



2020 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.

KIRIA
PEOPLE AND CULTURE



MARCIA
PACKAGING AND LABELLING

ABOUT THIS REPORT

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

REPORTING CONTENT AND PERIOD

This Report provides a comprehensive overview of our vision, strategic approach, and performance in the environmental, social and governance areas relevant to our stakeholders. Reporting on other matters specific to financial performance of the subsidiaries can be found in our 2020 Annual Report, which was released concurrently to this Report on 8 April 2021.

The content of this Report covers H&H’s global operations, including our brands – Biostime, Swisse, Dodie, Good Goût, Aurelia Probiotic Skincare, Swisse Me and CBII – and associated manufacturing, warehouse and distribution facilities, corporate offices, and wholly-owned service providers such as creative agency Noisy Beast. The Group acquired Pet Nutrition and Care (PNC) brand Solid Gold in December 2020, however this brand has not been included in the scope of this Report due to the timelines for integrating the business into H&H systems and processes.

The data presented in Report this is for the 2020 calendar year (i.e. 1 January 2020 to 31 December 2020). The reporting structure is aligned to the findings of our assessment of material sustainability issues, involving engagement with internal and external stakeholders during the 2020 calendar year and verified by the Board. The process identified 23 topics that were the most important to our stakeholder group, referred to as ‘material topics’ throughout this Report.

The content is organised to report our respective performance throughout the value chain 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.

See page 24 for more information on our processes for identifying our topics, and page 90 for the definitions and boundaries for each material topic.

REPORTING CYCLE AND MOST RECENT REPORT

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

REPORTING PRINCIPLES AND EXTERNAL STANDARDS

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

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

The H&H Group sought external professional advice on materiality assessment, stakeholder engagement and Report content and format.

CECEP (HK) Advisory Company Limited was appointed to perform independent limited assurance on this Report in accordance with the AA 1000 Assurance Standard v3 (2018) and issued an assurance statement (see assurance statement here). The process of assurance has allowed us to strengthen the confidence we have in our reporting as well as develop agile but robust reporting processes. As a result, we have amended two prior disclosures from our 2018 and 2019 reports (please see [Appendix 5 – Restatements](#)). We hope this external assurance provides additional credibility and confidence to our disclosures.

GET IN TOUCH

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

Ms Jessie Broadway
Suite 1.4, The Aircraft Factory,
100 Cambridge Grove, London,
W60LE, United Kingdom

Email: jessie.broadway@hh.global

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NOTE FROM OUR CEO

Without a doubt, 2020 was an extraordinary and challenging year. The global COVID-19 pandemic saw governments, companies, communities and individuals navigating uncharted waters; we had to re-think and, in many cases modify, our priorities, future goals and ways of working and living. Throughout this period, H&H remained committed to our sustainability targets and practices.

On reflection, if I can see a 'silver lining' – and learning – from the past year, as it relates to business and the retail sector, it would be how it has highlighted the importance of adaptability and working together to create and support positive outcomes for the health of people and the planet.

H&H's purpose aligns naturally with a responsible way of doing business, but over the past year we have been conscious of both the 'top-down' and 'bottom-up' forces that have facilitated stronger progress on our sustainability agenda. I spoke in last year's report of our belief in shared value. 2020 cemented this notion further for us, and I am pleased to say that our increased awareness is enabling us to make better business decisions and create shared value in a more conscious way. We also feel certain that our product categories are well-placed to meet consumers' adapted prioritisation of health and happiness.

In September 2020, our MSCI Environmental, Social and Governance (ESG) rating was upgraded from 'BBB' to 'A'. During the same month, we also received a Hong Kong Quality Assurance Agency (HKQAA) rating of 'A' for ESG performance. We are very pleased and proud of these ratings and recognition of our improved sustainability performance.

Our Sustainability Reporting is progressively aligning with our Annual Financial Reporting, providing valuable insights to all our stakeholders as we shift to a stakeholder mindset of doing business. Whilst the documents remain separate for the 2020 reporting period, the Reports were released together on the same day (8 April 2021), and, importantly, the way in which we review our business units and product categories has become further aligned.

The Annual Financial Report illustrates that through the turbulence of 2020 we were disciplined in prioritising our initiatives and agile in taking advantage of opportunities, enabling us to deliver positive revenue and net profit growth. The pandemic accelerated some of our strategic moves already in motion, and in this way, we were also able to invest in our future and create a new growth pillar with the strategic acquisition of Solid Gold Pet.

From a reporting perspective, we are broadening the topics and detail on which we evaluate our performance. We continue to improve the integrity of our own data collection which is a positive reflection of the business's understanding of sustainability, however it has presented some minor inconsistencies in making comparisons to previous periods. In such cases, we have completed further analysis to examine other indications of progress.

In 2020 we revisited the process of identifying and aligning on our material topics. We did this in conjunction with our Board of Directors, identifying 23 priority areas which will support us to achieve long-term business growth that benefits all our stakeholders, society, and the planet.

We have evolved our sustainability approach to include a greater focus on Governance (alongside our existing areas of Good Health, Our Footprint on the Planet and Honouring Human Rights and Fairness) and have increased Board and shareholder engagement on this topic. Elevating Governance across our material topics has also seen us increase female representation at Board level, incorporate ESG into all executive performance reviews, and harmonise standards, policies and procedures (where possible) across our brands, entities, and regions.

We have engaged the B Lab team that supports organisations on their journey to becoming a B Corp and are on track for our 2025 commitment to achieve B Corp certification. In 2020, our teams around the world made great progress in completing business impact self-assessments and putting in place plans and operational adjustments to improve our responsible business model.

Our contribution to the health of the community extended far beyond our financial and product donations made during the year to support those most at-risk and suffering. In line with our material topics, we returned our R&D focus to developing products that deliver strong consumer health outcomes and met our commitment to launch five new initiatives that contribute to reducing the risk factors associated with the largest preventable health challenges. We also launched our Responsible Marketing of Breast Milk Substitutes policy aligned to the World Health Organization (WHO) Code and participated in the global Call to Action. During the past few years, we reached more than one million people with health initiatives and by the close of 2020 raised and invested over US\$500,000 via the H&H Foundation. More than 2,000 team members across our regions participated in our World Community Day in November, united through a walking challenge to collectively raise funds in a 24-hour period for our local charity partners.

From an environmental perspective, we have also reached some important milestones. We integrated our Raw Material Sourcing Policy (developed in 2019) into our innovation process and will continue to embed the important process of understanding the environmental and social impact of our products from initiation. We also doubled our contribution to the protection of the ecosystems associated with our most critical raw ingredients.

I am pleased to say that following my announcement in 2019 to commit to renewable energy, over 85% of our operations in 2020 were powered by renewable energy. One of the exciting energy projects from 2019 was the installation of a photovoltaic solar panel farm on our facility in Guangzhou, China which covers 4,200m² and produces 450,000kWh of energy per year. It is now providing the benchmark and leading the way for renewable electricity for our operational sites that account for over 80% of our electricity consumption.

A number of our targets for 2020 centered on decreasing our waste and emissions. For our manufacturing and supply operations, we were able to monitor a significant decrease in waste to landfill and water consumption, however the unprecedented scenario of having many team members working from their homes for extended periods throughout year made it unrealistic to compare data such

as water consumption, electricity use and landfill waste to previous years. In the areas that we could measure, we had a 5% reduction in water consumption and 20% reduction in waste to landfill in 2020, compared with 2019. We continue to offset the emissions we can't immediately reduce to maintain our carbon neutral status.

As we move forward into 2021, we remain committed to realising our vision to be a global leader in premium nutrition and wellness whilst contributing positively to society and the environment. Our footprint on the planet must remain central to better understanding the impacts of every aspect of our supply chain and facilitating better decisions and processes.

Over the longer term, we see incredible opportunities arising from the permanent changes that the COVID-19 pandemic has triggered in consumer demand and behaviour, particularly the growing appetite for immunity-boosting and health-related products.

Finally, I would like to take this opportunity to reflect on the united effort that it takes to achieve the successes we had in such a year as 2020.

OUR 'ONE BIG TEAM' – ENCOMPASSING OUR TEAM, STRATEGIC BUSINESS PARTNERS AND STAKEHOLDERS – ARE CORE TO DELIVERING ON OUR SUSTAINABILITY JOURNEY AND END GOAL OF CREATING SHARED VALUE.

We are grateful for our team and business partners and look forward to delivering further progress together in 2021.



LAETITIA GARNIER
CEO

NOTE FROM OUR BOARD

The H&H Group was founded with a social purpose – an ambition to make an impact on the health and wellbeing of infants through our first product, a children's probiotic, scientifically proven to elevate immunity. We are proud to champion that heritage and expand it through a comprehensive sustainability strategy to nourish people and the planet, with clear impact milestones and monitoring of progress.

The Board supports the transition from sustainability governance and aligned philanthropy – which have been important foundations from which to build – to the identification of opportunities of shared value. We understand this will not only protect the longevity of the company for years to come, but also contribute to a prosperous society in which we are a corporate citizen.

We see our four impact areas of good health, human rights, environmental footprint, and governance as interconnected and as such, we look at these in totality. Evaluating these four impact areas and their interconnectedness allows us to determine key areas of focus – to ensure our ability to continue doing what we do well now, but also hone in on areas which can bring sustainable growth.

Throughout 2020 we reviewed the results of our stakeholder interviews and analysis that identified the most material topics and their accompanying definitions. We then provided feedback on categorisation, refinement of topic scope and definitions, and making the outcomes clearer.

We received a monthly update on performance across our material topics from the Sustainability team and were presented an overview of performance prior to the release of this Report. We recognise the great strides the Group has made across all impact areas in 2020, and look forward to the continued progress in the lead up to our 2025 goal of becoming a B Corp.

One of the key values within H&H is to be brave, and our aspirations certainly reflect this. 2020 was the year of 'unprecedented times' and we see rising social and environmental risks globally that impact our ability for business continuity. We believe management of the material topics identified in this Report gives confidence to our ability to be resilient to these risks and this was demonstrated by the limited impact on our supply chain throughout the COVID-19 pandemic.

In 2021, we will continue engagement and focus across our four impact areas and provide even greater input on the implementation and monitoring of sustainability initiatives.



[Signature]

LUO FEI
CHAIRMAN

SUSTAINABILITY GOVERNANCE

BOARD

THE BOARD HAS ULTIMATE RESPONSIBILITY FOR SUSTAINABILITY GOVERNANCE.

In 2020 we:

- maintained monthly sustainability updates to Board
- increased engagement on materiality and validation of topics
- increased oversight of sustainability strategy
- dedicated time to sustainability performance and governance in all Board meetings
- all Board members complete an annual conflict of interest questionnaire.



Mr. Luo Fei
Executive Director
Chairman



Mr. Wang Yidong (Jason)
Executive Director
CFO



Mrs. Lok Lau Yin Ching
Independent
Non-executive Director



Mr. Tan Wee Seng
Independent
Non-executive Director



Mrs. Laetitia Garnier
Executive Director
CEO



Mr. Luo Yun
Non-executive
Director



Dr. Zhang Wenhui
Non-executive
Director



Mr. Wang Can
Independent
Non-executive Director



EXECUTIVE TEAM

THE EXECUTIVE TEAM MANAGES BUSINESS PERFORMANCE IN LINE WITH OUR FINANCIAL, ENVIRONMENTAL, SOCIAL AND GOVERNANCE GOALS AND OBJECTIVES.

- All senior leaders have specific sustainability key performance indicators (KPIs) set at the beginning of the year and reviewed as part of their annual performance reviews.
- Each senior leader also has periodic meetings with the Sustainability team to monitor progress throughout the year.
- In 2021 this performance will be tied to their financial incentive plans and each senior leader will be required to meet at least quarterly with the Sustainability team.

SUSTAINABILITY TEAM

THE SUSTAINABILITY TEAM CONDUCTS MATERIALITY ASSESSMENTS, SETS THE SUSTAINABILITY STRATEGY AND MONITORS PROGRESS ON OUR SUSTAINABILITY PERFORMANCE.

In 2020 we:

- identified opportunities for shared value across the group, known as our nourishing people and the planet strategy
- conducted at least one self-assessment using the B Impact Assessment in all four of our regions.

ALL TEAM

ALL TEAM MEMBERS ARE RESPONSIBLE FOR THINKING ABOUT HOW THEY CAN CONTRIBUTE TO OUR SUSTAINABILITY STORY AND IMPACT AREAS.

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

In 2020 we:

- had more than 179 Sustainability Champions
- held five sustainability workshops and training sessions
- have set regional KPIs and targets.



MOON
COMMUNICATIONS

LUNA
H&H FAMILY

01

WELCOME TO THE WORLD OF H&H

WELCOME TO THE WORLD OF H&H

H&H GROUP IS A GLOBAL PREMIUM FAMILY
NUTRITION AND WELLNESS PROVIDER.

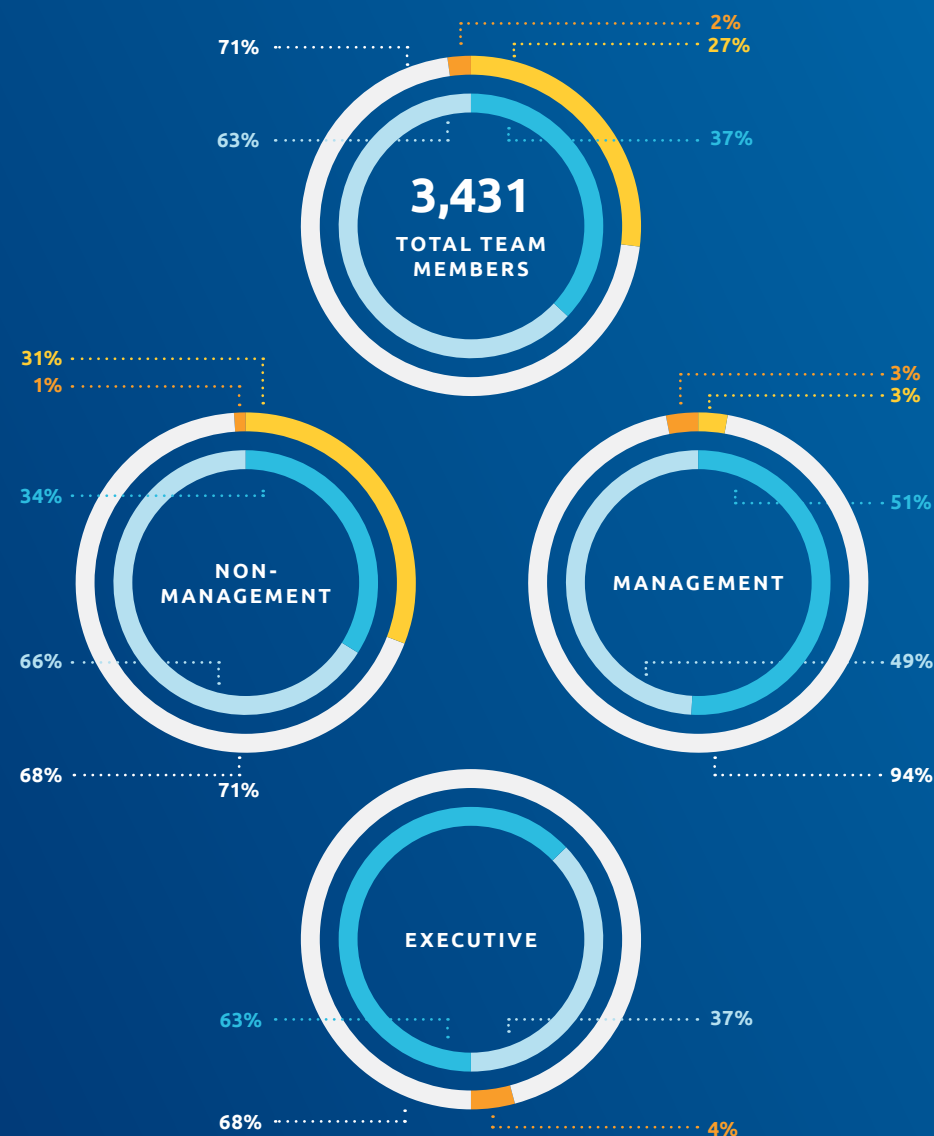
We are dynamic and ambitious in our mission to inspire wellness and make millions of people healthier and happier, while contributing positively to the needs of society and the planet.

OUTER CIRCLE BREAKS DOWN OUR TEAM MEMBERS BY AGE GROUP

● Aged under 30 ● Aged 30-50 ● Aged over 50

INNER CIRCLE BREAKS DOWN OUR TEAM MEMBERS BY GENDER

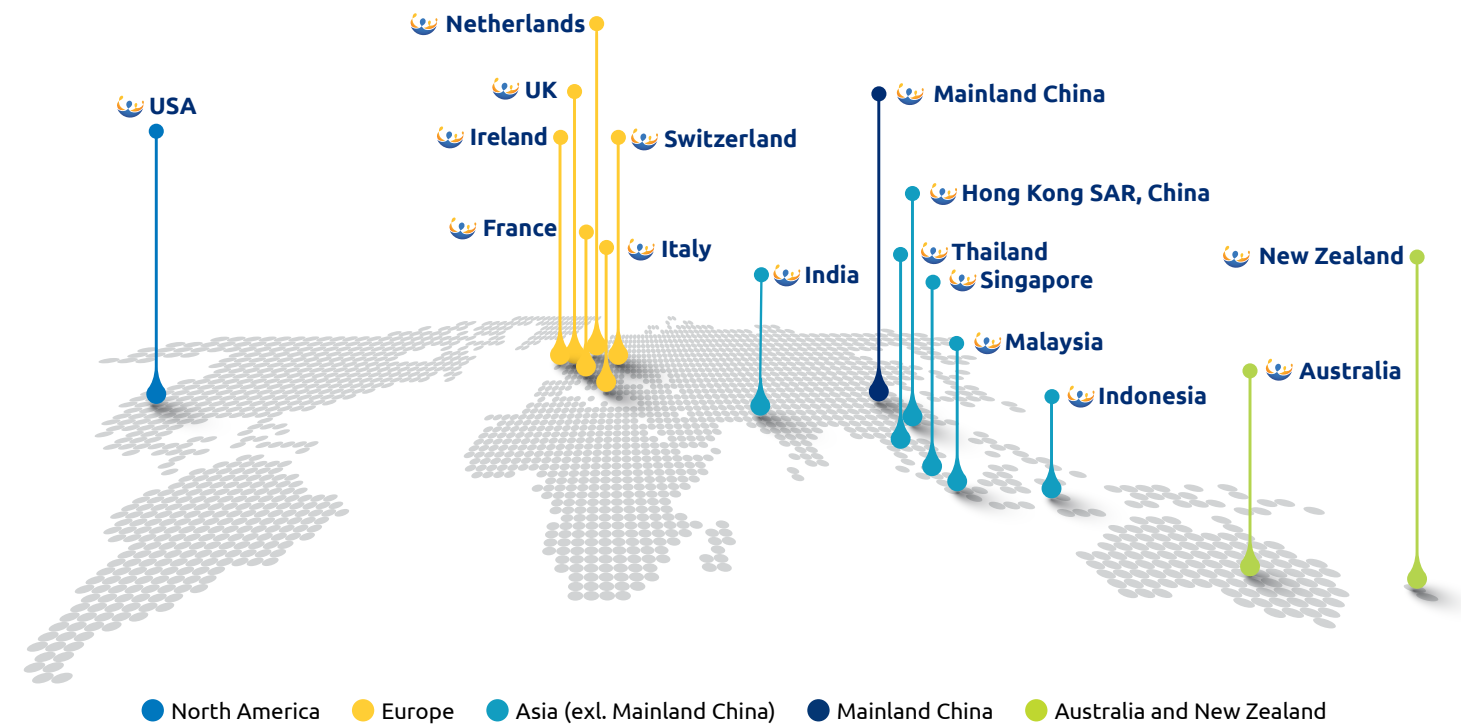
● Male ● Female



WHERE WE ARE

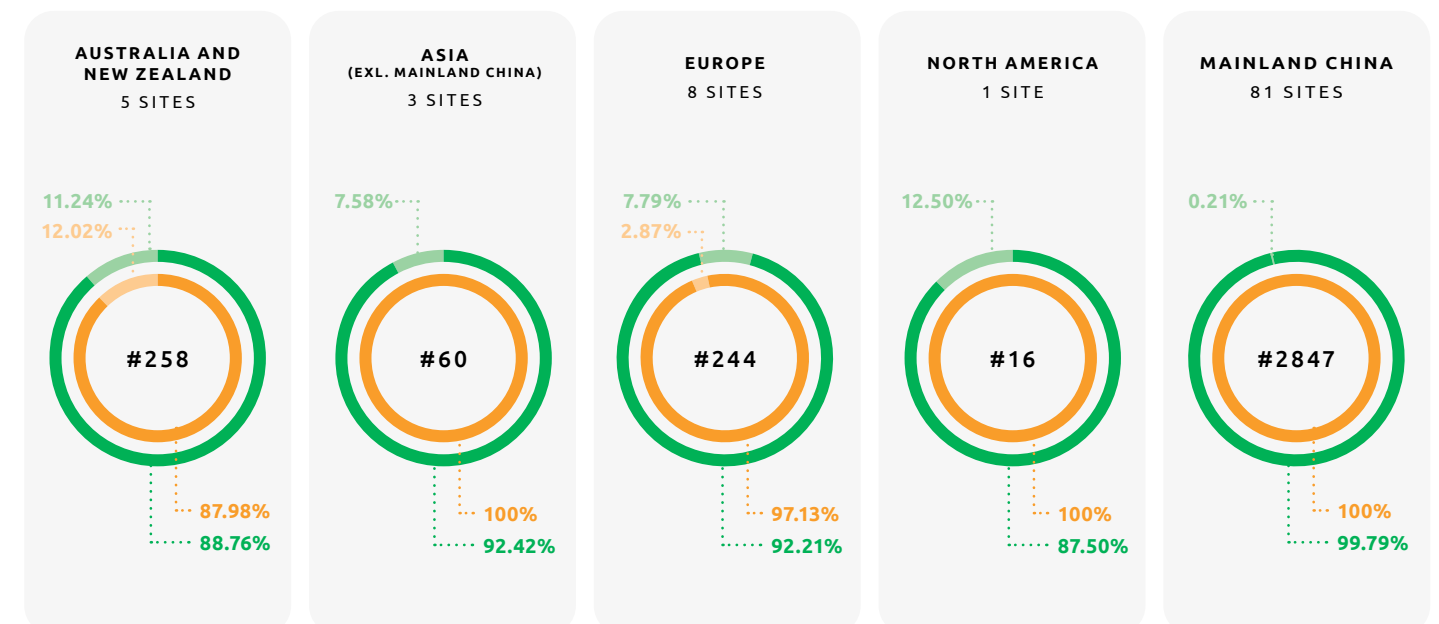
Globally headquartered in Hong Kong SAR, China and listed on the Hong Kong Stock Exchange (HKEx), our 3,400-plus team members are located across 13 countries – Australia, New Zealand, Greater China, Singapore, India, Indonesia, Switzerland, France, Italy, the Netherlands, Ireland, United Kingdom and the United States.

