and North America; Australia and New Zealand and Asia excluding mainland China) with Q&A opportunities • Intranet site to access H&H-branded assets, policies and materials to communicate internally • Virtual company briefings via Zoom and Microsoft Teams • Company messaging platform Corporate WeCom • Structured performance reviews • H&H website and individual brand websites kept up-to-date • Internal training and activities (including, but not limited to, World Quality Week, World Community Day, World Wellness Week) • Emails or other messages to provide up-to-date news
Consumers	• Social media accounts including LinkedIn, Facebook, Instagram, Douyin/TikTok and/or Twitter • Consumer feedback and service phone lines • Customer satisfaction surveys • H&H website and individual brand website • In-store advertisements and eDMs • Trade shows
Distributors and retailers	• Educational events and training on brand products. • Trade shows • Physical visits to stores
Shareholders, investors and financers	• Annual General Meeting and roadshows • Annual and Interim Report presentations and webcasts • Sustainability Report • HKEx updates

APPENDIX 4 – STAKEHOLDER ENGAGEMENT (CONTINUED)

Stakeholder group	How we engage
Suppliers	• Regular emails, phone calls or visits • Trade shows – displaying and attending • Supplier Code of Conduct • Sharing annual results and sustainability reports and updates • Distribution of surveys and reporting documentation
Brand ambassadors	• Sharing updates on Company performance and developments
Local communities	• H&H Foundation and Biostime China Foundation for Mother and China community programmes and partnerships
Government, regulatory agencies and industry organisations	• Sponsoring, presenting at and/or attending industry association meetings, events and conferences • Regular communication to understand current and anticipated regulatory developments
Media	• Distribute media releases on Company performance • Invite media to brand announcements

APPENDIX 5 – METHODOLOGY

Detailed below is the methodology used for preparing our carbon footprint.

The 2022 GHG account is mostly based on actual activity, except as mentioned below where the data has been modelled by extrapolation. The H&H Group regions of operation include Australia and New Zealand, mainland China, Asia (excluding mainland China), Europe and North America. Organisation types represented include factories, laboratories, warehouses, packing facilities and offices. Where there was insufficient information, we used the next most comparable option that resulted in the smallest uncertainty possible. All data for employee commuting was estimated using standard calculator. Our GHG inventory is based on the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard ('GHG Protocol Corporate Standard') and its additional applicable guidance.

Notes on our methodology and some modelling assumptions:

- Total FTEs across all sites equal to 3,275 FTEs in 2022 (for the purposes of the carbon footprint, we did not take into account the FTEs who are working remotely entirely (who accounted for less than 100 FTEs in 2022)).
- In 2022, we have expanded and increased the data collection to calculate all Scope 3 GHG categories, for all sites including:
  - the purchased goods and services
  - capital goods
  - freight
  - travel
  - waste.
- The GHG categories 'use of sold products' and 'end-of-life' have been excluded of the footprint.
- For Scope 1 and 2, several extrapolations have been made regarding:
  - a part of the electricity consumption, for all regional offices in China, using 84% of the actual electricity consumption and extrapolated the last 16% from FTEs
  - the 2022 data for Geneva and Cork regarding electricity consumption, water and wastes are the same as 2021 because the activity and perimeters are consistent within both years
  - the emissions from refrigerant have been included in 2022 for all sites and calculated using the square metres.
- The split between all regions regarding the global data was modelled using the procurement destination country provided by the global procurement team.
- The water consumption data have been extrapolated for France and Australia and New Zealand based on the actual consumption of the other offices and according to the square metres.
- In 2022, USA was modelled according two scenarios:
  - the data for electricity, wastes, and employee commuting are the same as 2021 because the activity and perimeters are consistent between both years
  - the rest of the emissions calculation was based on actual 2022 data.