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



EMPLOYMENT TYPE

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



Note: China's three year standard employment contract system is included as permanent for the purposes of reporting given this is the standard system.

ASSOCIATIONS AND EXTERNAL INITIATIVES

WE ENGAGE WITH VARIOUS ASSOCIATIONS AND HOLD MEMBERSHIPS WHERE WE SEE SHARED VALUE WITHIN CERTAIN TOPICS, OR REQUIRE CERTIFICATION, OR SEE OPPORTUNITIES FOR COLLABORATION – WHETHER IT BE IN SCIENCE, INNOVATION, OPERATIONS OR BROADER ADVOCACY. WE DO THIS WITH AN AWARENESS OF OUR RESPONSIBILITY AS A MULTINATIONAL COMPANY THAT HAS THE ABILITY TO ENHANCE THE SOCIAL AND ECONOMIC CLIMATE IN WHICH WE OPERATE.





OUR BRANDS

OUR SEVEN PREMIUM BRANDS – SWISSE, BIOSTIME, DODIE, GOOD GOÛT, AURELIA, PROBIOTIC SKINCARE, CBII AND SOLID GOLD – PROVIDE NUTRITION AND WELLNESS SOLUTIONS BACKED BY SCIENCE.

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

Beyond our consumer brand R&D, Biostime Institute for Nutrition and Care (through the work performed at its Switzerland and China campuses) strives for scientific advancements in infant and maternal nutrition and health. Our Mama100 platform provides a channel for consumers and retailers to access product information and general advice from qualified health professionals.

Our NewH² corporate venture fund invests in innovative businesses to gain access to emerging technologies worldwide in health and wellness and is dedicated to accelerating new ideas for a healthier future. The fund focuses on unique and differentiated businesses across the health and wellness sector by partnering with businesses that are striving to disrupt and outperform industry growth. Key industry areas include infant formula, baby care, probiotics, skin care, hair care, vitamins, herbals, minerals and supplements (VHMS), lifestyle nutrition, personalised nutrition, women/pregnancy nutrition and digital technology. Impact investing is top-of-mind for our team. In line with our mission, we are constantly looking for opportunities to innovate and contribute positively to society and the environment.

Noisy Beast, our integrated, full-service communications and advertising agency, keeps our brands fresh and engaging to consumers, and also services external clients.

The H&H Foundation works with local and international charity organisations to run programs focusing on the three pillars of mind, movement and nutrition to promote healthier communities. Biostime China Foundation for Mother and Child works to reduce inequalities in health care particularly supporting with health screening and treatment in areas of poverty in China.



Biostime

dodie

GOOD GOÛT

BABY NUTRITION AND CARE BRANDS

Swisse

AURELIA
PROBIOTIC SKINCARE

cbii

ADULT NUTRITION AND CARE BRANDS

solid gold

PET NUTRITION AND CARE BRANDS

H&H
Foundation



BIOSTIME INSTITUTE
NUTRITION & CARE

NewH²
wellness innovation

COMMUNITY SUPPORT
FOUNDATIONS

SCIENCE AND INNOVATION PARTNERS



bodaustralia

lumen

PROVEN

else

Mama100

ADVERTISING AND
COMMUNICATIONS
AGENCY

NEWH² CORPORATE VENTURES

CONSUMER
ENGAGEMENT

OUR PRODUCT CATEGORIES

OUR PRODUCTS ARE OFTEN DIVIDED INTO THREE PRODUCT CATEGORIES – ADULT NUTRITION AND CARE (ANC), BABY NUTRITION AND CARE (BNC) AND PET NUTRITION AND CARE (PNC) – FOR FINANCIAL REPORTING PURPOSES.

For this Report, we have categorised our products slightly differently to align with known sustainability hotspots associated with the type of product itself. The sustainability hotspots are unique to each product category and need to be managed across all brands that contain products of this type.

The numbers of products listed in the categories indicate different product design or formulation as opposed to stock keeping units (SKUs). We have also reported the percentage of revenue that each product category represented in 2020.



SUPPLEMENT PRODUCTS

265
PRODUCTS | **45.4%**
REVENUE



SKINCARE PRODUCTS

106
PRODUCTS | **2%**
REVENUE



FORMULA PRODUCTS

42
PRODUCTS | **46.8%**
REVENUE



PACKAGED FOOD PRODUCTS

155
PRODUCTS | **1.4%**
REVENUE



BABY ACCESSORY PRODUCTS

311
PRODUCTS | **4.2%**
REVENUE

Note: 0.2% of revenue was also contributed by our new brand Solid Gold which will be a new product category in 2021.





JORANNA
CUSTOMS AFFAIRS

02

OUR FOCUS AREAS

SUSTAINABILITY AT H&H

CHANGES IN 2020

SOCIALLY AND ENVIRONMENTALLY, 2020 WAS AN INCREDIBLY CHALLENGING YEAR. UNFORESEEN EXTERNAL FACTORS, IN PARTICULAR THE REPERCUSSIONS OF COVID-19, WERE REMINDERS OF WHY A COMPREHENSIVE PLAN, AN ENGAGED TEAM AND UNITED FOCUS ON WHAT WE IDENTIFY AS MATERIAL IS IMPORTANT. IN 2021, WE WILL CONTINUE TO BUILD ON THIS BY IMPLEMENTING RELEVANT KPIS AT MIDDLE MANAGEMENT LEVEL.

The abnormal conditions that resulted all over the world as a result of the COVID-19 pandemic, including travel and workplace changes and restrictions, had a significant impact on our ability to accurately report site-based environmental data. We believe this has resulted in under-reporting and, as a result, the Group has revised our commitment to reduce waste to landfill by 20% to 2021.

Our business is fast moving and agile, which means, particularly where we have engaged in acquisition or organisational changes, Group-wide alignment remains a challenge. That said, our four sustainability impact areas have remained central to business decision-making and we are seeing an increased understanding and focus that is translating into progress across all brands, regions and sites.

We have examined and incorporated external frameworks and embedded feedback from stakeholders on our performance to ensure we are meeting the expectations of investors and the industries in which we operate across environmental, social and governance (ESG) factors. In 2020, our work was recognised with an upgrade to an 'A' ESG rating from the MSCI Index which means we are in the top 26% of all food product businesses that have been rated by MSCI. We also received an 'A' ESG rating from Hong Kong Quality Assurance Agency (HKQAA) in 2020. We continue to work

towards receiving an even higher rating in the future with a focus on the topics highlighted in this Report.

In 2020 we began the B Corp Multinational Certification approach which has seven phases. We have completed the Discovery phase, are currently working through the pre-screening phase and the scoping phase which should give us a clear roadmap for entity assessments and verification in 2021. We have proactively completed the business impact self-assessments in our major regions to give us visibility on our current performance, and have begun implementing improvement plans across target markets. We are on track to be B Corp certified across the Group by 2025.



Disclaimer statement:

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KEEPING OUR MATERIALITY UP TO DATE

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

We also recognise stakeholder engagement as the core principle of becoming a certified B Corp in the future. We have refreshed our materiality in 2020, incorporating a number of different resources from our stakeholders as well as conducting interviews with internal and external stakeholders.

Our stakeholders proactively contact us about environmental and social matters through a number of channels. For example, our investors regularly request information via our Investor Relations team regarding

specific topics, such as climate risk and responsible marketing; and our customers can make enquiries regarding formulations, packaging sustainability and suppliers through our customer service channels. We often conduct one-on-one briefings with investors to talk through these topics and ensure clear understanding of their expectations and concerns are considered in our materiality. We also actively ensure that information about our sustainability approach and practices is available and easily accessible in a variety of forms. Our Sustainability Reports are stored on our H&H website. Specific product-related sustainability information is built into our web-based customer platforms, so it's there and available at the point of (online) purchase.



MATERIALITY PROCESS

1 | ISSUE IDENTIFICATION

- Internal interviews: Nine key internal stakeholders across H&H Group brands, functions and locations.
- Document review: Corporate risk assessments, previous materiality assessments, policies and standards.
- Peer review: Benchmarking against six publicly listed international peers.
- Media review: Coverage of H&H Group, its brands, and industry.
- External Review: Key topics raised by stakeholders (customers, investors, suppliers and industry bodies).
- Compliance Review: Cross-check against the requirements of the Hong Kong Stock Exchange.

Output:
A total of 46 topics identified

2 | ISSUE PRIORITISATION

- Priority criteria and weighting: Review against existing priorities.
- Brand-specific priorities: Cross-checking brand and market-specific priorities.
- Issue boundaries: Understanding the impacts the business has control over.
- ESG investor benchmarks: Dow Jones Sustainability Index (DJSI), MSCI, Sustainability Accounting Standards Board (SASB) and Task Force on Climate-related Financial Disclosures (TCFD) frameworks reviewed and incorporated.
- Strategic alignment: Reference against H&H Group's Six Pillars and Sustainability Goals.
- Definitions: Providing clarity on topic scope.
- Research contribution: The Sustainability Consortium's independent research-based thesis industry hotspots provide insight into what's the most important at what stage of the value chain.
- Impact indicators: Global Reporting Initiative (GRI) Framework, Sustainable Development Goals (SDG) Industry Matrix and WHO International Code of Marketing of Breast-milk Substitutes.

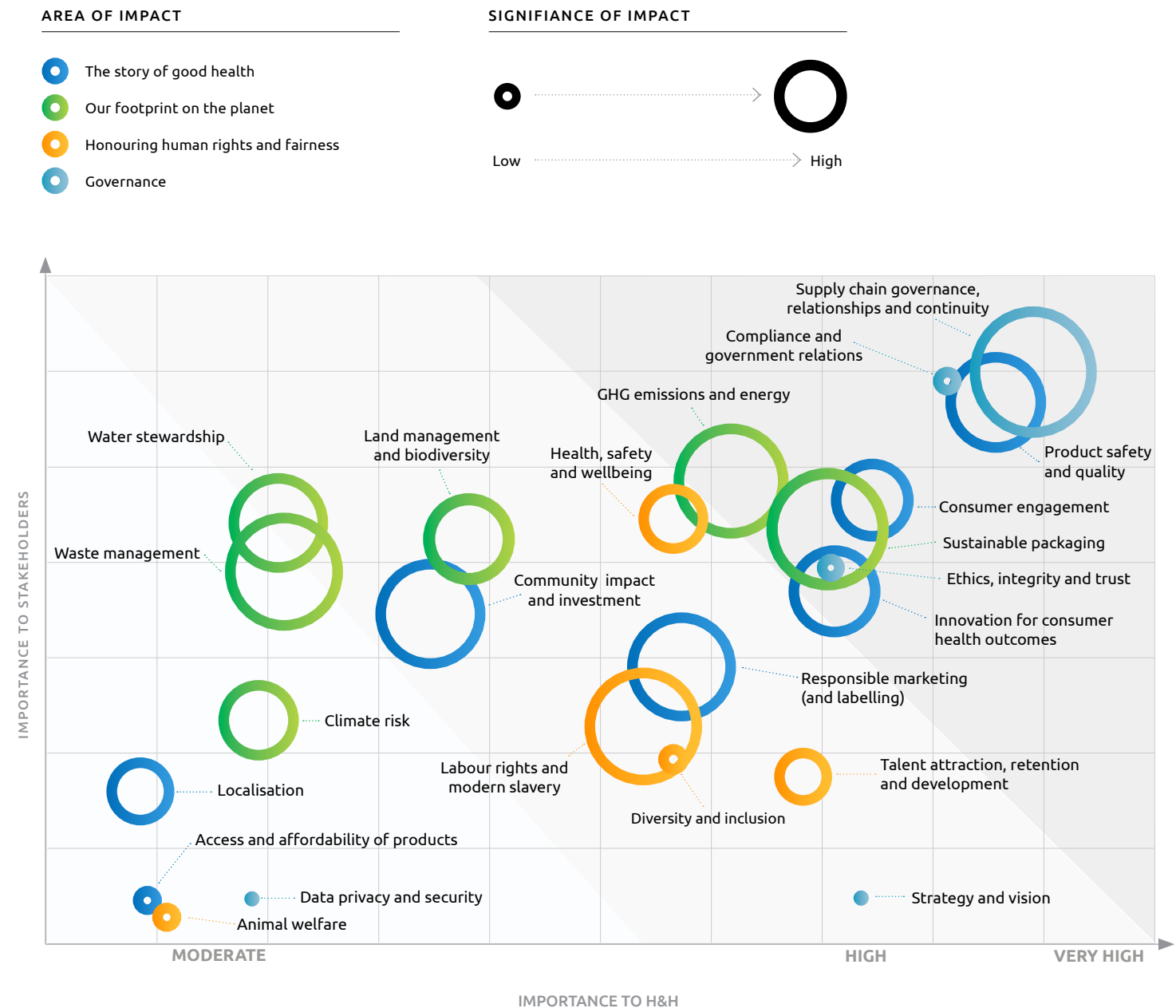
3 | ISSUE VALIDATION

- Internal workshop: Board-led validation workshop.

Review and sign-off:

The Board and Executive team made issues a declared management priority and aligned on strategy.

OUR ISSUE IDENTIFICATION, PRIORITISATION AND ISSUE VALIDATION PROCESS IDENTIFIED THE FOLLOWING TOPICS AS IMPORTANT TO THE LONG-TERM SUSTAINABLE GROWTH OF H&H:



Overall, the results of our materiality assessment reinforce our existing sustainability strategy and initiatives, with some tailoring of our commitments for 2020 through to 2025. There are three emerging new topics that are important to bring into our consideration – these are access and affordability of products, localisation, and consumer engagement.

In some of these topics, we are already performing well, and sustainable actions are already part of normal business operations, for example, product safety and quality, where no change to our management approach is required.

Consumer engagement and specifically, delivering health outcomes for consumers, needs to be central in our broader business strategy as our core value proposition. Digitisation was recognised as a key enabler for many topics, particularly consumer engagement, governance and product access.

Our supply chain holds risks but also the greatest opportunities for positive shift and environmental impact.

We have realigned and refreshed our commitments in line with our four areas of impact.

COMMITMENTS



THE STORY OF GOOD HEALTH

- 2020 ••••• (COMPLETE)**
 - ✓ Review of our Responsible Marketing of Breastmilk Substitutes Policy, align with China and respond to WHO 'Call to Action'.
 - ✓ Launch five new initiatives that contribute to reducing the risk factors of the large preventable health challenges.
 - ✓ Reach 1 million people with health initiatives through the H&H Foundation.
 - ✓ Raise and invested US\$500,000 into the H&H Foundation.
 - ✓ Launch a strategy for plant-based innovation and products.
- 2021 •••••**
 - Identify two plant-based product opportunities that have science-based health benefits that contribute to reducing risk factors for non-communicable disease.
- 2022 •••••**
 - Build a direct to consumer (DTC) engagement model (informed by research) that supports consumers on their broader wellness journey.
 - Translate H&H Science and/or BINC research into a minimum of two product opportunities.
- 2023 •••••**
 - Implementation of shared value programs (including H&H Foundation) in all markets.
- 2024 •••••**
 - Each product category to launch a product designed in collaboration with a health care practitioner group.



REDUCING OUR FOOTPRINT ON THE PLANET

- 2020 ••••• (COMPLETE)**
 - ✓ Maintain our carbon neutral status for our owned operations.
 - ✓ We will double our contributions to the protection of the ecosystems for our most critical raw ingredients
 - ✓ Integrate RMS Policy into innovation process.
- 2021 •••••**
 - 100% of new products will meet the standards set out in the Raw Material Sourcing Policy.
 - Identify climate risks and complete scenario analysis in line with TCFD.*
 - Reduce our waste to landfill by 20%.*
 - Reduce water consumption by 5%.
 - Reduce electricity consumption by 7-10%.
- 2022 •••••**
 - Calculate the carbon footprint of our DTC transport and logistics and set a reduction target.*
 - 100% renewable electricity.
- 2023 •••••**
 - Top 10 (by volume) botanicals will be sourced from organic or regenerative agriculture farms.
 - All packaging to be recyclable, biodegradable or compostable.
- 2024 •••••**
 - Science-based targets net zero emissions plan developed.



HONOURING HUMAN RIGHTS AND FAIRNESS

- 2020 ••••• (COMPLETE)**
 - ✓ Launch of internal Code of Conduct.
 - ✓ Global Health and Safety Policy implementation at all sites.
 - ✓ 100% of our workforce will have access to internal health and wellbeing initiatives.
 - ✓ Produce a Modern Slavery Statement.
- 2021 •••••**
 - We will develop a Global Parental Leave Policy.
 - Design and deliver a diversity and inclusion program to over 80% of our workforce, promoting understanding and acceptance amongst team members.
- 2022 •••••**
 - We will have dedicated breastfeeding spaces in all offices with more than 30 people.
- 2023 •••••**
 - 100% of our contract manufacturers will have a social audit completed.



GOVERNANCE

- 2020 ••••• (COMPLETE)**
 - ✓ Incorporate sustainability KPIs into Executive team performance reviews.
 - ✓ Incorporate ESG KPIs into Executive team reward mechanism.
 - ✓ Implementation of supply chain transparency and responsibility software with tier 1 suppliers.
 - ✓ Assurance (limited) on 2020 Sustainability Report.
 - ✓ Supplier Code of Conduct signed by 88% of our suppliers (by spend).
 - ✓ Increased female representation on Board of Directors.
- 2021 •••••**
 - Supplier category sustainability targets set and sustainability incorporated in supplier review and management system.
- 2023 •••••**
 - Further localise supply chains to reduce carbon emissions.
 - Full assurance and integrated reporting.

2025 ••••• H&H Group B Corp certified



03

OUR SUSTAINABILITY IMPACT AREAS



US\$1,451,627

CONTRIBUTED TO
COMMUNITY PROGRAMS
ACROSS THE GROUP



781,886

PEOPLE REACHED
THROUGH H&H
FOUNDATION
PROGRAMS IN 2020



10

PROPOSALS SELECTED
FOR FUNDING THROUGH
BIOSTIME INSTITUTE OF
NUTRITION AND CARE
(BINC) PROGRAM



THE STORY OF GOOD HEALTH

WE ADVOCATE AND EDUCATE
TO SHARE THE BENEFITS OF A
HEALTHY LIFESTYLE, SPREAD
WELLNESS, AND TEAM UP WITH
LIKE-MINDED PARTNERS.

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

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

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

As part of the Biostime Institute of Nutrition and Care (BINC) program, five projects were selected by the BINC Scientific Advisory Board in 2020.

The selection was made following an application process in which we received 112 high-quality submissions from scientists based at reputed universities, academic institutions and hospitals around the world. The applications were aligned with our five areas of expertise: microbiota; infant brain development; child nutrition and obesity; allergy; and women's health during preconception and pregnancy.

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

BINC CHINA

THE BINC BASED IN CHINA AIMS TO BOLSTER SCIENTIFIC RESEARCH AND TECHNICAL UNDERSTANDING IN NUTRITION AND CARE FOR MOTHERS AND CHILDREN IN CHINA.

It draws on resources from across the globe to form a world-class research team of nutrition scientists and maternal and child food and care providers, focusing on providing optimal protection for mothers and children in China. BINC China annually contributes RMB 1million for scientific research in these areas.