APPENDIX 6 – REGULATORY STANDARDS

Product category	Australia and New Zealand*	Mainland China	Europe	United Kingdom	United States	Asia (excluding Mainland China)
Complementary or Traditional Medicines	Therapeutic Goods Administration (TGA - Australia) Australian Competition and Consumer Commission (ACCC) Medsafe (New Zealand)		European Food Safety Authority (EFSA) and/ or national authorities	*For traditional herbal medicines: Medicines and Healthcare products Regulatory Agency (MHRA)	USA Food and Drug Administration (FDA) Federal Trade Commission (FTC)	Singapore: Health Sciences Authority (HSA) Hong Kong SAR: Centre for Food Safety Malaysia: National Pharmaceutical Regulatory Agency (NPRA) Thailand: The Thailand Food and Drug Administration (FDA) Indonesia: Badan Pengawas Obat dan Makanan (BPOM) Vietnam: Vietnam Food Administration (VFA) under Ministry of Health
Health foods	Food Standards Australia and New Zealand (FSANZ) Australian Competition and Consumer Commission (ACCC)	State Administration for Market Administration (SAMR) Food Safety National Standards (GB Standards) General Administration of Customs of the People's Republic of China (GACC) National Health Commission of the People's Republic of China (NHC)		Food Standards Agency (FSA)	USA Food and Drug Administration (FDA) and US Department of Agriculture (USDA) Federal Trade Commission (FTC)	Singapore: Singapore Food Agency (SFA) Hong Kong SAR: Centre for Food Safety (Hong Kong SAR) Malaysia: Food Safety and Quality Division (FSQD) Thailand: The Thailand Food and Drug Administration (FDA) Indonesia: Badan Pengawas Obat dan Makanan (BPOM) Vietnam: Vietnam Food Administration (VFA) under Ministry of Health
Foods						
Infant formula	Food Standards Australia and New Zealand (FSANZ) Marketing of Infant Formula in Australia Australian Competition and Consumer Commission (ACCC)				USA Food and Drug Administration (FDA) Federal Trade Commission (FTC)	Hong Kong SAR: Centre for Food Safety (Hong Kong SAR) Singapore: Singapore Food Agency (SFA) Malaysia: Food Safety and Quality Division (FSQD) Thailand: The Thailand Food and Drug Administration (FDA) Indonesia: Badan Pengawas Obat dan Makanan (BPOM) Vietnam: Vietnam Food Administration (VFA) under Ministry of Health
(The above categories also comply with the WHO Code)						
Pet food	Australian Pesticides and Veterinary Medicines Authority (APVMA) Australian Competition and Consumer Commission (ACCC)	Ministry of Agriculture and Rural Affairs of the People's Republic of China (MARA) General Administration of Customs of the People's Republic of China (GACC)	European Food Safety Authority (EFSA) plus, national authorities for each market	Food Standards Agency (FSA)	Center for Veterinary Medicine (FDA – CVM) Association of American Feed Control officials (AAFCO) Federal Trade Commission (FTC)	Hong Kong SAR: Agriculture, Fisheries and Conservation Department (Hong Kong) Singapore: Singapore Food Agency (Livestock and Animal Products) Malaysia: Department of Veterinary Services Malaysia (DVS) Thailand: Animal Feed and Veterinary Product Control (AFVC) Indonesia: Ministry of Agriculture (Directorate Animal Husbandry and Health) Vietnam: Vietnam's Ministry of Agricultural and Rural Development (MARD)
Skin care	Australian Industrial Chemicals Introduction Scheme (AICIS) Australian Competition and Consumer Commission (ACCC)	National Medical Products Administration (NMPA) Cosmetic Supervision and Administration Regulation (CSAR)	National Authorities (i.e. ANSM and DGCCRF in France)	Office for Product Safety and Standards (OPSS)	USA Food and Drug Administration (FDA) Federal Trade Commission (FTC)	Singapore: Health Sciences Authority (HSA) Hong Kong SAR: Centre for Food Safety Malaysia: National Pharmaceutical Regulatory Agency (NPRA) Thailand: The Thailand Food and Drug Administration (FDA) Indonesia: Badan Pengawas Obat dan Makanan (BPOM) Vietnam: Vietnam Food Administration (VFA) and DAV

APPENDIX 7 DISCLOSURE INDEX

(including GRI content index and HKEx Reporting ESG Guide index)

H&H has reported in accordance with the GRI Standards for the period starting 1 January 2022 to 31 December 2022.

Reporting Principles: GRI 1: Foundation 2021 and HKEx ESG Reporting Guide.

The 2022 Annual Report can be found on our Group's corporate website www.hh.global/#/InvestorRelations.

GRI Standard title	GRI Disclosure number	HKEx Disclosure number	Topic	Location	Notes
The Group and its reporting practice					
GRI 2: General Disclosures 2021	2-1		Organisational details	About this Report Our global presence	
	2-2	Mandatory Disclosure requirements > Reporting boundary	Entities included in the organisation's sustainability reporting	About this Report Appendix 1 - H&H Group operational entities	
	2-3		Reporting period, frequency and contact	About this Report Get in touch	
	2-4		Restatements of Information	Reducing our Footprint on the Planet	
	2-5		External assurance	About this Report Appendix 8 - Assurance Statement	
Activities and workers					
GRI 2: General Disclosures 2021	2-6		Activities, value chain and other business relationships	Welcome to the world of H&H Our value chain Processing and manufacturing Advancing the Story of Good Health > Community support and engagement	
	2-7	B1.1	Employees	Our People Honouring Human Rights and Fairness > Turnover and retention Appendix 2 - Further information on our people	
	2-8		Workers who are not employees	Appendix 2 - Further information on our people	

GRI Standard title	GRI Disclosure number	HKEx Disclosure number	Topic	Location	Notes
Governance					
GRI 2: General Disclosures 2021	2-9		Governance structure and composition	Sustainability governance 2022 Annual Report - Biography of Directors and senior management	
	2-10		Nomination and selection of the highest governance body	2022 Annual Report - Corporate Governance Report	
	2-11		Chair of the highest governance body	Sustainability governance 2022 Annual Report - Biography of Directors and senior management	
	2-12		Role of the highest governance body in overseeing the management of impacts	Sustainability governance Managing our impacts	
	2-13		Delegation of responsibility for managing impacts	Sustainability governance Managing our impacts	
	2-14		Role of the highest governance body in sustainability reporting	Sustainability governance	
	2-15		Conflicts of interest	Sustainability governance 2022 Annual Report - Corporate Governance Report	
	2-16		Communication of critical concerns	Sustainability governance Managing our impacts Supporting Good Governance	
	2-17		Collective knowledge of the highest governance body	Sustainability governance 2022 Annual Report - Corporate Governance Report > The Board > Continuous professional development	
	2-18		Evaluation of the performance of the highest governance body	Note from our Acting CEO (Strengthening our sustainability governance)	We comply with the Corporate Governance Code of the Listing Rules of Hong Kong Stock Exchange. The company is willing to explore the approach to pursue higher standard on this matter in the future.
	2-19		Remuneration policies	2022 Annual Report - Corporate Governance Report > The Board / and Remuneration Committee Sustainability governance	
	2-20		Process to determine remuneration	2022 Annual Report - Corporate Governance Report > Remuneration committee	
	2-21		Annual total compensation ratio	Honouring Human Rights and Fairness > Financial security	

APPENDIX 7 DISCLOSURE INDEX - CONTINUED

GRI Standard title	GRI Disclosure number	HKEx Disclosure number	Topic	Location	Notes
Strategy, policies and practices					
GRI 2: General Disclosures 2021	2-22	Mandatory Disclosure Requirements > Governance structure > Statement from the Board	Statement on sustainable development strategy	Note from our Chairman Note from our Acting CEO	
	2-23		Policy commitments	Our sustainability-related policies Alignment to the UN Global Compact Ten Principles and the SDGs Honouring Human Rights and Fairness Supporting Good Governance Raw materials sourcing Processing and manufacturing	
	2-24		Embedding policy commitments	Our sustainability-related policies Honouring Human Rights and Fairness Supporting Good Governance Raw materials sourcing Processing and manufacturing	
	2-25		Processes to remediate negative impacts	Managing our impacts Supporting Good Governance	
	2-26		Mechanisms for seeking advice and raising concerns	Supporting Good Governance	
	2-27		Compliance with laws and regulations	2022 Annual Report - Compliance with laws and regulations 2022 Annual Report - Material legal proceedings	
	2-28		Membership associations	Our membership associations in 2022	

GRI Standard title	GRI Disclosure number	HKEx Disclosure number	Topic	Location	Notes
Stakeholder engagement					
GRI 2: General Disclosures 2021	2-29	Mandatory Disclosure requirements > Reporting principles > Materiality	Approach to stakeholder engagement	Keeping our materiality up to date Appendix 4 - Stakeholder engagement	
				2022 Annual Report - Corporate Governance Report > Communication with shareholders and investor relations	
	2-30		Collective bargaining agreements	Honouring Human Rights and Fairness > Financial security	
Material topics					
GRI 3: Material Topics 2021	3-1	Mandatory Disclosure requirements > Reporting principles	Process to determine material topics	Keeping our materiality up to date	
	3-2		List of material topics	Appendix 3 - Material topics	
	3-3		Management of material topics	Keeping our materiality up to date Managing our impacts	
The Story of Good Health					
Community Impact and Investment					
GRI 3: Material Topics 2021	3-3	B8, B8-1	Management of material topics	Managing our impacts Advancing the Story of Good Health > Community support and engagement through our foundations	
GRI 201: Economic Performance 2016	201-1	B8-2	Direct economic value generated and distributed	About this Report Our global presence Advancing the Story of Good Health > Community support and engagement through our foundations	Details on the financial performance of the Group can be found in the 2022 Annual Report
GRI 203: Indirect Economic Impacts 2016	203-1	B8-2	Infrastructure investments and services supported	Advancing the Story of Good Health	
	203-2	B8-1	Significant indirect economic impacts	Advancing the Story of Good Health	
GRI 413: Local Communities 2016	413-1		Operations with local community engagement, impact assessments, and development programmes	Advancing the Story of Good Health	
Innovation for Consumer Health Outcomes					
GRI 3: Material Topics 2021	3-3		Management of material topics	Managing our impacts Innovation Research & Development	
Other			Number of new products launched	Innovation Research & Development	
Other			Number of patents filed, spend on R&D, collaborations	Innovation Research & Development	