The five successful project applications chosen by BINC (China) in 2020 are listed below.

BINC CHINA SUCCESSFUL PROJECTS



Shenzhen Institutes of Advanced Technology Chinese Academy of Sciences. **Effects of pre-pregnant psychosocial stress on offspring gut microbiome and cognitive development.**



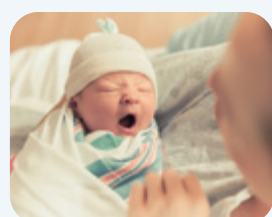
Peking University First Hospital. **Study on the intestinal microecological characteristics of children with autism spectrum disorder and the influencing factors of probiotics intervention effect.**



Guangzhou Women's Medical and Children's Center. **Study on the association between dietary choline intake, serum choline and its metabolite levels and neurobehavioral development of premature infants after discharge from hospital.**



Qingdao University. **A study on the effect and mechanism of lactobacillus reuteri in preventing gestational diabetes.**



Jiangnan University. **Development of sIgA coated bacteria in infant gut microbiota and their correlation with maternal health.**

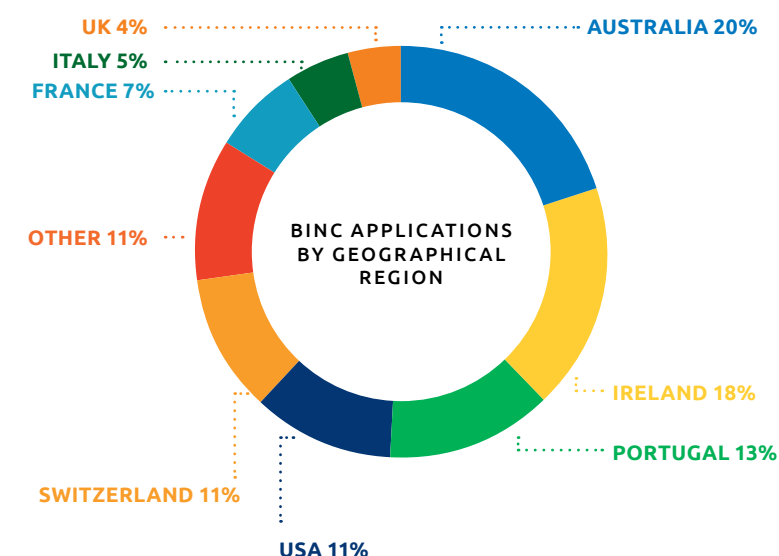
BINC GENEVA

GENEVA-BASED BINC OFFERS GRANTS FOR RESEARCH SCIENTISTS WORKING IN UNIVERSITIES, HOSPITALS AND OTHER ACADEMIC INSTITUTIONS ACROSS EUROPE.

The research grants provide financial support for innovative research projects in the fields of infant gut microbiota and allergy, infant brain development, skin microbiota, infant obesity and postpartum depression.

The five successful project applications chosen by BINC (Geneva) in 2020 are listed below.

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



BINC GENEVA SUCCESSFUL PROJECTS



MICROBIOTA

Waligora-Dupriet, A.J. (Université de Paris). **Impact of preterm microbiota on the gut-lung axis and health.**



INFANT BRAIN DEVELOPMENT

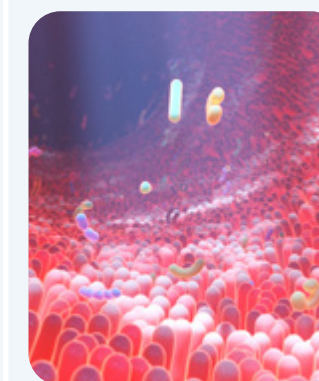
Sizonenko, S. (University of Geneva, CH). **Lactoferrin for neuroprotection in term neonatal Hypoxic-Ischemic Encephalopathy.**

Sandi, C. (EPFL, Lausanne, CH). **Therapeutic potential of the nutraceutical nicotinamide mononucleotide to treat early-life stress induced emotional and metabolic alterations.**



CHILD NUTRITION AND OBESITY

Philipps, C. (University College Dublin, Ireland). **Predictors and associations of childhood dietary inflammation with obesity.**



WOMEN'S HEALTH

O'Leary (APC Microbiome, University of Cork, Ireland). **Sex matters! The role of maternal gut microbiota in shaping increased susceptibility of females to stress-related psychiatric disorders.**

H&H JOINS FORCES FOR THE COMMUNITY

THE H&H FOUNDATION INVESTS IN COMMUNITY PROJECTS THAT HAVE A STRONG FIT WITH OUR SUSTAINABILITY GOALS AND HEALTH AND WELLBEING PILLARS OF MIND, MOVEMENT AND NUTRITION.

The Foundation also provides opportunities for team members to volunteer with organisations that are aligned with our values. Our community programs usually involve a lot of community volunteering for our teams but the restrictions imposed by COVID -19 across many of our regions provided significant challenges to conduct our normal programs in 2020.

Across the Group in 2020, we contributed US\$1,451,627 to community programs across the Group – exceeding our 2020 target of US\$1 million. Through these programs in 2020 we managed to reach 781,886 people – seeing us reach our target set in 2017 of reaching 1 million people through the Foundation. We also contributed in-kind donations, such as product and medical supplies, to the value of US\$1,292,722. Our team members across the globe dedicated 6,168 hours to volunteering within their local communities throughout the year and fundraised over US\$66,230 for charity partners. A large proportion of the voluntary hours was spent on our third World Community Day, held in November.



WORLD COMMUNITY DAY

H&H GROUP TEAM MEMBERS, UNITED BY THE MISSION OF MAKING PEOPLE AND THE PLANET HEALTHIER AND HAPPIER, VOLUNTEERED THEIR TIME AND ENERGY FOR OUR WORLD COMMUNITY DAY ON 19 NOVEMBER.

The Worldwide Walk involved team members setting out to each reach 10,000-plus steps, tracked via apps on their smart phones and watches, to raise funds for their chosen local charity partners.

A total of 2,040 participated in the event, racking up 13 million steps and raising US\$39,000.



2,040
TOTAL NUMBER
OF PARTICIPANTS



13 MILLION
TOTAL NUMBER
OF STEPS



6,372.5
AVERAGE NUMBER
OF STEPS TAKEN



COMMUNITY AWARDS RECEIVED IN 2020



MODEL ENTERPRISE FOR SOCIAL RESPONSIBILITY FROM CHINA DAIRY PRODUCTS INDUSTRY ASSOCIATION



2019 LISTED COMPANY SOCIAL RESPONSIBILITY AWARD AT THE CHINA CHARITY FESTIVAL



2019 PUBLIC WELFARE PRACTICE AWARD AT THE CHINA CHARITY FESTIVAL



ANNUAL RESPONSIBLE DEDICATION AWARD, FROM THE YANGCHENG EVENING NEWS



AMBASSADOR FOR PUBLIC WELFARE DONATION TO FIGHT THE PANDEMIC BY CHINA NUTRITION AND HEALTH FOOD ASSOCIATION



OUTSTANDING ENTERPRISE IN NUTRITION AND HEALTHY INDUSTRY FROM CHINA CONSUMER DAILY



HUMANITARIAN DEDICATION ANGEL AWARD, FROM CHINA RED CROSS FOUNDATION

CASE STUDY COVID-19 RESPONSE

A BIG PART OF OUR COMMUNITY CONTRIBUTION IN 2020 WAS IN RESPONSE TO THE CORONAVIRUS PANDEMIC ACROSS THE COMMUNITIES WHERE OUR OFFICES ARE LOCATED.



JANUARY:

- Donation of RMB 1 million to Wuhan Red Cross to support the purchase of medical supplies.
- Biostime Probiotics in-kind product donation valued at RMB 1,000,000 to Tianyou Hospital Affiliated to Wuhan University of Science and Technology.
- Donation of RMB 300,000 to the building of Pandemic Prevention and Control Temporary Hospital in Huanggang near Wuhan.
- Biostime Probiotics in-kind product donation valued RMB 300,000 to Huanggang Red Cross.

FEBRUARY:

- In-kind donation of 200 medical supplies for 12 hospitals in Wuhan, Xiaogan, Huangshi, Jingzhou and other cities in Hubei Province.
- In-kind donation of Swisse Protein powder to the Hubei Province, to the value of RMB 1 million.
- In-kind donation of Swisse Probiotic Powder with Iron, valued at RMB 100,000 to the Sir Run Run Shaw Hospital in Zhejiang.
- In-kind donation of Swisse Effervescent products and masks, valued at RMB 200,000 to security guards, cleaners and social workers in Nanjing City and Hefei City.
- In-kind and monetary donation of Biostime products to the value of RMB 2.6 million to our partner Red Cross China, to be distributed to Wuhan city and broader Hubei province residents.

MARCH:

- In-kind donation from Healthy Times and Dodie of 71 cartons of products to female medical staff who have been voluntarily supporting Wuhan.
- Donation of RMB 1 million for an international medical team traveling to Rome to purchase emergency medical equipment.
- In-kind donation of Swisse products, to the value of over 224,000 euros to the Italian Red Cross, supporting doctors, nurses and patients.
- In-kind donation of 150,000 medical masks to French frontline doctors and nurses.
- In-kind donation of Biostime probiotic products worth RMB 220,000 to the French Red Cross.
- In-kind donation of 1,000 Swisse Me smoothies to help boost and fuel the health care staff at 10 hospitals in London.

APRIL:

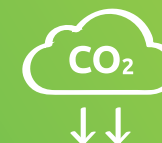
- In-kind donation of 10,000 Swisse products to frontline healthcare workers in Australia to support their immune systems.



“
AS A GLOBAL CORPORATE
CITIZEN DEDICATED TO
SERVING MOTHERS, BABIES
AND FAMILIES, WE CARE ABOUT
THE PRESERVATION OF A
HEALTHY PLANET FOR FUTURE
GENERATIONS.
”



84%
RENEWABLE
ELECTRICITY ACROSS
THE GROUP



6%
REDUCTION IN
CO₂ EMISSIONS



9%
REDUCTION IN WATER
CONSUMPTION



15%
REDUCTION IN
OVERALL WASTE



INCREASED
RECYCLING RATE BY
14%

OUR FOOTPRINT ON THE PLANET

WE USE RESOURCES
EFFICIENTLY AND ACT ON
CLIMATE CHANGE TO PRESERVE
OUR ENVIRONMENT FOR
FUTURE GENERATIONS

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

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

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



REDUCING OUR FOOTPRINT ON THE PLANET

CHANGES IN 2020

AS A GLOBAL CORPORATE CITIZEN DEDICATED TO SERVING MOTHERS, BABIES AND FAMILIES, WE CARE ABOUT THE PRESERVATION OF A HEALTHY PLANET FOR FUTURE GENERATIONS.

Our participation in the United Nations (UN) Global Compact – the business platform for the UN – requires us to demonstrate our commitment to the environment in a time where one of the biggest challenges we face as a planet is global warming and the subsequent impacts of climate change. We recognise that the world is changing and with that comes risks across our value chain. Each part of the process of the product supply chain has unique challenges in relation to climate change. From sourcing premium botanical ingredients as water scarcity becomes an increasing challenge, to powering our facilities with renewable sources of energy, we're starting to gain a better understanding of where our risks lie and how we can limit our contribution to these challenging circumstances. Some of the risks identified in 2020 include:

- upstream Scope 3 emissions
- water scarcity particularly relating to ingredient production
- suppliers facing transitional and physical risks
- policy risks impacting our ability to trade and market.

We are committed to completing scenario analysis and providing full disclosure of our climate risks in accordance with the Taskforce on Climate-related Financial Disclosure (TCFD) framework in 2021.

Most of our sites across the world are corporate offices; only five are operational sites. Unsurprisingly, the operational sites account for over 90% of our environmental footprint across energy, waste,

water and emissions, so they are the focus of our environmental efforts. We have extended our analysis of these sites, adding more relevant intensity - the amount of resources used for a particular unit - for each site, for example, our offices use an intensity per person that is based at the office, however at our operational sites, per unit of production is a more effective measure of intensity and allows us to make targets that can fluctuate with our growth. For our manufacturing sites this is per unit of production, and for a packing sites – units packed.

Our corporate offices still play an important role in our footprint and we have some existing and new requirements and bold targets regarding reducing waste and electricity consumption. In 2020, as a result of the COVID-19 pandemic, many of our sites were closed, and we therefore have an outlier in data particularly for our offices where waste was not at the typical levels due to office closures to protect the health and safety of our team. It's important that we make changes that will impact our footprint in the long-term and we noticed a natural reduction that did not reflect the results of initiatives to reduce waste, electricity, and water consumption for the long-term. In light of this, we have extrapolated these factors for team members who were working from home during this period and decided to extend our target for a 20% reduction in waste headed to landfill to 2021.

Each of our sites fully comply with all relevant laws and regulation and set operational expectations through their own environmental policies and standard operating procedures (SOPs). We had no incidents of non-compliance relating to environmental law or regulation in 2020.

In 2020, we continued engaging with our global network of Sustainability Champions – team members across a range of business functions and locations who share insights and ideas on how we operate and how we can be better. The champions communicate regularly via WeChat and meet every six months in each region. The network is an important platform for us to communicate about environmental and social matters across all locations, celebrate wins, and cross-pollinate ideas.

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

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

We comply with the Local Standard of Guangdong Province (Peoples 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 will be discharged into the municipal sewage pipe network and treated by the Dashadi Sewage Treatment Plant.

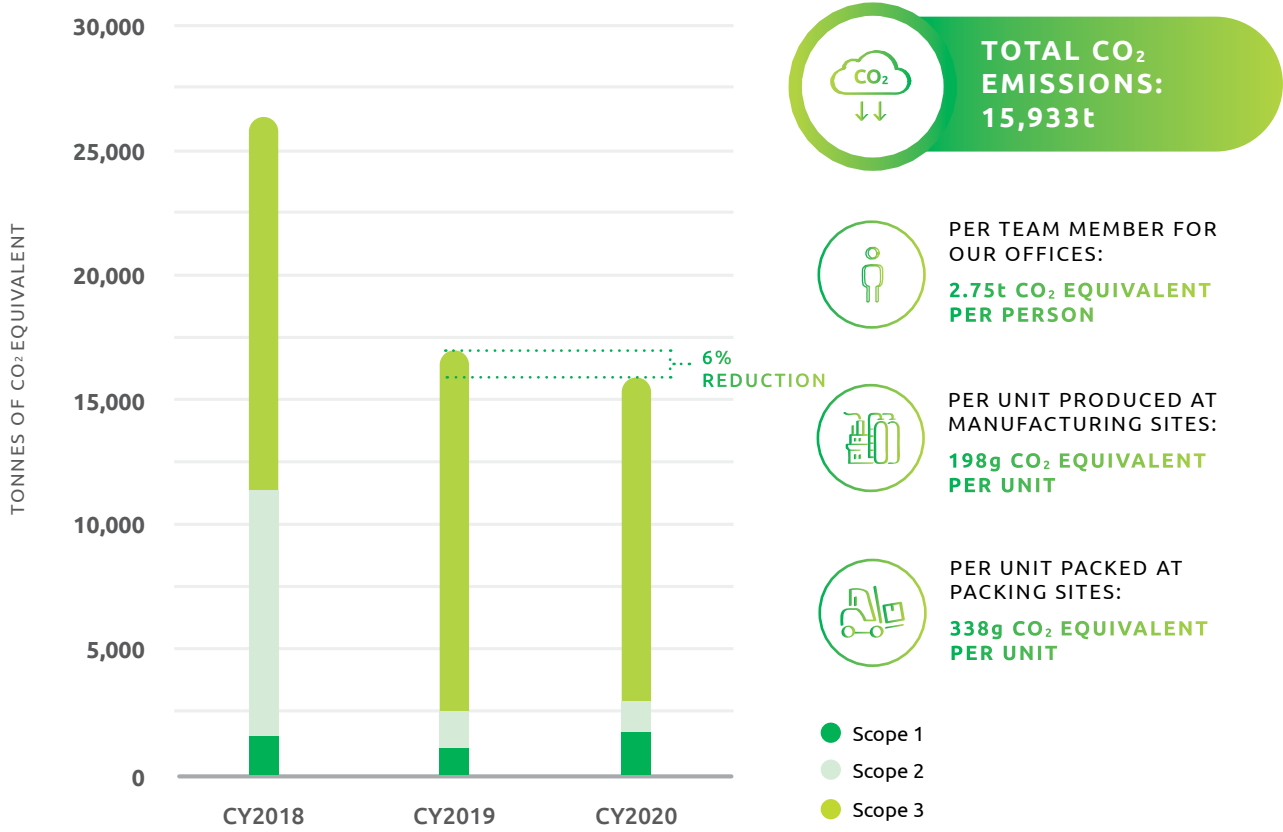
We do not source water from any water-stressed regions for our direct operations.



UPDATED EMISSIONS BOUNDARY TABLE – SEE PAGE 42 OF 2020 REPORT

Scope 3 emissions from energy production utilised on site have been included in Scope 1 emissions. Scope 3 emissions from accommodation, cleaning, office consumables, catering, and repairs and maintenance are limited to Australia and New Zealand as this is the only region we could obtain reliable data in 2020.

EMISSIONS



A steam generator at one of our factories in China produce a small amount of NOx. We currently take a sample three times a year to estimate the total yearly amount produced which was estimated at 725.3kg in 2020. A third party will collect information on the emission of NOx on a monthly basis from 2021 onwards. The monitoring reports in 2020 all show that the emissions meet the "Boiler Air Pollutant Emission Standard in China" (GB 13271-2014).

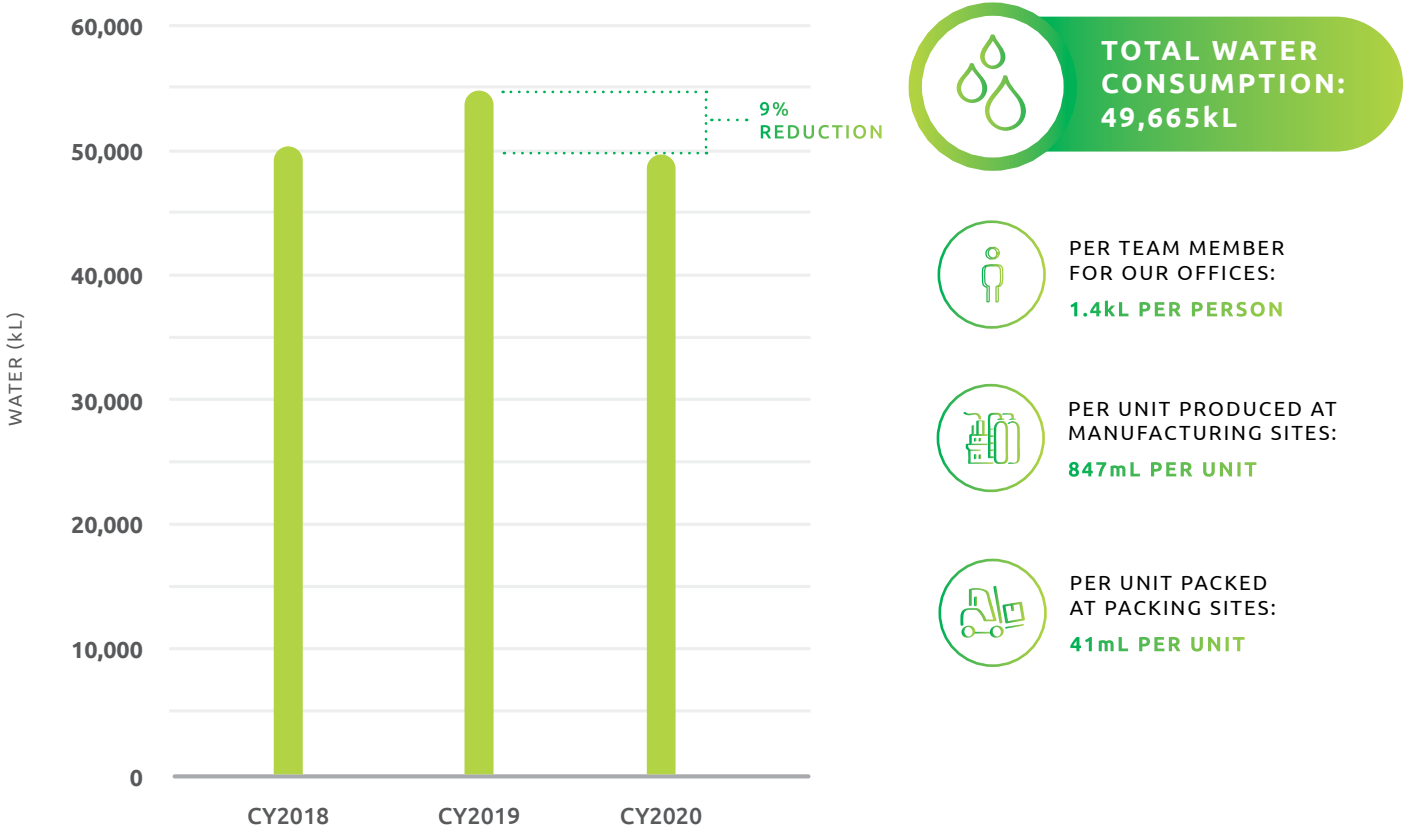
We are aware that some sulphur oxides (SOx) were emitted from one of our facilities heating systems however we currently do not have measurement in place for this data. We will look to measure this in 2021.