APPENDIX 7 DISCLOSURE INDEX - CONTINUED

GRI Standard title	GRI Disclosure number	HKEx Disclosure number	Topic	Location	Notes
Product Safety and Quality					
GRI 3: Material Topics 2021	3-3	B6, B6-4	Management of material topics	Managing our impacts Quality management	
GRI 416: Customer Health and Safety 2016	416-1	B6-1, B6-2	Assessment of the health and safety impacts of product and service categories	Quality management	
	416-2	B6	Incidents of non-compliance concerning the health and safety impacts of products and services	Quality management	
Access and Affordability of Products					
GRI 3: Material Topics 2021	3-3		Management of material topics	Managing our impacts Distribution > Affordability and accessibility	
Other			Expansion of product availability in existing markets	Distribution > Affordability and accessibility	
Other			New countries where H&H products are available	Distribution > Affordability and accessibility	
Consumer Engagement					
GRI 3: Material Topics 2021	3-3		Management of material topics	Managing our impacts Marketing > Consumer engagement	
Other			PPAE approach and consumer engagement initiatives	Marketing > Consumer engagement	
Responsible Marketing (and Labelling)					
GRI 3: Material Topics 2021	3-3	B6	Management of material topics	Managing our impacts Marketing	
GRI 417: Marketing and Labeling 2016	417-2		Incidents of non-compliance concerning product and service information and labeling	Quality management > Marketing and labelling compliance	
	417-3		Incidents of non-compliance concerning marketing communications	Quality management > Marketing and labelling compliance	
Nutritional Quality of Product Portfolio					
GRI 3: Material Topics 2021	3-3		Management of material topics	Managing our impacts Innovation Marketing	
Other			Plant-forward strategy	Marketing > Plant-forward strategy	
Other			Low sugar and no sugar added products	Marketing > Nutritional quality of our products and clean label	
Other			No artificial ingredients	Marketing > Nutritional quality of our products and clean label	

GRI Standard title	GRI Disclosure number	HKEx Disclosure number	Topic	Location	Notes
Reducing our Footprint on the Planet					
GHG Emissions and Energy					
GRI 3: Material Topics 2021	3-3	A1, A1-5, A2, A2.3, A3, A3.1	Management of material topics	Managing our impacts Reducing our Footprint on the Planet > Introduction Reducing our Footprint on the Planet > Measuring our greenhouse gas emissions Reducing our Footprint on the Planet > Our energy consumption	
GRI 305: Emissions 2016	305-1	A1-2	Direct (Scope 1) GHG emissions	Reducing our Footprint on the Planet > Measuring our greenhouse gas emissions	
	305-2	A1-2	Energy indirect (Scope 2) GHG emissions	Reducing our Footprint on the Planet > Measuring our greenhouse gas emissions	
	305-3		Other indirect (Scope 3) GHG emissions	Reducing our Footprint on the Planet > Measuring our greenhouse gas emissions	
	305-4	A1-2	GHG emissions intensity	Reducing our Footprint on the Planet > Measuring our greenhouse emissions	
	305-7	A1-1	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Reducing our Footprint on the Planet > Measuring our emissions of nitrogen oxides (NOx) and sulfur oxides (SOx)	
GRI 302: Energy 2016	302-1	A2-1	Energy consumption within the organisation	Reducing our Footprint on the Planet > Our energy consumption	
	302-3	A2-1	Energy intensity	Reducing our Footprint on the Planet > Our energy consumption	
	302-4	A2-3	Reduction of energy consumption	Reducing our Footprint on the Planet > Enhancing our environmental stewardship Reducing our Footprint on the Planet > Our energy consumption	
Water Stewardship					
GRI 3: Material Topics 2021	3-3	A2, A2-4	Management of material topics	Managing our impacts Reducing our Footprint on the Planet > Introduction Reducing our Footprint on the Planet > Our water stewardship	
GRI 303: Water and Effluents 2018	303-1	A2, A2-4	Interactions with water as a shared resource	Reducing our Footprint on the Planet > Our water stewardship	
GRI 303: Water and Effluents 2018	303-2	A2, A2-4	Management of water discharge-related impacts	Reducing our Footprint on the Planet > Enhancing our environmental stewardship	
GRI 303: Water and Effluents 2018	303-5	A2-2	Water consumption	Reducing our Footprint on the Planet > Our water stewardship	

APPENDIX 7 DISCLOSURE INDEX - CONTINUED

GRI Standard title	GRI Disclosure number	HKEx Disclosure number	Topic	Location	Notes
Waste Management					
GRI 3: Material Topics 2021	3-3	A1, A1-6, A2, A3	Management of material topics	Managing our impacts Reducing our Footprint on the Planet > Introduction Reducing our Footprint on the Planet > Our approach to waste management	
GRI 306: Waste 2020	306-1	A1, A1-6, A2, A3	Waste generation and significant waste-related impacts	Reducing our Footprint on the Planet > Our approach to waste management	
GRI 306: Waste 2020	306-2	A1, A1-6, A2, A3	Management of significant waste-related impacts	Reducing our Footprint on the Planet > Our approach to waste management Packaging	
GRI 306: Waste 2020	306-3	A1-3, A1-4	Waste generated	Reducing our Footprint on the Planet > Our approach to waste management	
GRI 306: Waste 2020	306-4		Waste diverted from disposal	Reducing our Footprint on the Planet > Our approach to waste management	We report the total weight of waste diverted from disposal through recycling. We do not currently have the resources or systems in place to provide additional details. We are working to include relevant details in future reporting.
GRI 306: Waste 2020	306-5		Waste directed to disposal	Reducing our Footprint on the Planet > Our approach to waste management	We report the total weight of waste directed to landfill. We do not currently have the resources or systems in place to provide additional details. We are working to include relevant details in future reporting.
Climate Risk					
GRI 3: Material Topics 2021	3-3	A4, A4-1	Management of material topics	Managing our impacts Reducing our Footprint on the Planet > Climate-related risks and opportunities	
GRI 201: Economic Performance 2016	201-2	A4, A4-1	Financial implications and other risks and opportunities due to climate change	Reducing our Footprint on the Planet > Climate-related risks and opportunities	
Land Management and Biodiversity					
GRI 3: Material Topics 2021	3-3	A2, A3, A3-1	Management of material topics	Managing our impacts Raw material sourcing	
GRI 304: Biodiversity 2016	304-2	A3-1	Significant impacts of activities, products, and services on biodiversity	Raw material sourcing	We do not currently have the resources or systems in place to provide additional details but are working to include relevant data for future reporting.

GRI Standard title	GRI Disclosure number	HKEx Disclosure number	Topic	Location	Notes
Sustainable Packaging					
GRI 3: Material Topics 2021	3-3		Management of material topics	Managing our impacts Innovation Packaging	
GRI 301: Materials 2016	301-1	A2-5	Materials used by weight or volume	Packaging	Not reported for input materials – only for packaging materials, which is a H&H material topic. The Report provides a breakdown of packaging by material type.
GRI 301: Materials 2016	301-2		Recycled input materials used	Packaging	Not reported for input materials – only for packaging materials, which is a H&H material topic.
Honouring Human Rights and Fairness					
Diversity and Inclusion					
GRI 3: Material Topics 2021	3-3	B1	Management of material topics	Managing our impacts Honouring Human Rights and Fairness > Diversity, equity and inclusion	
GRI 401: Employment 2016	401-1	B1.2	Employee turnover by gender, age group and geographical region	Honouring Human Rights and Fairness > Turnover and Retention	
GRI 404: Training and education 2016	404-1	B3.2	Average hours of training per year per employee	Honouring Human Rights and Fairness > Training and development	
GRI 405: Diversity and Equal Opportunity 2016	405-1	B1.1	Diversity of governance bodies and employees	Sustainability Governance > The Board Honouring Human Rights and Fairness > Diversity, equity and inclusion	
GRI 405: Diversity and Equal Opportunity 2016	405-2		Ratio of basic salary and remuneration of women to men	Honouring Human Rights and Fairness > Diversity, equity and inclusion	
GRI 406: Non-discrimination 2016	406-1		Incidents of discrimination and corrective actions taken	Honouring Human Rights and Fairness > Working conditions and additional benefits	
		B3, B3.1	Training and development - Description of training activities - Percentage of employees trained by gender and employee category	Honouring Human Rights and Fairness > Training and development	
Other			Parental leave	Honouring Human Rights and Fairness > Parental leave	