EMISSIONS BOUNDARY

Scope 1 1,757t CO ₂ -e	Scope 2 1,216t CO ₂ -e	Scope 3 12,960t CO ₂ -e
Refrigerants		Waste
Natural gas		Flights
LPG		Procured transport of products
Diesel generators		Office consumables
ULP for transport	Electricity	Cleaning
E10 combustion for transport		Catering
Diesel combustion for transport		Repairs and maintenance
		Taxis and other hire cars
		Accommodation
		Employee commuting

Green highlighted are only included for the Australia and New Zealand region.

WATER CONSUMPTION



CASE STUDY

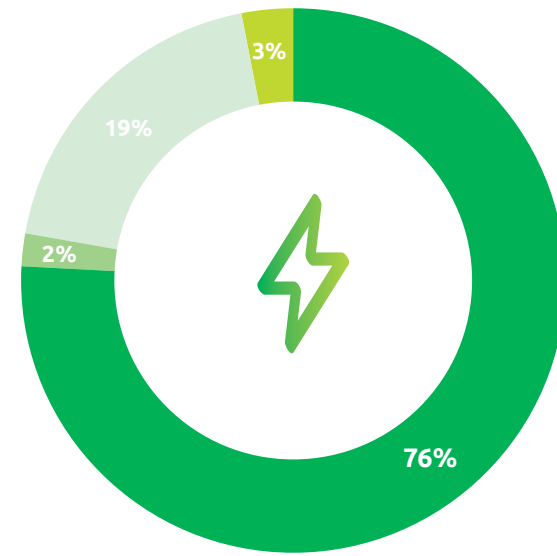
NEW PNEUMATIC MATERIAL HANDLING SYSTEM

LOCATED IN OUR RESEARCH CENTRE AND MANUFACTURING FACILITY IN SCIENCE CITY, GUANGZHOU, OUR RECENTLY ACQUIRED PNEUMATIC MATERIAL HANDLING SYSTEM IS HELPING US TO REDUCE OUR WATER CONSUMPTION.

It works by significantly reducing dust pollution levels, which mitigates the need to clean as often to maintain necessary levels of hygiene and cleanliness. We have also upgraded our cleaning system, which means overall we're expecting to reduce our water usage by 10% over time. Given that Science City accounts for a large amount of our water consumption, it was crucial for us to investigate ways to decrease water usage, in line with our sustainability commitment to reduce our footprint on the planet.



ENERGY CONSUMPTION



ELECTRICITY CONSUMPTION OVERVIEW

● Manufacturing sites ● Laboratories ● Offices ● Packing facilities



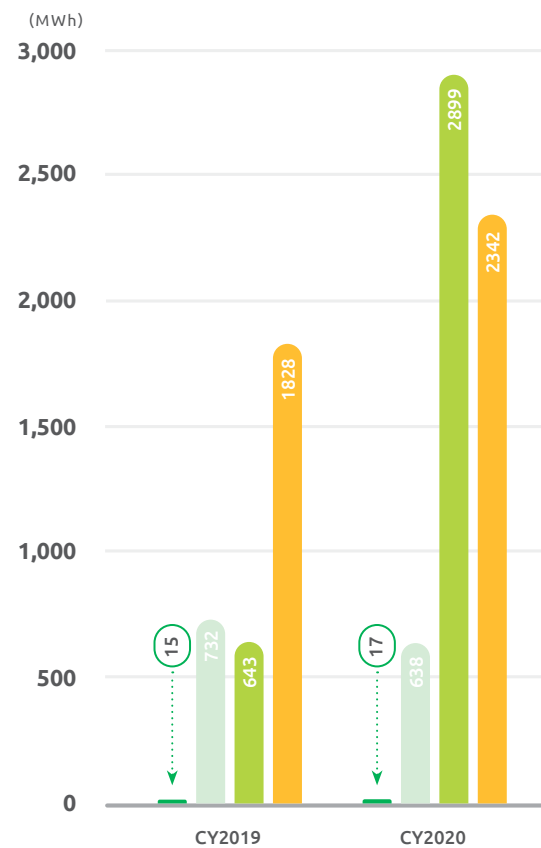
PER TEAM MEMBER FOR OUR OFFICES:
1.8KWh PER PERSON



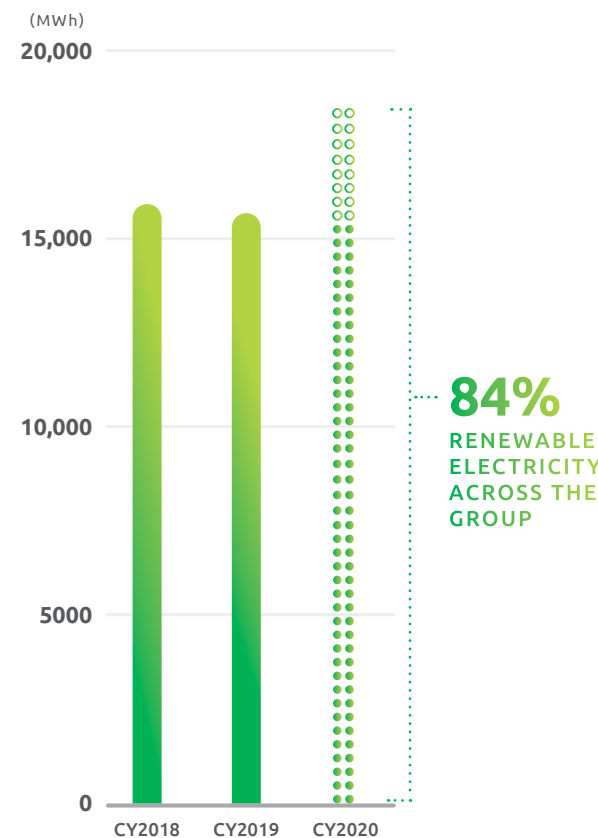
PER UNIT PRODUCED AT MANUFACTURING SITES:
25KWh PER UNIT



PER UNIT PACKED AT PACKING SITES:
0.05KWh PER UNIT



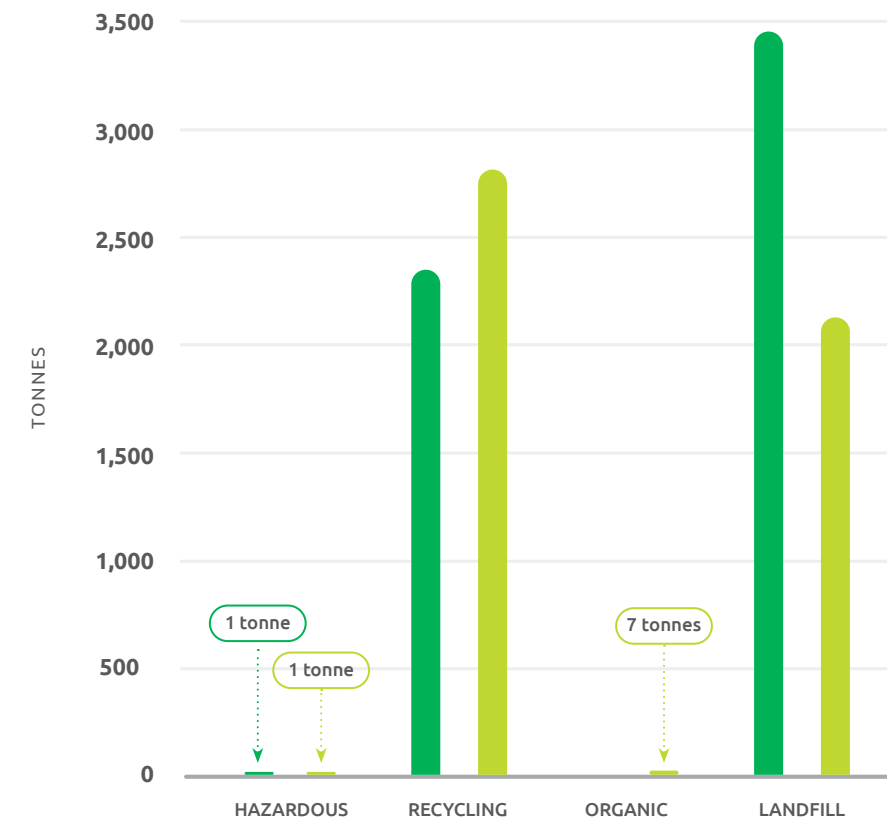
● LPG ● Diesel ● Gasoline ● Natural gas



○ Electricity ● Renewable electricity

84%
RENEWABLE
ELECTRICITY
ACROSS THE
GROUP

WASTE



PER TEAM MEMBER FOR OUR OFFICES:
800KG PER PERSON



PER UNIT PRODUCED AT MANUFACTURING SITES:
34G PER UNIT



PER UNIT PACKED AT PACKING SITES:
20G PER UNIT

● CY 2019
● CY 2020

INCREASED
RECYCLING
RATE BY
14%
REDUCING WASTE
TO LANDFILL

● Landfill ● Recycling ● 2020 Recycling increase percentage



DAVID
GROUP OPERATION
AND SYSTEMS

NALA
H&H FAMILY



5

EMPLOYER OF CHOICE
AND HEALTHY WORKPLACE
AWARDS WON IN 2020



WORLDWIDE
WEEKLY WORKOUTS
LAUNCHED IN 2020

ALL TEAM
MEMBERS GLOBALLY
HAVE ACCESS TO HEALTH
AND WELLBEING INITIATIVES
AND BENEFITS



US\$2,726,900

SPENT ON TEAM
MEMBER WELLBEING

H&H HUB
LEARNING PLATFORM
LAUNCHED WITH ROLL
OUT EXPECTED BY
END OF 2021



CODE OF CONDUCT
CODE OF CONDUCT ROLLED
OUT IN ALL REGIONS



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.

HONOURING HUMAN RIGHTS AND FAIRNESS

OUR PHILOSOPHY OF HEALTH AND HAPPINESS BEGINS WITH OUR PEOPLE – 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.

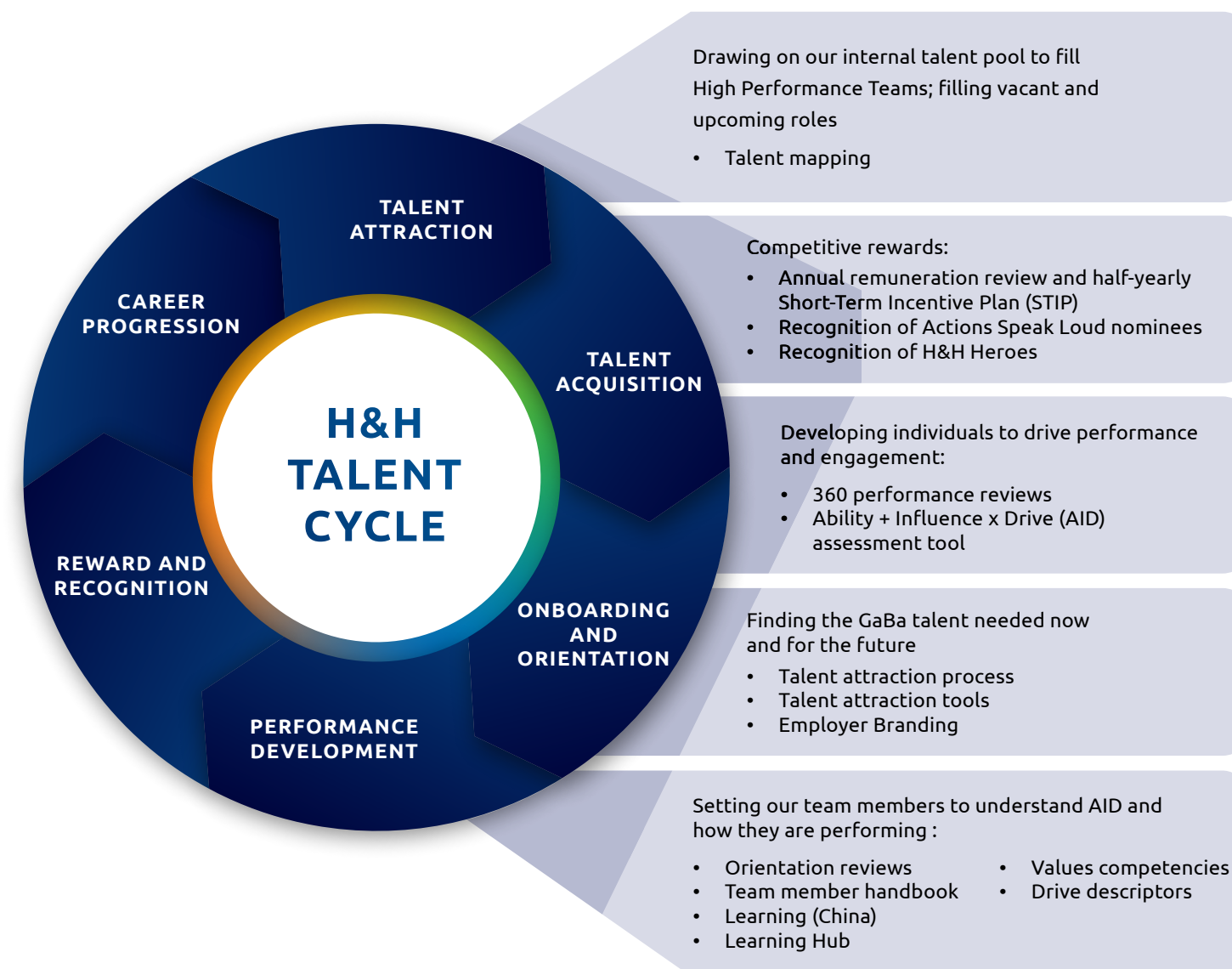
In 2020 we launched *Our H&H Code of Conduct* across all markets. The Code sets out our global standards which are supported by our values, driven by our behaviours and which each team member must follow every day. Having a collective Code of Conduct unites us as *One Big Team* and helps to ensure cultural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

Our People and Culture teams across the business units manage employee working conditions, 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 based on the following three factors:

- **Ability** – technical skills and experience
- **Influence** – how the team member behaves, in line with our five key values
- **Drive** – mindset and how the individual thinks and encourages other team members to think like a disruptor and an owner.

TING TING
PRODUCT MANAGEMENT

THE DIAGRAM BELOW THE CYCLE OF HOW WE AID TALENT AT H&H GROUP:



DEVELOPMENT MODEL AND TURNOVER:

- Our team are a younger demographic and global trends are showing shorter tenure than older generations and they also value organisations that are purpose led and align with their values
- Key reasons given for leaving the organisation is career growth and progression. We are quite a flat structure – not as structured and hierarchial as more traditional organisations with clear career pathways.
- Our key focuses to address these challenges are:
 - investment into leadership and emerging leaders programs to support leadership development
 - targeted development opportunities in technical and critical skill areas
 - talent mapping and development plans
 - mentoring and internship programs
 - cross-functional project and secondment opportunities
 - reward and recognition of performance
 - strengthening our credentials as a purpose-led organisation
 - sustainability

All of our team members received performance reviews in 2020 at a minimum of annually.

WORKING CONDITIONS AND ADDITIONAL BENEFITS

All of 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 have highly reputable systems for looking after our people at H&H Group, as demonstrated by the five awards received related to our employment practices in 2020. To see a detailed statement of how we protect individuals touched by our business particularly in relation to modern slavery please see our [2020 Modern Slavery Statement](#).

We offer many additional benefits, including team fitness classes, gym allowances, vaccinations, skin checks, healthy team lunches and guided meditation, to our team members across the regions. 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, stock ownership, health care and disability and invalidity coverage, all helping to keep our team members healthy, happy and financially secure.

IN 2020 WE SPENT **US\$2,726,900** ON TEAM MEMBER WELLBEING ACROSS THE GROUP.



Note: This figure includes a lunchtime subsidy that was not taken into account in previous years' reporting.

FINANCIAL SECURITY

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

OVER 97% OF NON-EXECUTIVE TEAM MEMBERS RECEIVED A BONUS

Salaries are reviewed at least once per annum, with consideration given to the individual's role, responsibilities and performance.

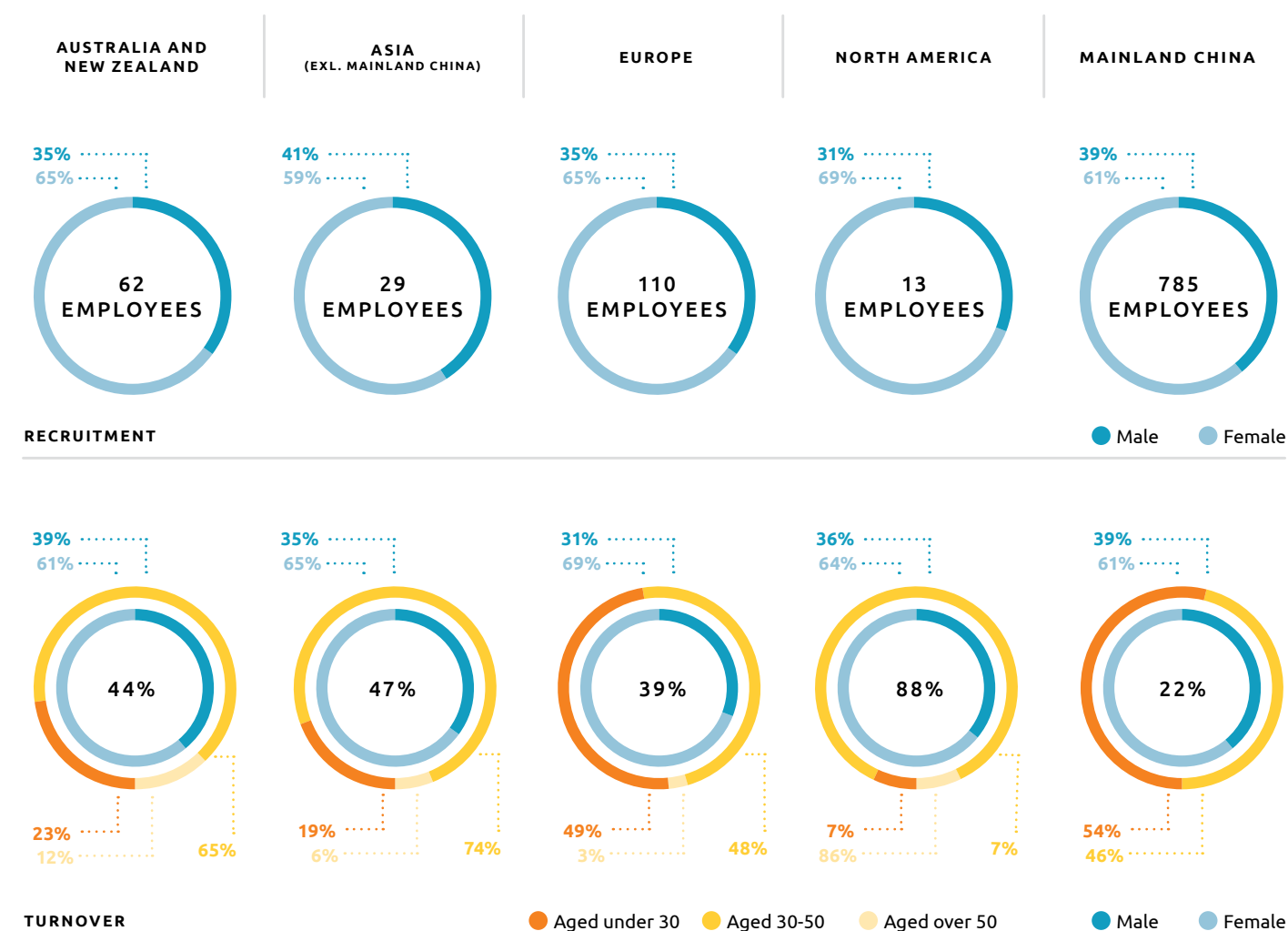
RECRUITMENT

To ensure we offer equal opportunity to prospective team members, our Talent Acquisition team ensures that for each role, we interview a diverse mix of candidates. We understand that age, race, gender, religion and ability can result in unfavourable treatment or discrimination and whilst our team is consciously trying to avoid this, we know that there may be unconscious bias. To avoid this in North America and Australia we are trialling 'blind interviews'. In 2020 we recruited 999 new team members.

RETENTION

We monitor employee retention, seeking to understand why our employees sometimes choose to leave. We experienced high business volatility along with restructuring in many of our regions in 2020 which has led to a turnover rate of 25% – a 6% increase in turnover from 2019 levels. We will continue to monitor turnover with more frequent reporting, including a breakdown of functional teams, to draw insights and set benchmarks for target rates.

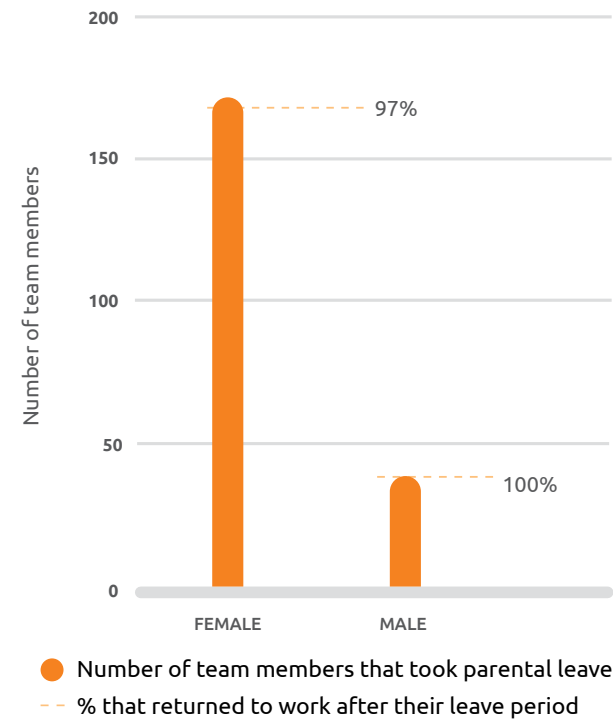
2020 RECRUITMENT AND TURNOVER



Note: The high turnover figure for USA reflects the relocation our office from San Diego to Los Angeles in 2020.

PARENTAL LEAVE

We report on parental leave and return to work rate as a means of measuring how we are supporting parents as they grow their families. Given we are in the business of inspiring wellness at every life stage, and have a huge focus on baby nutrition and care, we think it's particularly important that we 'walk the talk' and give the mums and dads in our teams the chance to take time off work and return to their jobs without impacting their career progression. All our team members are entitled to paid parental leave, although the eligibility criteria and amount available varies from region to region. We go beyond regulatory parental leave requirements in two of our five regions, providing additional paid leave, superannuation payments whilst on unpaid leave and up to 10 paid 'keeping in touch' days whilst on unpaid leave. We also recognise this is a way of supporting gender equality across our operations.



HEALTH, SAFETY AND WELLBEING

Our Global Health and Safety Policy has been implemented at all sites across the world, covering 100% of our team members, in 2020. The Policy covers how to manage and raise health or safety risks and log and manage incidents as well as many other components.

We are proud to report that across the Group we have had no incidents of non-compliance with relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards in 2020.

Unfortunately, we had one injury at one of our sites in 2020 which resulted in two lost days of work. In the previous year (2019), we recorded four injuries which resulted in 73 lost days of work. This is a 75% reduction in the number of injuries compared with 2019.

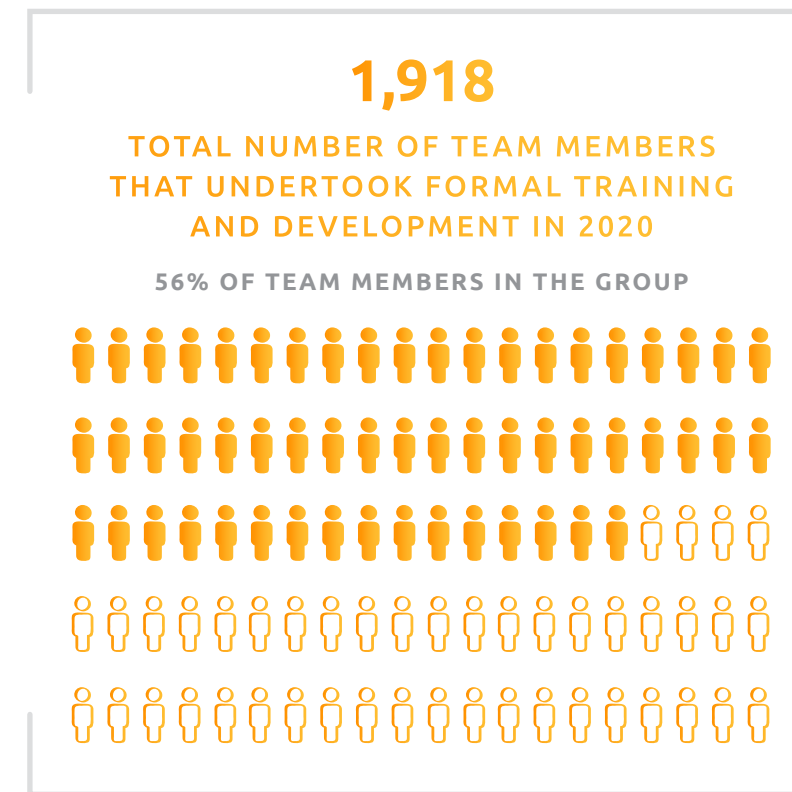
No fatalities at H&H for as long as we have been reporting, since 2017.

In 2020 we had no incidents of non-compliance relating to compensation, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare and national labour laws and standards. However, we had four cases of unfair dismissal, with three resulting in penalties.

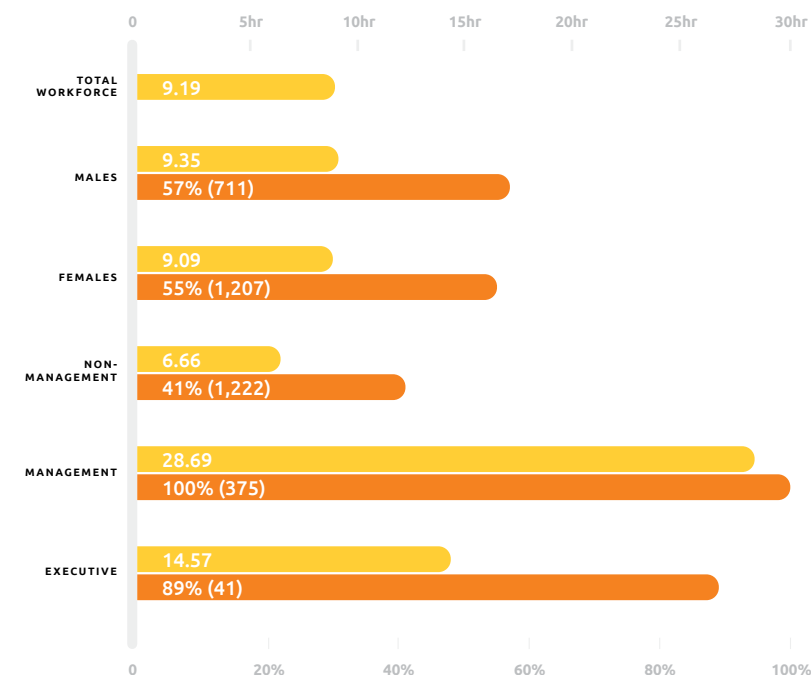
TRAINING AND DEVELOPMENT

We provide our team members with a wide variety of training and development opportunities, covering leadership, diversity, performance, workplace culture, induction, productivity, and technical training.

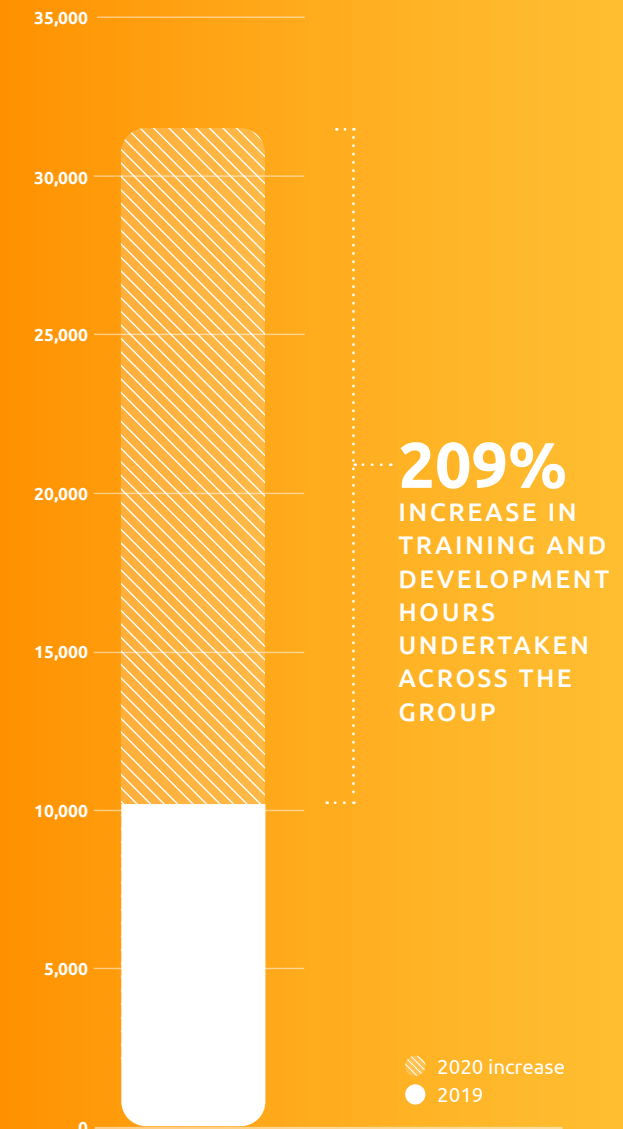
We also offer information and training on healthy living, diet and nutrition in line with our wellness philosophy.



TRAINING AND DEVELOPMENT IN 2020 BY CATEGORY:



- Average number of hours of training and development
- Percentage and number of team members that undertook training and development



31,524 HOURS
TOTAL NUMBER OF HOURS OF TRAINING AND DEVELOPMENT UNDERTAKEN ACROSS THE GROUP

85.67%
OVERALL SATISFACTION RATING FROM TEAM MEMBERS IN RELATION TO TRAINING AND DEVELOPMENT

JACKY
H&H FAMILY

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.

We have a Group-wide Anti-Corruption and Whistle Blowing Policy and system, called HH Speak Up. This applies and is available to all team members across regions, suppliers, and retailers.

We regularly communicate with our team members on appropriate conduct in our business and the broader marketplace. This was emphasized in the launch of our Group-wide Code of Conduct in 2020 that references HH Speak Up several times as a channel for raising concerns.

The Code of Conduct covers the Group's approach to preventing corruption, bribery, money-laundering, and fraud, as well as our approach to whistleblowing and information on the HH Speak Up system.

At induction all team members, including directors and managers, are required to complete training on anti-corruption and bribery in the on boarding process. There is content specific training annually for the supply chain department where the risk is higher due to more frequent engagement with external parties. There is quarterly communication on HH Speak Up and within China there are also case studies shared via WeChat to raise awareness of what bribery and corruption looks like and resulting action taken. We also have a formal communication plan for suppliers ensuring they are also aware of our policies and expectations and where to raise any concerns.

Our Risk Management team conducts an annual risk evaluation that covers every region and function within the Group, and the results are reported to the Board, Audit Committee and Senior Leadership team. No risks were identified in 2020 relating to bribery and corruption. 16 distinctive cases were reported via HH Speak Up in 2020. All cases were appropriately followed and investigated by responsible departments, for two of which, external professional resources were introduced to facilitate the thorough investigation. We had no legal cases regarding corruption practices against any of our brands during 2020.

We believe the whistle blowing system continued working well as we were always striving to increase its visibility and awareness. Through regular communication, more partners (i.e. suppliers, distributors and customers) and employees are willing to report via HH Speak Up. We will continue to carry out relevant anti-fraud and compliance training, demonstrating the Group's adherence to compliance, transparency and integrity culture and values.

INTELLECTUAL PROPERTY (IP)

We maintain a central, Group-wide Intellectual Property and Trademark Register, which is administered by the Group's Legal department with support from external law firms. This process manages disputes alongside any other IP challenge.

Each brand also monitors the market for local infringements on IP rights and trademarks, and escalates issues to the Legal department for their region. We had no incidents of non-compliance related to IP in 2020. We also maintained the Group product information database, where confidential product information on our brands and product categories can be safely stored and used.

GOVERNMENT RELATIONS AND COMPLIANCE

Our risk analysis in 2020 identified that political tensions pose a risk to our ability to market globally, making our government relations topic even more critical. Our engagement with policymakers is managed by our Government Affairs team, which works to strengthen the Group's relationship with governments in all of our markets, positioning the company as an industry leader and a trusted advocate on a range of important industry development issues.

We do this through long-term relationship building and advocating pragmatic, evidence-based policy solutions through one-on-one meetings with politicians and their advisors, as well as participating in key forums and events.

In 2020, our engagement activity looked to promote public policy settings that deliver legislative frameworks that reward responsible, and restrict irresponsible, business behaviours, with relevant enforcement. We supported standards-based systems. Engaged in global public policy discussions regarding trade agreements on IP and market access; and seeking government support for key business expansion (AU, UK, HK and CN) and industry development. The team also continued to build our four sustainability impact areas into government communications and engagement strategy in 2020.

We do not have any government entity in our shareholding structure. The H&H Group did not make any financial or in-kind political contributions in 2020.

H&H STRATEGY AND VISION

AS AN ENABLER FOR OUR VISION, OUR GROUP STRATEGY IS ANCHORED IN OUR DESIRE TO CREATE LONG-TERM VALUE FOR ALL OUR STAKEHOLDERS, INCLUDING SHAREHOLDERS.

Our consumer focus underpins an 'outside in' approach which drives a greater emphasis on making considered choices in the way we expand.

Our primary growth contributors remain organic growth in our existing markets, expanding into new markets and new product categories, and through strategic mergers and acquisitions and partnerships. We believe we can continue to build from our strong core business, expanding our holistic wellness offering through targeted innovation in product development and new technology, and solutions such as personalisation.

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 and creating platform for 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 ANC, BNC and PNC businesses.

We have a robust development plan for the next three years which outlines a return to our traditional fast-growing path of achieving sustainable profit growth and growing market share in all major categories.

Our Mission

is to make people around the world healthier and happier

Our Vision

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

Our Strategy

is based on long-term profitable growth benefiting our stakeholders, society and the planet

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

ANC



Winning in core

Clear leadership for core brands in their stronghold market(s)

- ✓ Biostime China
- ✓ Swisse China
- ✓ Swisse ANZ domestic

BNC



Globalisation and diversification

Expansion into new markets - core brands and fast-growing new category with right to win

- ✓ Swisse globalization
- ✓ Biostime globalization
- ✓ PNC scale-up
- ✓ Adjacent sub-category (baby food, baby care, skincare)

PNC



Investing for the future

Seeding and new business model with a longer time horizon

- ✓ Digitization
- ✓ Sustainability, including plant-based, packaging
- ✓ Breakthrough innovation, incl. NewH²

Continued profitable growth

Making right choices

Consumer centric

Sustainability as success driver



Effective capital management

WHAT THIS MEANS FOR H&H

We need to shift our mindset towards **shared value**, seeing **sustainability** as a business success driver.

We need to focus not only on **consumer acquisition** but also on **retention**, and create **omni-channel consumer experience**.

We need to **accelerate our digital capabilities** with a **data driven approach**, to be more visible online with the right **content, experience and fulfillment**.

strengthening R&D and science communication will help us respond to increased demand for **preventative health and holistic wellness**.

We are well positioned in the **right categories**. Now we need to focus on **winning** in these categories.

TAX TRANSPARENCY STATEMENT

H&H GROUP SUPPORTS TAX TRANSPARENCY TO ENSURE THE BUILDING OF TRUST IN THE MANY TAX JURISDICTIONS IN WHICH WE OPERATE.

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

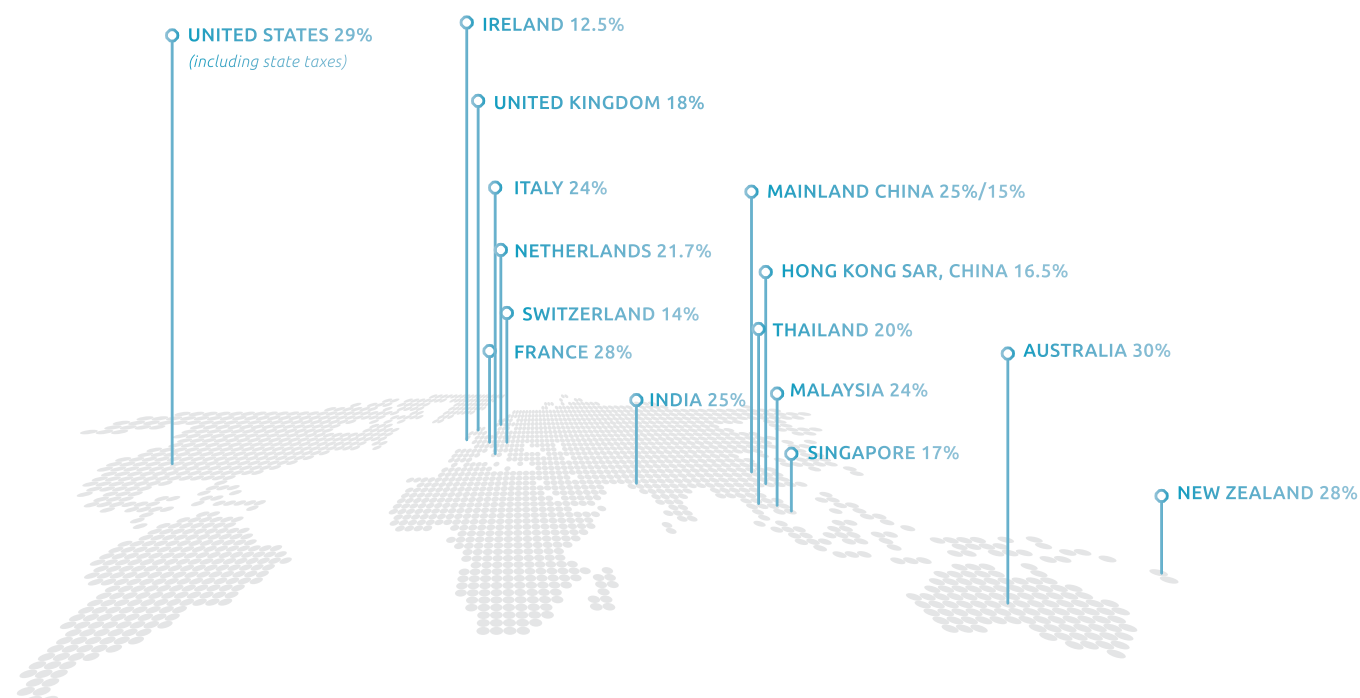
- tax strategy
- tax governance principles
- tax risk appetite
- tax risk management.

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

OUR TAX CONTRIBUTION

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

THE 2020 CORPORATE INCOME TAX RATES OF THE COMPANIES IN WHICH THE H&H GROUP OPERATES ARE:



The parent entity of the H&H Group is Health and Happiness (H&H) International Holdings Limited, which is a Hong Kong tax resident. The principal subsidiaries are disclosed in the FY2020 Annual Report.

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

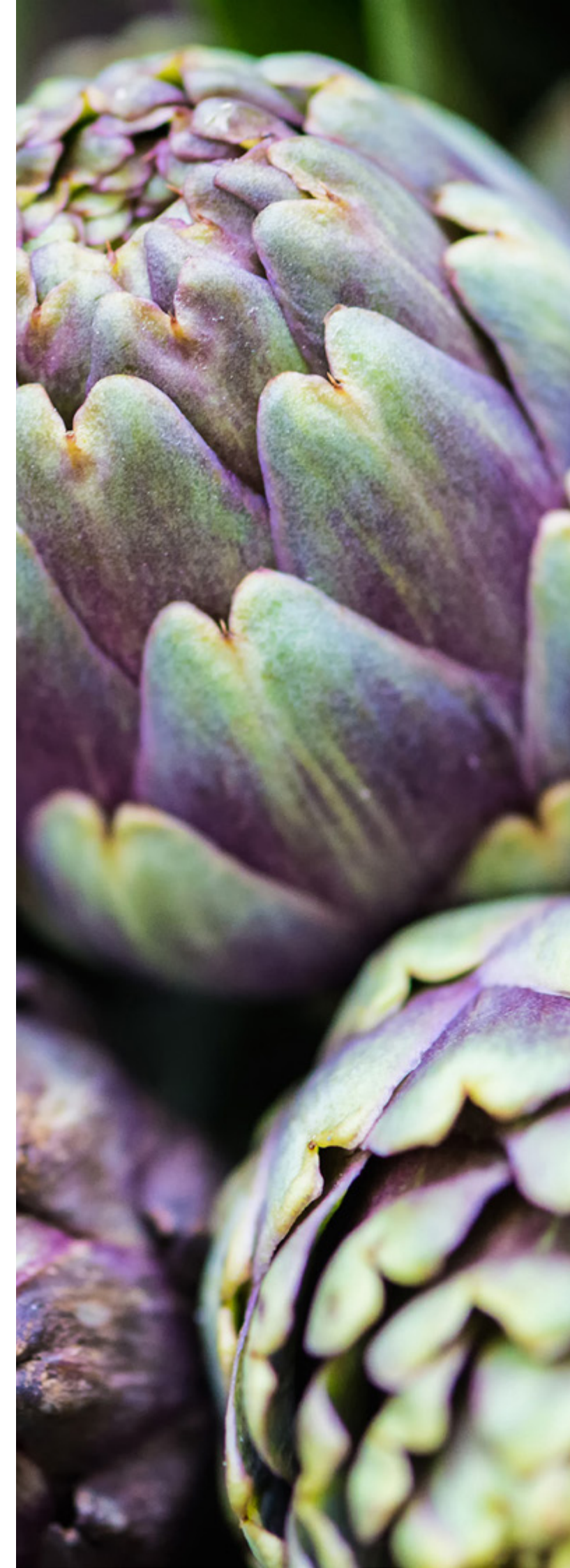
During FY2020, the key business dealings between related entities of the H&H Group related to sales of tangible goods.