APPENDIX 7 DISCLOSURE INDEX - CONTINUED

GRI Standard title	GRI Disclosure number	HKEx Disclosure number	Topic	Location	Notes
Health, Safety and Wellbeing					
GRI 3: Material Topics 2021	3-3	B2, B2-3	Management of material topics	Managing our impacts Honouring Human Rights and Fairness	
GRI 403: Occupational Health and Safety 2018	403-1	B2-3	Occupational health and safety management system	Honouring Human Rights and Fairness > Health and safety	
GRI 403: Occupational Health and Safety 2018	403-4		Worker participation, consultation, and communication on occupational health and safety	Honouring Human Rights and Fairness > Health and safety	
GRI 403: Occupational Health and Safety 2018	403-5		Worker training on occupational health and safety	Honouring Human Rights and Fairness > Health and safety	
GRI 403: Occupational Health and Safety 2018	403-6		Promotion of worker health	Honouring Human Rights and Fairness > Working conditions and additional benefits Honouring Human Rights and Fairness > Health and wellbeing to support our team members' wellness journeys	
GRI 403: Occupational Health and Safety 2018	403-8		Workers covered by an occupational health and safety management system	Honouring Human Rights and Fairness > Health and safety	
GRI 403: Occupational Health and Safety 2018	403-9	B2-2	Work-related injuries	Honouring Human Rights and Fairness > Health and safety	
		B2-1	Work-related fatalities	Honouring Human Rights and Fairness > Health and safety	
Labour Rights and Modern Slavery					
GRI 3: Material Topics 2021	3-3	B1, B4, B4-1, B4-2	Management of material topics	Managing our impacts Honouring Human Rights and Fairness Raw material sourcing Processing and manufacturing	
GRI 407: Freedom of association and collective bargaining 2016	407-1		Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Honouring Human Rights and Fairness Processing and manufacturing	
GRI 408: Child Labor 2016	408-1		Operations and suppliers at significant risk for incidents of child labor	Honouring Human Rights and Fairness Processing and manufacturing	
GRI 409: Forced or Compulsory Labor 2016	409-1		Operations and suppliers at significant risk for incidents of forced or compulsory labor	Honouring Human Rights and Fairness Processing and manufacturing	

GRI Standard title	GRI Disclosure number	HKEx Disclosure number	Topic	Location	Notes
Animal Welfare					
GRI 3: Material Topics 2021	3-3		Management of material topics	Managing our impacts Raw material sourcing > Animal welfare	
Other			Animal welfare at our largest dairy supplier	Raw material sourcing > Animal welfare	
			Cruelty-free certification	Raw material sourcing > Animal welfare	
			Plant-based strategy and percentage of vegan-friendly products across H&H brands	Marketing > Plant-forward strategy	
Supporting Good Governance					
Strategy and Vision					
GRI 3: Material Topics 2021	3-3		Management of material topics	Our business strategy and vision	
Other			Qualitative disclosure on strategic initiatives	Our business strategy and vision	
Ethics, Integrity and Trust					
GRI 3: Material Topics 2021	3-3	B7, B7-2, B7-3	Management of material topics	Managing our impacts Supporting Good Governance	
GRI 205: Anti-corruption 2016	205-1		Operations assessed for risks related to corruption	Supporting Good Governance > Ethics, integrity and trust	
GRI 205: Anti-corruption 2016	205-2	B7-3	Communication and training about anti-corruption policies and procedure	Supporting Good Governance > Ethics, integrity and trust Corporate Governance Report > Risk management and internal controls	
GRI 205: Anti-corruption 2016	205-3	B7-1	Confirmed incidents of corruption and actions taken	Supporting Good Governance > Ethics, integrity and trust > Whistleblower reporting	
		B6-3	Practices relating to observing and protecting intellectual property rights	Supporting Good Governance > Intellectual property	
Risk Governance					
GRI 3: Material Topics 2021	3-3		Management of material topics	Managing our impacts Supporting Good Governance > Risk governance 2022 Annual Report - Corporate Governance Report > Risk management and internal controls	
Others			Description of risk management system	Supporting Good Governance > Risk Governance 2022 Annual Report - Corporate Governance Report > Risk management and internal controls	

APPENDIX 7 DISCLOSURE INDEX - CONTINUED

GRI Standard title	GRI Disclosure number	HKEx Disclosure number	Topic	Location	Notes
Compliance and Government Relations					
GRI 3: Material Topics 2021	3-3	B7	Management of material topics	Managing our impacts Supporting Good Governance	
GRI 415: Public Policy 2016	415-1		Political contributions	Supporting Good Governance > Government affairs	
Data Privacy and Security					
GRI 3: Material Topics 2021	3-3	B6, B6-5	Management of material topics	Managing our impacts Supporting Good Governance > Data privacy and security	
GRI 418: Customer Privacy 2016	418-1		Substantiated complaints concerning breaches of customer privacy and losses of customer data	Supporting Good Governance > Data privacy and security	
Supply Chain Governance, Relationships and Continuity					
GRI 3: Material Topics 2021	3-3	B5, B5-2, B5-3, B5-4	Management of material topics	Managing our impacts Raw material sourcing Processing and manufacturing	
GRI 308: Supplier Environmental Assessment 2016	308-1	B5-2	New suppliers that were screened using environmental criteria	Processing and manufacturing	
GRI 308: Supplier Environmental Assessment 2016	308-2	B5-3	Negative environmental impacts in the supply chain and actions taken	Processing and manufacturing	
GRI 414: Supplier Social Assessment 2016	414-1	B5-2	New suppliers that were screened using social criteria	Processing and manufacturing	
GRI 414: Supplier Social Assessment 2016	414-2	B5-3	Negative social impacts in the supply chain and actions taken	Processing and manufacturing	
		B5-1	Number of suppliers by geographical region	Processing and manufacturing	