EFFECTIVE TAX RATE

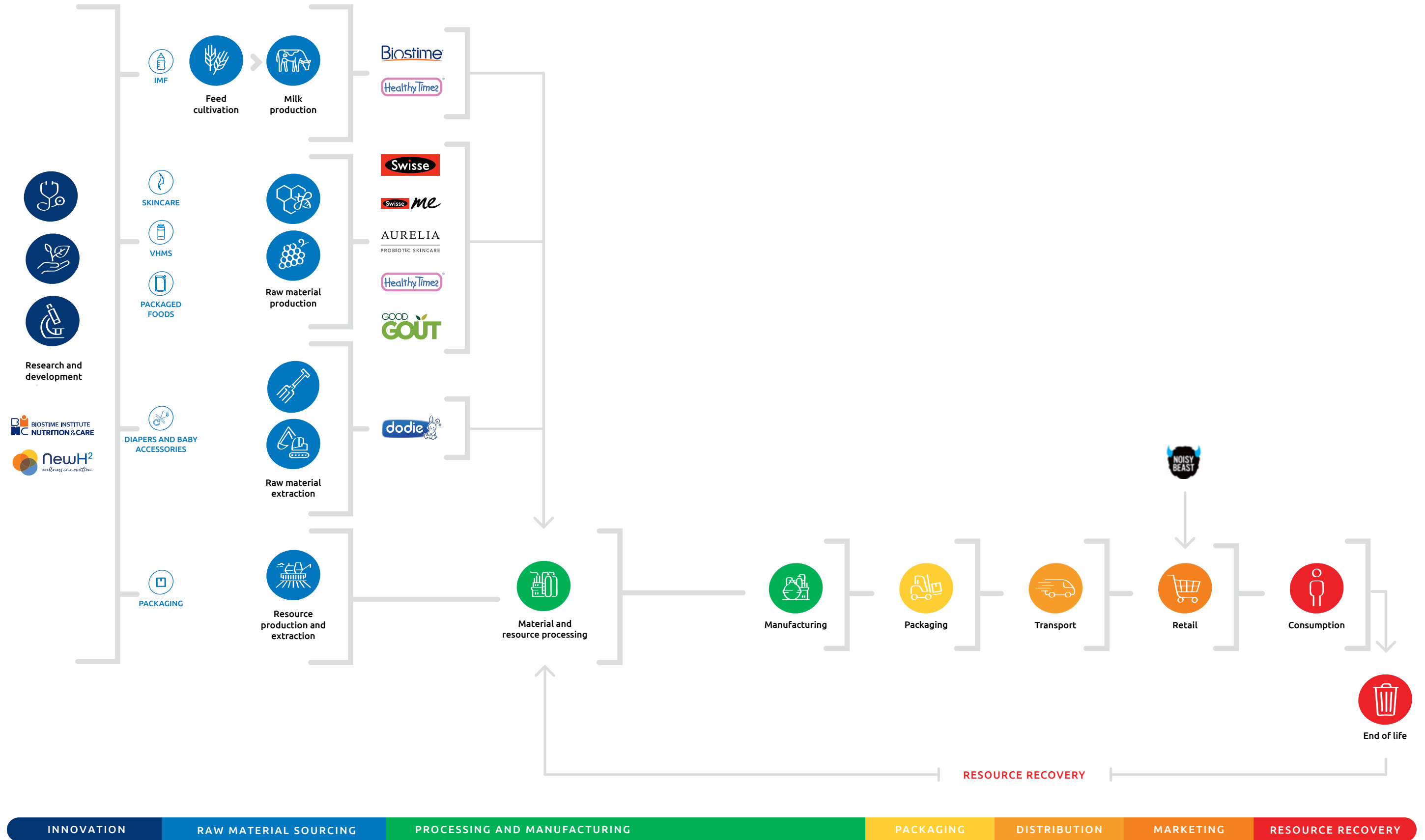
The effective tax rate is an accounting concept and reflects the income tax accrued on the profit for a particular year. It differs from the actual income tax payable in that year due to timing differences, where the timing of income and expense recognition differs for accounting and tax purposes.

H&H Group's effective tax rate (i.e. its accounting income tax expense expressed as a percentage of the profit before tax) was 29.2% in FY2020 and reflects:

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



VALUE CHAIN



CASE STUDY

FONDATION
GoodPlanetHOW GOOD GOÛT IS NOURISHING
(LITTLE) PEOPLE AND THE PLANET
ACROSS THE VALUE CHAIN

IN LINE WITH OUR STRATEGY TO NOURISH PEOPLE AND THE PLANET, GOOD GOÛT LAUNCHED A SHARED VALUE PARTNERSHIP WITH FOUNDATION GOODPLANET IN FRANCE TO DRIVE IMPACT NUTRITIONAL EDUCATION FOR YOUNG FAMILIES, AND ALSO FUND THE PRESERVATION OF A VULNERABLE SPECIES AND ECOSYSTEM. THE PARTNERSHIP FEATURES ON BOTH THE KIDS AND BABY RANGES.

Our Good Goût products start to protect ecosystems at the very beginning of their production – where our natural ingredients are grown 100% organically - all Good Goût products carry the Agriculture Biologique certification by Bureau Veritas SAS (FR-BIO-10). This certification guarantees that the production methods used meet strict non-polluting environmentally friendly specifications, respecting our soils, biodiversity, the preservation of natural resources and the assurance of a high level of animal welfare.

The ingredients then get converted to our delicious, healthy baby & kids range recipes designed by a Michelin star Chef. Not only are there no additives, but 30% less sugar than the average equivalent products in the market. The recipes are short with no weird ingredients, so parents know exactly what their children are eating. Only with ingredients parents have in their kitchen!

The products are then packed into convenient, lightweight packs and shipped to our consumers. Once finished, the packaging can be recycled through our partnership with TerraCycle (see Resource Recovery chapter for more information).

Through the partnerships with Foundation GoodPlanet which is a French NGO that works in favor of sustainable food and biodiversity we have funded 20 free workshops for kids and parents on how to balance everyday diet.

We have also funded two biodiversity programs through this partnership:

- Preservation of the elephants in Botswana:
 - This project has three objectives; to improve conservation knowledge on elephants within the community of Khumaga, improve human-elephant conflict mitigation techniques and increase the economic viability of farmers' fields
- Conservation of marine and coastal ecosystems in Mauritius:
 - This project also has three objectives; to protect coastal ecosystems in the regions of Roches Noires and Anse la Raie and reduce vulnerability to climate change, to ensure the sustainability of "Marine Voluntary Conservation Areas " (AMCV) and to expand and consolidate collaboration and partnerships with government and local and international institutions

On-pack we feature information about biodiversity to educate children on the importance of this issue.



INNOVATION

H&H GROUP'S AMBITION IS TO BECOME A GLOBAL LEADER IN PREMIUM WELLNESS AND NUTRITION. PRODUCT INNOVATION IS AT THE HEART OF THIS VISION, AS WE FOCUS ON DELIVERING SUPERIOR PRODUCTS TO OUR CUSTOMERS TO SUPPORT THEIR WELLNESS JOURNEY. WE PROVIDE EVIDENCE-BASED PRODUCTS WITH NEW INGREDIENTS, INNOVATIVE FORMULATIONS AND DISRUPTIVE TECHNOLOGIES THROUGH A CROSS-FUNCTIONAL PORTFOLIO, RANGING FROM BABY TO ADULT NUTRITION AND CARE.

In 2020, we finalised our global innovation strategy that aligns to three succinct consumer needs: protect, perform and perfect. The three key enablers to innovation in these categories have been identified as product, package and personalisation.

Our R&D team has worked on some ground-breaking research that supports these needs including:

- advanced pre-clinical models that facilitate the identification of ingredients and ingredient combinations for the development of next generation products for immunity, digestion, anti-aging, mobility support and beauty benefits
- development of different Human Milk Oligosaccharide (HMO) combinations with proven gut health function and microbial interactions
- gene sequencing profiling gut microbiome, breastmilk microbiome and skin microbiome composition
- investigative trials and overall formulation optimisation in infant formula protein nutritional quality for infants
- patented packaging or product format innovations that provide functional health benefits and raise quality standards
- clinical trials on formulations that, if successful, could support health outcomes for consumers who experience urinary tract infections, high cholesterol, osteoarthritis, gut microbiota challenges and neurocognitive functions and mood.

We have also conducted a number of research projects to examine and assess the possibility of reduced environmental impacts. For example, analysis of plant-based or natural ingredients performance versus genetically modified, enzymatically modified or animal-based ingredients. We're excited by these projects and how they inform our plant-based strategy and product opportunities that lead to a more sustainable future right from product inception.

To help engage the scientific community in this research and spread the story of good health, attendance and contribution at high profile scientific conferences around the world are important. We were limited in our ability to hold, attend and host conferences as a result of the pandemic in 2020, but still managed to attend three highly acclaimed global events on paediatric nutrition, microbiome and maternal health. We also built out our scientific community with seven healthcare professionals and created several digital assets, such as scientific animations, expert interviews, educational videos and infographics.



77 RESEARCH PROJECTS



6 CLINICAL TRIALS APPROVED



18 PATENTS FILED



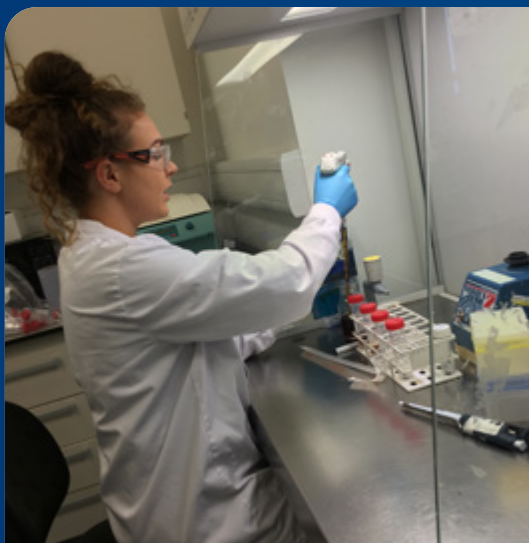
10 TEAM PUBLICATIONS IN PEER REVIEWED SCIENTIFIC JOURNALS



US\$20.1 MILLION
SPENT ON R&D IN 2020

OUR KEY STRATEGIC COLLABORATIONS





RESEARCH AND DEVELOPMENT

OUR R&D LABORATORY AT MOORE PARK, BASED IN ONE OF THE MOST WORLD-RENOWNED INSTITUTES ALONGSIDE LEADING SCIENTISTS IN THIS FIELD, IS THE RESIDENCE OF SOME OF OUR MOST QUALIFIED SCIENTISTS.

A streamlined and automated innovation system is the globally accepted best practice to achieve maximum efficiency, optimised resource utilisation and global transparency that will facilitate more successful product launches. Considering this, our stage-gate process moved to a digital best in class system and is currently being rolled out in all regions. The stage-gate approach divides project management into five distinct stages, from ideation to product launch. The process is also separated by five strategic decision-making points referred to as gates.

151 NEW PRODUCTS

LAUNCHED ACROSS THE GROUP IN 2020

NEW PRODUCTS BY CATEGORY:



NEW PRODUCT HIGHLIGHTS

Supporting our little ones' healthy immune systems



BIOSTIME IMMUNE DEFENCE CONTAINING LACTOFERRIN

Contains lactoferrin, which is naturally abundant in mothers' breastmilk, vitamin D to support healthy growth and development and maintain bone health, as well as vitamin C to support a healthy immune system function and to help fight illness.



BIOSTIME PROBIOTICS WITH M-16V

Upgraded formula: Probiotics with bifidobacterium brevis M-16, which better prevents allergies and relieves allergic symptoms for babies.



SWISSE ULTIBIOTICS RANGE (ENERGY +, DEFENCE +, CLEANSE +, CALM +)

Innovative dual function format combining two premium formulas: a probiotic capsule paired with key nutrients and herbs in a convenient tablet.



SWISSE NUTRA+ (MAGNESIUM, COLLAGEN REPAIR, PRO STRENGTH VIT C + D, ADVANCED PREGNANCY CARE)

Expansion of the premium formulas developed based on scientific and traditional evidence, practitioner only range in Australia only available behind the counter in pharmacies.



SWISSE ME VEGAN PROTEIN RANGE

Plant-based protein range with all nine essential amino acids, vitamins, probiotics and antioxidants.



AURELIA CBD SUPER SERUM

Scientifically advanced super serum contains unique pure crystallised CBD isolate. The lightweight, fast-absorbing, highly concentrated formula is suspended in hyaluronic acid to increase hydration, moderate sebum production and reduce wrinkles.



2020 INVESTMENTS

ELSE NUTRITION

In 2020 we invested in Else Nutrition, an Israel-based nutrition company focused on developing innovative, plant-based nutritional products for babies and toddlers. Else Nutrition provides an important food alternative that sits within this niche – but growing – market. As a strategic partner for NewH², Else Nutrition is in a position to explore distribution in a number of existing H&H Group markets, enabling it to bring its trending product to an even greater audience, one that may not already have access to plant-based nutritional options for children. The brand recently announced its launch in the USA and will continue to build presence both in the offline and online channels.

NewH² and Else have just announced additional investment of CAD\$4 million, with the proceeds being marked for product development operations (production and supply capabilities) and marketing activities in the USA and other new markets.



NEWH²

H&H GROUP LAUNCHED NEWH² (WITH INITIAL FUNDING OF US\$60M) IN 2018 AS AN INNOVATION ARM TO SUPPORT ENTREPRENEURS WHO ARE USING ADVANCES IN TECHNOLOGY AND SCIENCE TO DEVELOP INNOVATIVE ADVANCED NUTRITION SOLUTIONS.

NewH² invests in early and growth stage entrepreneurial businesses which are developing cutting-edge brands, products, technologies or business models in the fields of health and wellness, thus aligning with H&H's ambition to become a global leader in premium family nutrition and wellness. The fund provides the overall H&H Group with a complementary alternative to R&D and mergers and acquisitions, by expanding the Group's innovation opportunities and allowing it to keep abreast of new, potentially disruptive products, science, trends and technologies.

In 2020 we reached the two-year mark of NewH² and have a solid portfolio of wellness innovations from around the world with growing potential – Proven Skincare (USA), Lumen metabolism device (via Metaflow Israel), and Bod Australia. The primary brands that NewH² has collaborated with since its launch utilize global digital platforms and applications, tapping into the shift in consumer behaviour along the spectrum of engagement, diagnosis, sales and support.

RAW MATERIAL SOURCING

IN 2019 WE DEVELOPED A RAW MATERIAL SOURCING POLICY WHICH OUTLINES THE KNOWN SUSTAINABILITY HOTSPOTS FOR THE DIFFERENT TYPES OF INGREDIENTS THAT WE SOURCE FOR PRODUCTS ACROSS THE GROUP. IN 2020 WE PROVIDED TRAINING TO THE PRODUCT DEVELOPMENT TEAM TO ALLOW THEM TO COLLECT INFORMATION FROM POTENTIAL SUPPLIERS ON THOSE HOTSPOTS TO AVOID ANY NEGATIVE ENVIRONMENTAL OR SOCIAL IMPACTS.

We have seen a significant shift across multiple stakeholder groups – consumers, suppliers, local community organisations and investors – for a preference for plant-based natural ingredients. Currently 4.5% of the world’s population don’t eat dairy¹. We are seeing many motivations for this including:

- digestive health
- environmental concerns
- animal rights and ethics
- general health.

The highest overall reason that consumers report for avoiding dairy is that it makes them feel better.

In light of this, in 2020 we signed off our global plant-based strategy, which preferences ingredients and formulations that provide health outcomes for consumers and are sourced from plants.

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

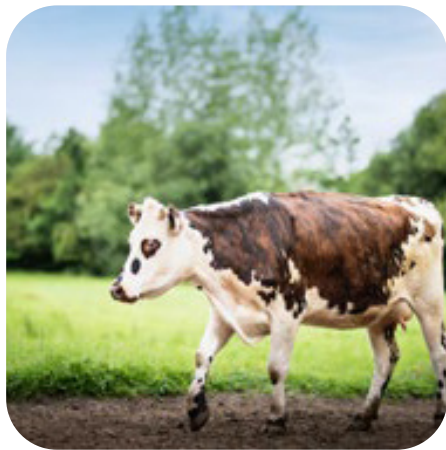
In 2020, we implemented a system for capturing this information in our stage-gate process (see the Innovation chapter for more information). This follows as our approach to monitoring adherence to the policy.

In addition to Group policy changes, we have conducted analysis to identify our most critical existing ingredients across the business. Given two of our brands – Swisse and Biostime – represent a large percentage of our volume, the analysis focuses on them. The ingredients identified as critical for Swisse and Biostime include dairy, botanicals, minerals, krill and fish oils and other oils and fats.

PLANT-BASED PRODUCTS BY CATEGORY:



1. Euromonitor International's Health and Nutrition Survey, 2019



DAIRY

- All our directly procured dairy suppliers follow ISO 14001 standards for Environmental Management Systems and have environmental targets and KPIs in place.
- H&H Group continues to invest in a partnership with Isigny Sainte-Mere to protect the Normande breed of cow and support local farmers in keeping the cows within the region to ensure sustainable supply into the future.



FISH AND KRILL OIL

- 100% of products that contain fish and krill oil ingredients carry a sustainably sourced certification from either:
 - MSC
 - Friends of the Sea
 - MarineTrust
- We also support the Antarctic Wildlife Research Fund which facilitates and promotes research on the Antarctic ecosystem.
- We are exploring plant-based alternatives for Omega 3 DHA, and launched the Swisse hemp seed oil range and Biostime algae capsules in 2020.



OIL AND FAT SOLUTIONS

- Fat acid profiles are critical for our infant milk formulas to ensure the nutritional profile is as close to human breast milk as possible. We currently source these from either vegetable or milk fats.
 - By the end of 2021, all our oil for Biostime’s core range will carry a sustainable sourcing certification.
 - Our milk fats currently come from farms that maintain comprehensive sustainability strategies and plans.



BOTANICALS

- We are working towards our commitment to source our top 10 botanicals by spend organically or regeneratively by the end of 2023.



CASE STUDY

ISIGNY SAINTE MERE

ISIGNY IS OUR LARGEST DAIRY SUPPLIER AND MANUFACTURES BIOSTIME INFANT MILK FORMULA. ITS MANUFACTURING FACILITY MONITORS THE WATER CONSUMPTION AND TREATMENT CLOSELY HAVING IMPLEMENTED ENVIRONMENTAL COOPERATIVE GUIDELINES THAT INCLUDE THE TOPICS WATER AND ENERGY.

Isigny successfully reduced water consumption and wastewater production in 2020 across two measures as a result of these programs and monitoring:

REDUCED WATER CONSUMED AND WASTEWATER PRODUCED **BY 10%** PER LITRE OF MILK **IN 2020**

REDUCED WATER CONSUMED AND WASTEWATER PRODUCED **BY 14.5%** PER KG OF MILK POWDER **IN 2020**



61.6%
OF ISIGNY COOPERATIVE FARMERS HAVE THEIR OWN WATER BOREHOLE, REDUCING THE STRESS PLACED ON REGIONAL WATER CAPTURE AND STORAGE.

ON FARM

More than half of Isigny Cooperative farmers have their own water borehole, reducing the stress placed on regional water capture and storage. Whilst Isigny Cooperative don't monitor the water consumption on each farm due to privacy concerns (as the farm water is also for personal use), the farmers follow the Charter of Good Breeding Practices (CBPE) which is the reference for Sustainable Agriculture according to Isigny's certification "Agri Confiance". The CBPE raises awareness about water usage and requires farmers to fit with its rules of water wastage.



PROCESSING AND MANUFACTURING

OUR SUPPLIER CODE OF CONDUCT, WHICH HAS BEEN PUBLICLY AVAILABLE ON H&H'S WEBSITE SINCE DECEMBER 2018, HAS BEEN THE FIRST BUILDING BLOCK IN DISCUSSIONS WITH SUPPLIERS AROUND OUR SUSTAINABILITY JOURNEY.

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

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

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

We successfully implemented phase two of our roll-out plan with existing suppliers in 2020 and 100% of our Swisse and Biostime contract manufacturers have signed up to the Code. Many of our suppliers have communicated that they are glad to partner with us on this journey and are aiming to exceed our expectations set out in the Code.

We have implemented a formal process for carrying out due diligence within our existing supply base across all our direct suppliers for any of our product generating brands and

entities through the development of our H&H Sustainability Essentials survey. The survey is tailored to the topics specifically identified as material for the industries we operate in, largely focused on The Sustainability Consortium's Thesis Industry hotspots for the following product categories:

- vitamins and supplements
- dairy
- personal care
- soup and convenience meals
- diapers
- baby accessories.