APPENDIX 8 – INDEPENDANT ASSURANCE STATEMENT

CECEP (HK) Advisory Company Limited ("**CECEPAC (HK)**" or "**We**") has been engaged by Health and Happiness (H&H) International Holdings Limited ("**H&H Group**") to conduct an independent limited assurance engagement ("**Assurance Engagement**") on the information and data related to sustainable development in the 2022 Sustainability Report (the ***"Sustainability Report"***) of H&H Group, providing assurance conclusions to users of *Sustainability Report* through the independent assurance statement.

CECEPAC (HK) has been engaged to assure H&H Group's adherence to the four AA1000 Accountability Principles (Inclusivity, Materiality, Responsiveness, and Impact) set out in the *AA1000 Assurance Standard v3* ("**AA1000AS v3**"). Moreover, CECEPAC (HK) has also been engaged to conduct limited Assurance Engagement on the reliability and quality of specified performance information disclosed in the *Sustainability Report* in accordance with the *Environmental, Social and Governance Reporting Guide* ("***ESG Reporting Guide***") published by the Stock Exchange of Hong Kong Limited ("**SEHK**").

This independent assurance statement has been prepared in Chinese and English versions. Should there be any discrepancies between these versions, the English version shall prevail.

I. Independence and Competence

CECEPAC (HK) was not involved in collecting and calculating data or in the development of the *Sustainability Report*. CECEPAC (HK)'s activities are independent of H&H Group. There is no relationship between CECEPAC (HK) and H&H Group beyond the contractual agreement for providing this Assurance Engagement.

The assurance team of CECEPAC (HK) is composed of experienced consultants in the industry who have had professional training in standards related to sustainable development, including *GRI Standards* issued by Global Reporting Initiative, AA1000AS v3, *ESG Reporting Guide* issued by SEHK, ISO 14064, ISO 9001, etc.

The assurance team of CECEPAC (HK) has extensive experience in conducting Assurance Engagement and has sufficient understanding and capabilities of implementation of AA1000AS v3. Moreover, the Assurance Engagement related to sustainable development issues is carried out in line with CECEPAC (HK)'s internal assurance protocol.

II. H&H Group's Responsibilities

H&H Group is responsible for the preparation and presentation of the *Sustainability Report* in accordance with the *ESG Reporting Guide* published by SEHK. H&H Group is also responsible for implementing relevant internal control procedures to ensure that the contents of the *Sustainability Report* are free from material misstatement, whether due to fraud or error.

III. Assurance Provider's Responsibilities

CECEPAC (HK) is responsible for issuing an independent assurance statement according to AA1000AS v3 and the *ESG Reporting Guide* by SEHK to the Board of H&H Group. This independent assurance statement applies solely to the *Sustainability Report* in the specified scope, expresses a conclusion on the assurance work, and does not serve any other intents or purposes.

APPENDIX 8 – ASSURANCE STATEMENT

CECEPAC (HK) ensures that all personnel involved in the Assurance Engagement meet the professional qualification, training, and relevant work experience requirements, and are demonstrably competent in conducting assurance engagements. All results of assurance are internally reviewed by senior staff to ensure that methodologies used in the process are sufficiently stringent and transparent.

IV. Scope of the Assurance Engagement

- The scope of the Assurance Engagement is limited to information and data in the *Sustainability Report* that relate to H&H Group and its subsidiaries only and does not include H&H Group's suppliers, contractors, and information or data provided by other third parties.
- A Type 2 Moderate Level of Assurance was adopted by CECEPAC (HK) to evaluate the nature and extent of H&H Group's adherence to the four AA1000 Accountability Principles (Inclusivity, Materiality, Responsiveness, and Impact) in accordance with AA1000AS v3.
- Specified performance information disclosed in the *Sustainability Report* was agreed upon and selected between H&H Group and CECEPAC (HK) for assurance. The specified performance information is as follows:
  - Total renewable electricity consumption
  - Total gasoline consumption
  - Total waste to landfill
  - Percentage of suppliers from Asia
  - Total number of complaints received
  - Percentage of team members in mainland China received compliance training
- CECEPAC (HK)'s assurance work was with respect to information disclosed from 1 January 2022 to 31 December 2022 only. We have not performed any procedures with respect to earlier periods or any other elements included in the *Sustainability Report*, and therefore, these do not constitute a part of our conclusions.
- The scope of the Assurance Engagement is confined to the information and data provided by H&H Group only. Any queries regarding the content or related matters within this independent assurance statement should be addressed to H&H Group only.

V. Methodology of the Assurance Engagement

CECEPAC (HK) conducted Assurance Engagement only within the scope of H&H Group's headquarters as well as its office and factory located in Guangzhou, China, and the assurance work included:

- An assessment on the suitability of H&H Group's stakeholder engagement participation process;
- Online interviews with sustainability management and relevant operation sites involved in the preparation and provision of the content and information in the *Sustainability Report*;
- An assessment of whether the reporting and management approach disclosed in the *Sustainability Report* responded to the principles of Inclusivity, Materiality, Responsiveness, and Impact as defined in the AA1000AS v3;
- An assessment of the supporting evidence for selected specified performance information. A random sampling of evidence pertaining to data reliability and quality for selected specified performance information;
- Recalculation of selected specified performance information;
- An assessment of the degree of conformity of the *Sustainability Report* with the *ESG Reporting Guide*; and
- Other procedures we deemed necessary.

Assurance work was performed and the conclusions within were based upon information and data provided by H&H Group to CECEPAC (HK), and on assumptions that the information provided was complete and accurate.

VI. Limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. Moreover, the absence of on-site interviews may lead to inadequate assurance of the implementation of policies learned in online interviews.

VII. Conclusions

In accordance with the principles of Inclusivity, Materiality, Responsiveness, and Impact in the AA1000AS v3, the specified performance information and the *ESG Reporting Guide* published by SEHK, our conclusions are as follows:

Inclusivity

H&H Group has identified key stakeholders and actively engaged with them through materiality assessment and other daily engagement channels including annual employee survey and investor perception study. On this basis, H&H Group has fully considered the expectations and concerns of stakeholders in formulating its sustainability strategy. In our professional opinion, H&H Group adheres to the Principle of Inclusivity.

Materiality

H&H Group has conducted a formal materiality assessment for the *Sustainability Report* and received the opinions of key stakeholders in 2022. Proper methods including "double materiality" were used to identify material issues and the process and outcome of the materiality assessment has been stated in the *Sustainability Report*. In our professional opinion, H&H Group adheres to the Principle of Materiality.

Responsiveness

H&H Group has established channels for its stakeholders to understand their expectations and concerns and has relevant mechanisms in place to respond to the issues concerned by stakeholders. Moreover, through the *Sustainability Report*, H&H Group has disclosed its sustainability commitments and strategies, management systems, as well as stakeholder engagement activities, and has responded to stakeholders on the material topics related to sustainable development. In our professional opinion, H&H Group adheres to the Principle of Responsiveness.

APPENDIX 8 – ASSURANCE STATEMENT

Impact

H&H Group has identified, monitored, measured and evaluated its impacts in relation to sustainable development. Assessments including diversity, equity and inclusion footprint, carbon footprint, annual employee survey and investor perception study have been conducted to evaluate the impacts. Besides, the significance of impacts on the economy, the environment, and people have also been incorporated into the results of the materiality assessment. Those identified impacts contribute to the revised sustainability strategy for the coming years and how H&H Group defines its commitments and associated key performance indicators. In our professional opinion, H&H Group adheres to the Principle of Impact.

Specified Performance Information

Based on the assurance procedures that CECEPAC (HK) has performed and the evidence we have obtained, no specific issue has come to our attention that causes us to believe that the disclosures of selected specified performance information in the *Sustainability Report* are unreliable or unqualified.

SEHK's *ESG Reporting Guide*

Disclosures for general disclosures of environmental and social subject areas and key performance indicators in the *Sustainability Report* have been provided in accordance with the "Comply or Explain" provision, in all material aspects, in alignment with the *ESG Reporting Guide* issued by SEHK. Disclosures of governance structure, reporting principles, and reporting boundaries have also been provided in accordance with the mandatory disclosure requirements in alignment with the *ESG Reporting Guide*. H&H Group has disclosed the assessment process and the result of the materiality assessment; impacts caused by the business are objectively disclosed; relevant environmental and social data are calculated and disclosed. Our assurance findings and comments for the *Sustainability Report* have been adopted or responded to by H&H Group before the issuing of this independent assurance statement.

CECEP (HK) ADVISORY COMPANY LIMITED
中國節能皓信(香港)咨詢有限公司

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Licensed Report
000-259/V3-S3VV2

31st March 2023
Hong Kong SAR, China

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