In 2020 we have met all targets and commitments we set out to achieve as a first step to full transparency and governance over our complex supply chain across our portfolio of products, including:

- ✓ roll out with our major contract manufacturers
- ✓ supply team member engagement and training on roll out of Sustainability Assessment
- ✓ supplier sustainability performance management platform implemented
- ✓ high-risk direct suppliers identified
- ✓ 46% of our suppliers completed our sustainability assessment (Sustainability Essentials survey) and had an ethical or social audit carried out by a third party.

These actions have laid good foundations for supply chain sustainability by creating a database of information on our supply chain and progress in sustainability to benchmark and build on. Currently, the information about our supply chain's sustainability performance has been self-reported and, therefore, carries risk of inaccurate or misleading reporting.

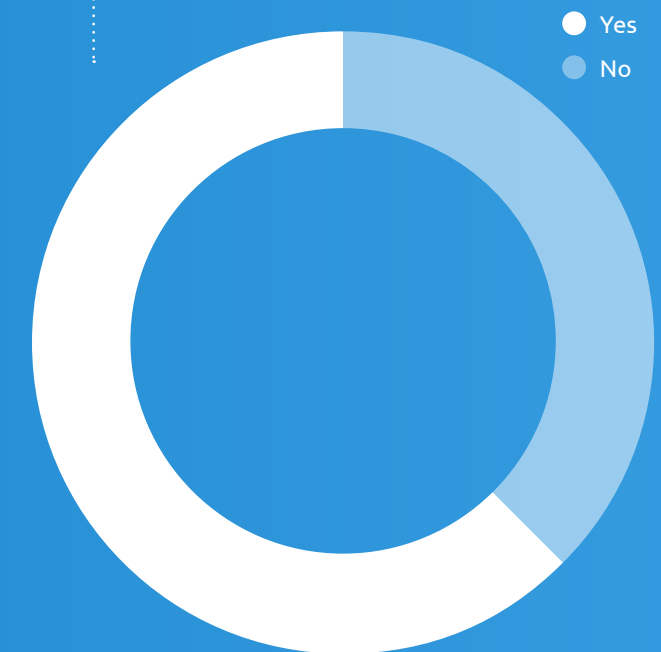
To combat this, we are planning to:

- incorporate sustainability key metrics in the quality auditing schedule and process
- continue Code of Conduct roll-out plan to further tiers of the supply chain
- ensure 100% of new products meet the requirements in our Raw Material Sourcing Policy
- integrate key supply chain targets into the supplier management process.

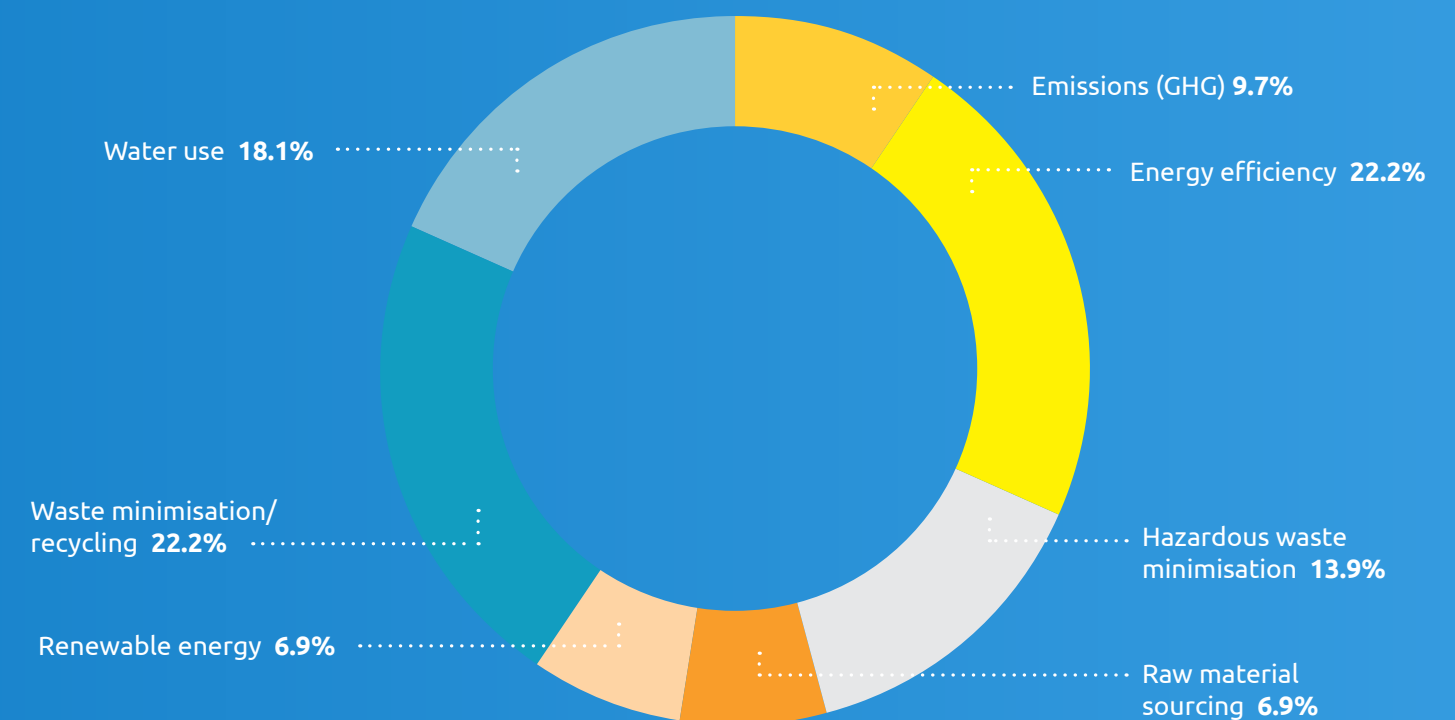
We are also looking to not only respect human rights within our supply chain, but also enhance and support communities that may be struggling with poverty and unemployment in their journey to reducing inequalities. We have a number of projects currently underway in this regard, but do not have formal commitments or targets relating to these projects at this stage.

56.8%
OF MANUFACTURERS
WITHIN OUR SUPPLY CHAIN
HAVE **ENVIRONMENTAL
TARGETS IN PLACE**

*That have completed our sustainability assessment



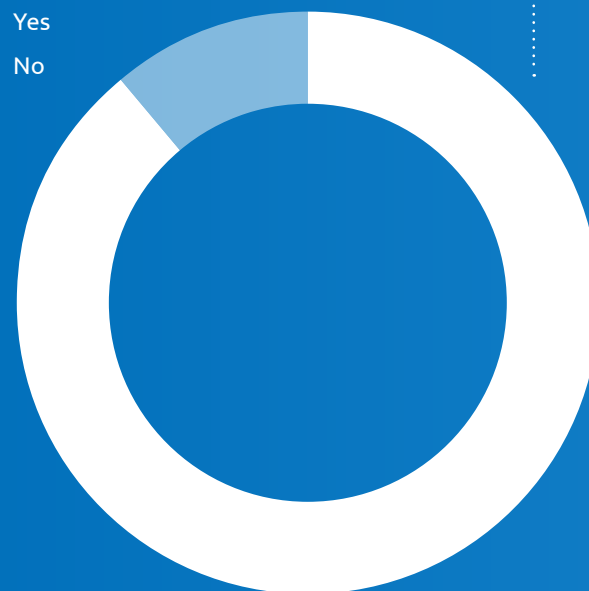
TYPE OF ENVIRONMENTAL TARGETS OUR MANUFACTURERS HAVE IN PLACE



89%

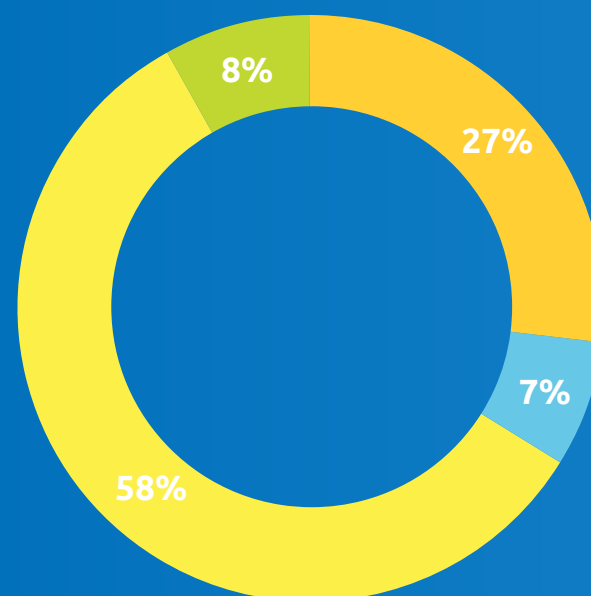
OF MANUFACTURERS
WITHIN OUR SUPPLY
CHAIN (BY SPEND)
**HAVE COMPLETED
SUSTAINABILITY
ASSESSMENT**

- Yes
- No



MANUFACTURERS (BY COUNT) BY REGION

- Australia and New Zealand – 17 suppliers
- Asia – 19 suppliers
- Europe – 86 suppliers
- North America – 11 suppliers



KEY CONTRACT MANUFACTURERS



Note: this list of manufacturers represent over 90% of our manufacturing of finished goods.

QUALITY MANAGEMENT

OUR BRANDS HAVE LONG TRADITIONS AND A SOPHISTICATED APPROACH TO QUALITY AND SAFETY. THESE ACTIVITIES ARE EXPRESSED IN OUR GLOBAL QUALITY MANUAL, LAUNCHED IN 2019, WHICH INCLUDES SUPPLIER QUALIFICATION AND MANAGEMENT, BULK VENDOR SPECIFICATIONS AND REVIEWING AND APPROVING FINISHED PRODUCT VENDOR SPECIFICATIONS.

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

We complete reviews during the research and development phase prior to our product reaching the market, throughout the product life cycle, as well as in reaction to customer enquiries or feedback from regulators. Customers who place a complaint are offered another product or discount voucher to demonstrate our appreciation of their feedback.

We have product quality assurance processes and recall procedures in place, which are periodically tested through mock recalls.

THERE WERE 0 PRODUCT RECALLS IN 2020

We had two partial-withdrawals of products due to manufacturing challenges both of which were investigated and remediated quickly with no health risk identified in the investigation process.

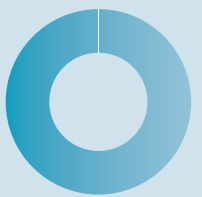
Market- and product-specific quality requirements and processes apply to our brands, depending on whether products are regulated as foods, medicines, or other categories. Please see Appendix 3 for more information on our product category regulators and standards.



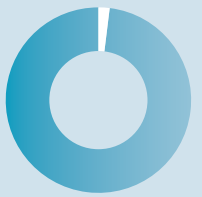
3,754,955
PRODUCT ENQUIRIES



100%
OF ENQUIRIES WERE RESPONDED TO



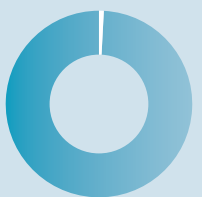
99.9%
OF ENQUIRIES WERE RESOLVED



<2%
OF THE ENQUIRIES WERE COMPLAINTS



100%
OF COMPLAINTS WERE RESPONDED TO

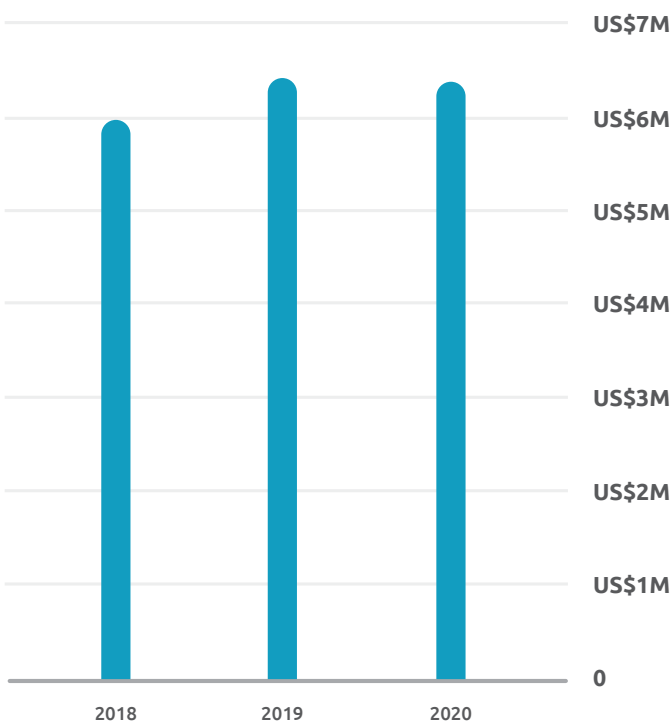


99%
OF COMPLAINTS WERE RESOLVED

128,055,205
TOTAL NUMBER OF
PRODUCT UNITS SOLD
IN 2020



SPEND ON QUALITY
MANAGEMENT:
US\$6,385,764



● Spend on quality management



PACKAGING

SELECTING SUSTAINABLE PRODUCT PACKAGING REQUIRES CAREFUL CONSIDERATION OF SEVERAL FACTORS, INCLUDING:

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

Finding the right balance of the above-listed factors can be challenging, particularly where technology does not currently allow us to use materials or formats that would be preferable from a sustainability perspective. The three materials most commonly used in our packaging are paper, tin and plastics. Consumer recycling availability and frequency for paper and tin are high, however, we recognise that currently we are heavily reliant on petroleum-based virgin plastic packaging and that with plastic recycling rates globally sitting at around 20% there is a lot of work still to do to circulate the lifecycle of plastic. Further, over 11% of our plastic packaging contains mixed types of plastic, adding further complexities to their suitability for recycling.

In our two biggest product categories of infant formula and supplements, we must prioritise quality and safety, including active ingredient stability. At this point in time, we haven't been able to find alternatives to plastic for the core supplements range. We are working with research partners and suppliers to develop solutions and have set ourselves the target that all product packaging will be either recyclable, compostable or biodegradable by 2023.

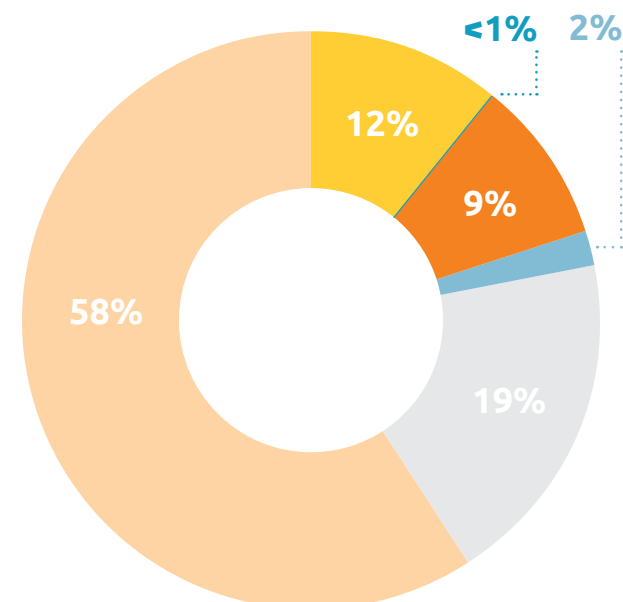
To progress towards this in 2020, we created a packaging charter that identifies the priorities to move towards the goal of a closed loop system. To make incremental changes, the first (or ideal) choice for packaging is recyclability. The second priority is to use recycled content, but if that isn't possible, then use of biobased materials (such as sugarcane, which doesn't have

the same environmental impact as petro-based raw ingredients) is the third preference. We are also exploring some options that meet all three of these categories, that is, recyclable packaging that is made from a biobased waste material and is also biodegradable, however there are many quality checks we need to complete before we can safely use this type of packaging with our products.

For more information about how we are working towards a more environmentally friendly end of life for our packaging, please see the section of this Report titled 'Resource Recovery' on [page 86](#).

TOTAL MATERIAL TYPE

- Mixed
- Plastic
- Glass
- Tin
- Aluminium
- Paper and cardboard

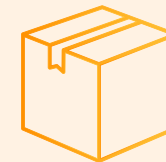


The data relating to packaging only covers Swisse, Biostime and Good Goût products in Australia, New Zealand, China, the United Kingdom, France, Italy and the Netherlands which covers over 90% of our packaging.



**11,660,954 UNITS
PRODUCED WITH
RECYCLED CONTENT**

RESCUING OVER **300,954KG**
OF MATERIAL AND HELPING
TO FUEL THE CIRCULAR
ECONOMY.



25,977t
PACKAGING
MATERIALS



FOR EVERY US\$68
IN REVENUE WE
PRODUCED 1KG OF
PACKAGING



**107,828,831 PACKAGING
COMPONENTS
PRODUCED WITH
RENEWABLE MATERIALS**

INCLUDING:

- OYSTERLEAN
- BIOPLASTIC LIDS
- SUGARCANE BIOPLASTIC
- PAPER
- CARDBOARD
- GLASS

“DTC CHANNELS ALLOW BETTER VISIBILITY OF THE ENVIRONMENTAL FOOTPRINT OF DISTRIBUTING OUR PRODUCTS TO OUR CONSUMERS.”

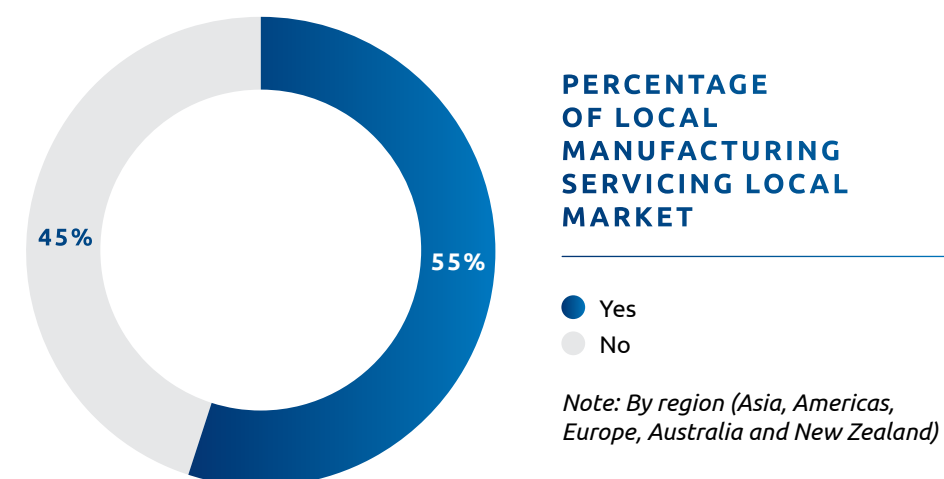


DISTRIBUTION

TRANSPORT AND LOGISTICS

OUR EVER-EVOLVING AND ENTREPRENEURIAL BUSINESS HAS MEANT OUR SUPPLY CHAINS HAVE TRANSITIONED FROM SERVICING ONE MARKET TO SERVICING MULTIPLE MARKETS ACROSS THE WORLD IN A RELATIVELY SHORT AMOUNT OF TIME.

Currently 55% of our manufacturing is conducted in the region in which the product is sold. Our infant formula and supplement products require the most stringent of quality and safety standards due to the nature of the industries and the regulatory systems that protect the safety of consumers. For this reason, ingredient sourcing is often niche and stretches to all corners of the world. We recognise that currently this means the environmental footprint of our product supply chains is significant. In 2020, we localised approximately 30% of the Swisse supply chain that services the USA from Australia to North America. We are working on how we can have an impact on reducing our upstream emissions in the future.



In 2020 we maintained strong relationships with retailers and other distribution partners whilst also launching and growing our direct-to-consumer (DTC) channels across all of the Group's brands. Aurelia Probiotic Skincare, Good Goût, Swisse Me and CBII make most of their sales through such channels. DTC channels allow better visibility of the environmental footprint of distributing our products to our consumers and this part of our supply chain has been identified as a more material area with a larger proportion of our business relying on this model. We were hoping to be able to measure the environmental footprint of these channels in 2020, however, COVID implications meant we need to push this target into 2022. We will work with our transport and logistics partners to increase environmental performance in the future.

MARKETING

WE UNDERSTAND THAT THERE IS NO REAL SUBSTITUTE FOR HUMAN BREAST MILK AS THE BEST NUTRITIONAL START IN LIFE, SO AS AN ORGANISATION THAT PRODUCES INFANT FORMULA, WE NEED TO BE SENSITIVE TO THE IMPLICATIONS OF ANY MARKETING AND COMMUNICATIONS RELATING TO OUR PRODUCT CLAIMS ABOUT THEIR IMPACT ON THE WELLBEING OF BOTH MOTHERS AND NEWBORNS.



In 2018, we published our Responsible Marketing of Breast Milk Substitutes Policy (BMS Policy) that is available on our website. In 2020, we revised the Policy to allow time for a phased approach to implementing three of the articles specifically in the China market. These adjustments will allow our teams to adjust to the new way of conducting business in this region where regulation is less stringent than our Policy. Outside China we had one case (currently being investigated) but anticipate it will not be in breach.

In 2020 we reviewed and updated our approach to implementation and monitoring with the development of a Baby Nutrition and Care (BNC) Council. The BNC Council is made up of marketing and regulatory representatives from every brand and region in which products within the scope of our BMS Policy are sold. The BNC Council will meet every six months and has been set up to:

- keep up-to-date with local and global industry developments and changes

- oversee the Group's approach and positioning in relation to baby nutrition and care matters (including breastmilk substitutes)
- report on regional training of the BMS Policy
- raise and discuss concerns with the BMS Policy
- report on compliance with the BMS Policy to 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 (assigning roles and responsibilities).

We also monitor all product claims through a regulatory review process and ensure we have accompanying documentation to support the specific claims we make. In 2020, we had three minor incidents of non-compliance with labelling regulations all of which were rectified and did not result in any consumer complaints, legal action, penalties, or fines.

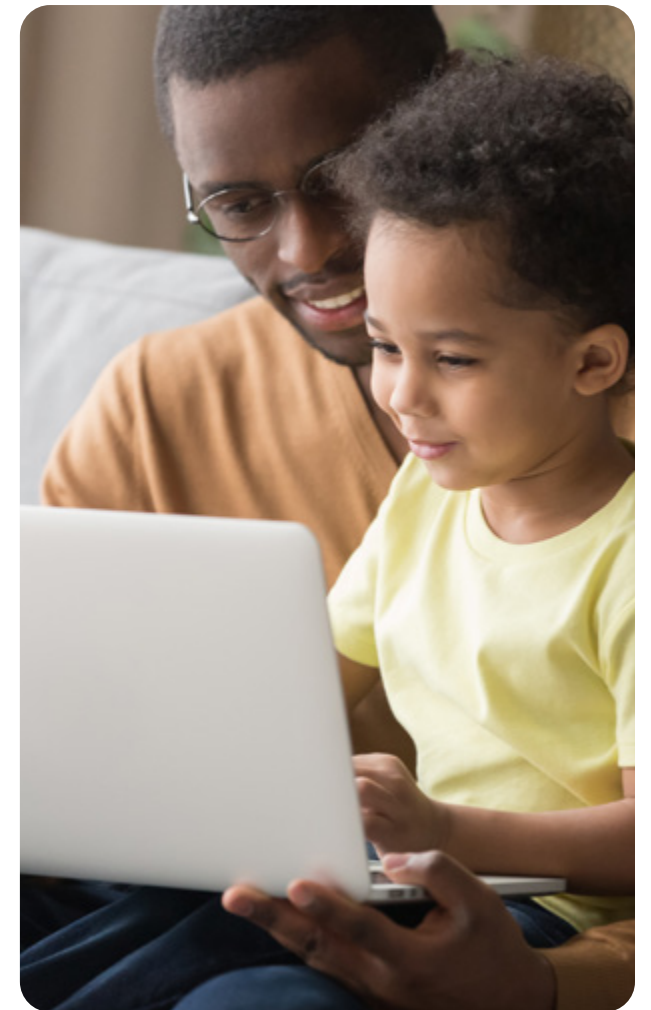
PRIVACY

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

In 2020, we remained compliant with the General Data Protection Regulation (GDPR) in the European Union, The Privacy Act in Australia, the Cybersecurity Law of the PRC in China mainland, Personal Data (Privacy) Ordinance in Hong Kong, and other privacy related laws in new markets. We continued to use the 'Personal Data Breach Response Procedure' and 'H&H Privacy Impact Analysis Procedure' for global markets to better respond to privacy challenges.

We have specific consumer data protection and privacy policies in place and deploy Information Security Management Systems or equivalents to prevent breaches and resolve incidents. Our Global Information Security team periodically promotes security awareness, global risk assessments and tests the resilience of key business processes and systems against security breaches. In the Australian market, we comply with Australian privacy law, and ensure our customers first agree to clear terms and conditions at the point of data collection.

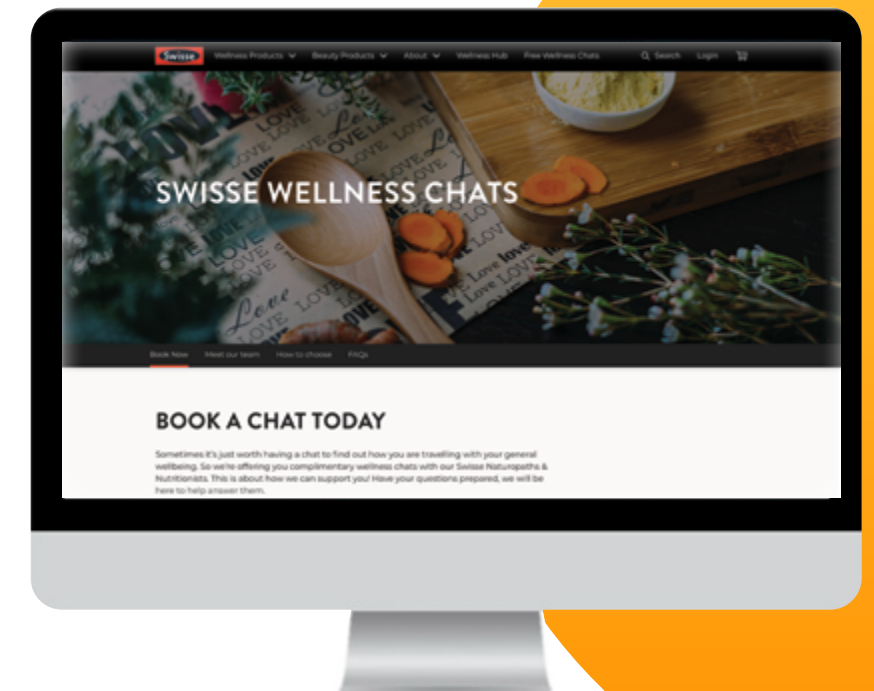
We had no incidents of non-compliance relating to privacy matters in 2020.



NEW: SWISSE LAUNCHES FREE WELLNESS CHATS

WE ARE EXPLORING NEW WAYS THAT WE CAN ENGAGE CONSUMERS BEYOND PROVIDING PRODUCT INFORMATION AND MARKETING.

In 2020 Swisse launched free-of-charge wellness chats via phone with our qualified naturopath and nutritionist team members. Our naturopaths provide general advice on herbal and nutritional medicine, as well as diet and lifestyle, whilst our nutritionists apply a holistic approach to health addressing the whole person – mind, body and soul – included when assessing an individual's health and wellbeing.



RESOURCE RECOVERY

WE ARE WORKING HARD TO DESIGN OUR PRODUCTS WITH MATERIAL RECOVERY AT THE END OF LIFE IN MIND. HISTORICALLY, WE HAVE ENGAGED OUR PACKAGING SUPPLIERS TO ASSURE PACKAGING RECYCLABILITY.

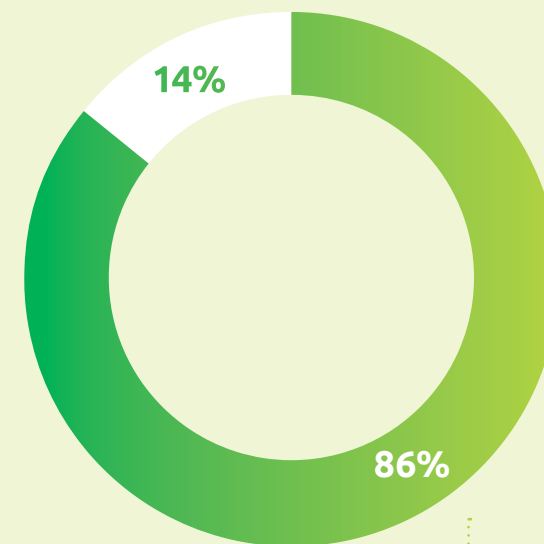
We recognise, however, that just because a certain material is recyclable, when manufactured into its final form occasionally the recyclability will depend on the availability of certain infrastructure in the local government's facilities to actually be recycled. Essentially there are four elements to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

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

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

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

The data relating to packaging only covers Swisse, Biostime and Good Goût products in Australia, New Zealand, China, the United Kingdom, France, Italy and the Netherlands which covers over 90% of our packaging.



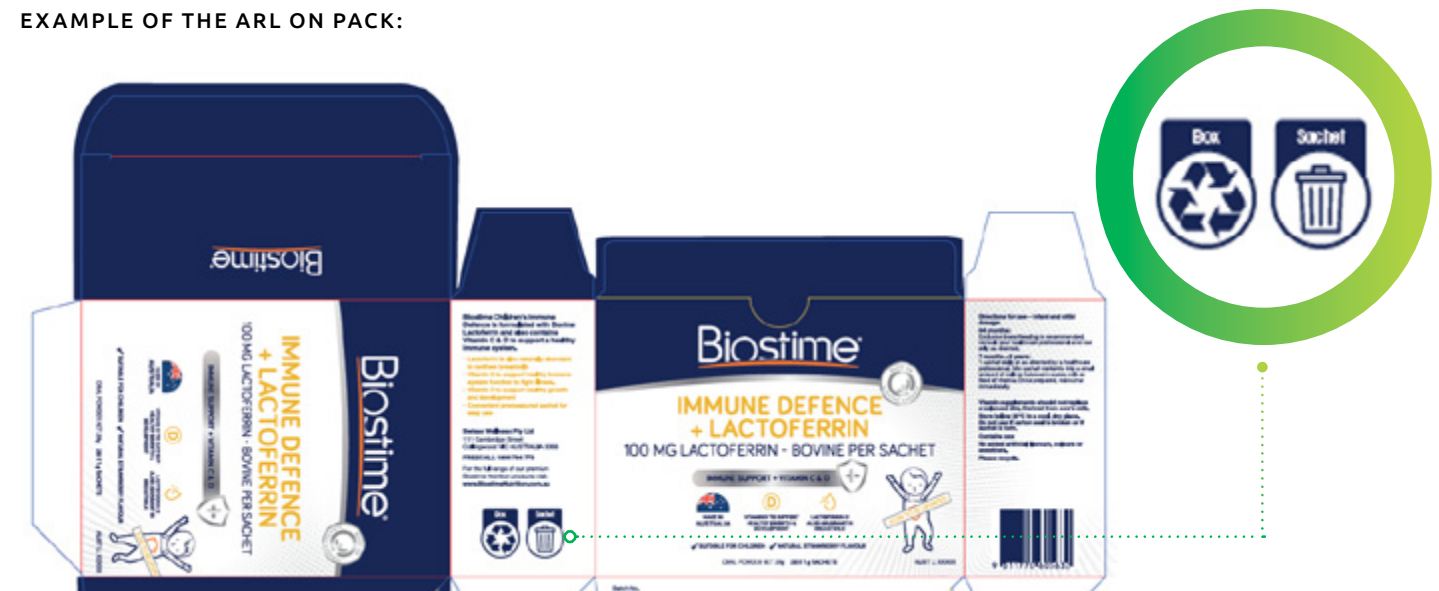
**22,864
TONNES OF
PACKAGING
IS RECYCLABLE**



MATERIALS RECOVERY PROGRAMS

WE HAVE SET TARGETS FOR PRODUCT LABELLING ACROSS OUR BIGGEST BRANDS TO INCLUDE CLEAR AND LOCALLY RECOGNISED RECYCLING OR DISPOSAL LOGOS AND INSTRUCTIONS FOR EACH COMPONENT.

EXAMPLE OF THE ARL ON PACK:



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

In 2020 we had two partnerships with TerraCycle across the Group, covering products from Dodie and Good Goût. TerraCycle connects with recycling facilities in the relevant market and organises volunteers to collect and send back any packaging or products to be recycled. This is particularly relevant where the value of the materials in the packaging or product is not at a market value for local recycling facilities (to justify the processing required to recycle the material). Therefore, until that material is readily recyclable, or we find a more recyclable packaging alternatives, we're utilising this special program to reduce the amount sent to landfill.



**131,895 UNITS WERE RECYCLED
THROUGH THE TERRACYCLE PROGRAM IN 2020.**

CHINO
H&H FAMILY

BABAK
SUPPLY CHAIN AND
PRODUCTION

04

APPENDIX

VICTORIA
SHOPPER MARKETING

BROCCOLI
H&H FAMILY

APPENDIX 1

A NOTE ABOUT OUR METHODOLOGY

DATA WAS COLLECTED THROUGH A SERIES OF ONLINE SURVEYS BROKEN UP BY TOPIC, LOCATION OR FUNCTION. A TOTAL OF 79 SURVEYS WERE COMPLETED BY TEAM MEMBERS FROM DIFFERENT FUNCTIONS AND LOCATIONS ACROSS THE H&H GROUP.

Each of these surveys capture information relating to our material topics, once collected analysis is conducted to pick up trends, capture any big outliers or possible data entry mistakes and cross-checks are made against documentation such as invoices, general ledger data or other platforms that are used to monitor key topics.

Environmental data was collected through a site-based survey covering 17 sites that represent the different countries in which the Group operates and the different site types, e.g. warehouse, factory or office. Most of our sites have team members from different brands and entities across the Group so this is the most efficient way to capture environmental data.

Environmental data collected through surveys were cross-checked with financial general ledger and invoice data to ensure completeness. The survey results captured the amount of resources being used by the organisation at their place of business, including electricity, natural gas and water as well as the tonnage of waste being produced. The data was separated into individual sources of emissions and converted to carbon dioxide equivalents by using appropriate emission factors. In the case that there was a data gap, for example if an organisation did not have access to weights of waste disposed of in the year, an appropriate factor or rate was calculated using data from other similar sites and extrapolated as required. The vast majority of our offices are shared office spaces and therefore access to accurate data on H&H activity is very limited however we were able to identify an extrapolation method as outlined below for these sites.

Emission factors were sourced from a credible publication for each country represented in the sample

and applied to the survey activity data. Emission factor sets used in the analysis include: the National Greenhouse and Energy Reporting (Measurement) Determination 2008 (Australia); Ministry for the Environment Guidance for Voluntary Greenhouse (New Zealand); and DEFRA GHG Conversion Factors (UK). Emissions from material reuse, composting and recycling were assumed to have an emission factor of 0, all other waste emission categories were conservatively assumed to be Municipal Solid Waste sent to landfill. The gasses included in the calculation of emissions include CO₂, CH₄ and N₂O.

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

Where data for a specific organisation type and country had insufficient information to calculate an appropriate factor for extrapolation, substitute factors were derived from a culturally similar country and organisation type.

Emissions calculated from survey results and financial information accounted for 85% of the extrapolated emissions inventory with 15% of emissions estimated through extrapolation.

APPENDIX 2

MATERIAL TOPICS



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.

LOCALISATION

Tailoring our product portfolio for the specific tastes and health needs of local consumers. Using local ingredients and manufacturing, and sustainable practices that support the local environment, such as regenerative agriculture.

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.



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 lifecycle impacts.

GHG EMISSIONS AND ENERGY

Actively working to reduce the greenhouse gas 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 waste water 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.

TALENT ATTRACTION, RETENTION AND DEVELOPMENT

Attracting, developing and retaining a skilled workforce as a strategic priority; ensuring that we have and develop the human capital to innovate, grow and navigate the global consumer goods markets. This includes training, and investing in the long-run, sustainable success of our teams.

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.



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.

APPENDIX 3

PRODUCT CATEGORY
REGULATORS AND STANDARDS

THE FOLLOWING TABLE OUTLINES THE MAIN REGULATORY BODIES AND STANDARDS THAT OUR INDUSTRIES ARE GOVERNED BY AND IN WHICH WE COMPLY.

PRODUCT CATEGORY	AUSTRALIA & NEW ZEALAND*	CHINA	EUROPE	UNITED STATES	ASIA EXC. CHINA
COMPLEMENTARY OR TRADITIONAL MEDICINES	Therapeutic Goods Administration (TGA)	State Administration for Market Regulation (SAMR) Guobiao standards, and China customs	European Food Safety Authority (EFSA) and/or national authorities	No products in this category	Health Sciences Authority (Singapore)
HEALTH FOODS	Food Standards Australia and New Zealand (FSANZ)			USA Food and Drug Administration (FDA)	Centre for Food Safety (Hong Kong)
FOODS					Singapore Food Agency (SFA)
INFANT FORMULA					Marketing of Infant Formula in Australia (MAIF)
WHO Code					

APPENDIX 4

DISCLOSURE INDEX

GRI disclosure	Material topics of H&H	Chapter	Page	HKEx ESG Reporting Guide
102-1, 102-3, 102-5, 102-10, 102-45, 102-46, 102-49, 102-50, 102-51, 102-52, 102-53, 102-54	General Disclosures:	About this report	4	
102-2,	Activities, Brands and Products	Our brands Our product categories	16-19	
102-7, 102-10, 102-14, 102-15, 102-31, 102-32	Scale of Organization, Statement from senior decision-maker	A note from our CEO A note from our Board	6-9	
102-4, 102-6, 102-7	Location of Operations, Markets Served, Information on employees and other workers	Welcome to the world of H&H	12-13	
102-9	Supply Chain	Value Chain	60-61	
102-12, 102-13	Membership of associations	Developing the Industry	14-15	
Sustainability at H&H				
102-40, 102-42, 102-43, 102-44	Stakeholder Engagement	Sustainability at H&H	23	
102-47	Material Topics	Material Topics	90	
102-48	Restatements	Appendix 5	96	
102-55	GRI Index	Appendix 4	93-96	
102-56	External assurance	Appendix 6	98	
Innovation for consumer health outcomes				
103-1, 103-2, 103-3	Management Approach	Innovation	62-65	
Other	Number of new products launched, number of patents, spend on R&D, partnerships	Innovation > Research and development	64	
Community impact and investment				
103-1, 103-2, 103-3	Management Approach	The story of good health	30	B8, B8.1
413-1	Operations with local community engagement, impact assessments, and development programs	The story of good health	30-38	B8.2

Product safety and quality				
103-1, 103-2, 103-3	Management Approach	Quality Management	76-77	B6, B6.4
416-1	Assessment of the health and safety impacts of product and service categories	Quality Management	76-77	B6.1, B6.2
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Quality Management	76-77	B6
Consumer engagement				
103-1, 103-2, 103-3	Management Approach	Our brands	16	
Other	New engagement platforms with consumers	Marketing	83	
Responsible marketing and labelling				
103-1, 103-2, 103-3	Management Approach	Marketing	82-83	B6
417-2, 417-3	Incidents of non-compliance concerning product and service information and labeling	Marketing	82-83	
Localisation				
103-1, 103-2, 103-3	Management Approach	Distribution	81	
Other	Local manufacturing	Distribution	81	
Access and affordability				
As a new topic we are currently working on a management approach, appropriate disclosures for future reporting.				
GHG emissions and energy				
103-1, 103-2, 103-3	Management Approach	Our footprint on the planet	38-42	A1, A1.5, A2.3, A3.1, A4
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Our footprint on the planet > Emissions	42	A1.1
305-1, 305-2, 305-3, 305-4, 305-5	Direct GHG emissions	Our footprint on the planet > Emissions	42	A1.1, A1.2
302-1, 302-3	Energy consumption and intensity	Our footprint on the planet > Energy Consumption	44	A2.1
307-1	Non-compliance with environmental laws and regulations	Our footprint on the planet > Changes in 2020	41	A1
Waste management				
103-1, 103-2, 103-3	Management Approach	Our footprint on the planet	38-42	A1, A1.6, A2
306-2	Waste by type and disposal method	Our footprint on the planet > Waste	45	A1.3, A1.4

Sustainable Packaging				
103-1, 103-2, 103-3	Management Approach	Packaging	78-79	A1, A1.6, A2, B5.4
301-1, 301-2, 301-3	Materials	Packaging Resource recovery	78-79 84-85	A2.5, B5.4
Water stewardship				
103-1, 103-2, 103-3	Management Approach	Our footprint on the planet	38-42	A2, A2.4
303-1	Water withdrawal by source	Our footprint on the planet > Water Consumption	43	A2.2
Climate risk				
103-1, 103-2, 103-3	Management Approach	Our footprint on the planet	38-42	
other	Climate risks identified	Our footprint on the planet	38-42	
Health, safety and wellbeing				
103-1, 103-2, 103-3	Management Approach	Honouring human rights and fairness > Working conditions and additional benefits	50	B2, B2.3
		Honouring human rights and fairness > Health, safety and wellbeing	52	
403-1, 403-2, 403-4, 403-5, 403-8, 403-9	Types of injury and rates of injury, lost days, and number of work-related fatalities	Honouring human rights and fairness > Health, safety and wellbeing	52	B2.1, B2.2
102-16	Wellbeing Initiatives	Honouring human rights and fairness > Working conditions and additional benefits	50	B2.3
Diversity and inclusion				
103-1, 103-2, 103-3	Management Approach	Honouring human rights and fairness > Recruitment	48	B1
102-8, 405-1	Diversity of governance bodies and employees	Sustainability governance	9	B1.1
		Welcome to the world of H&H	12	
other	Parental leave	Honouring human rights and fairness > Parental leave	52	B1.1
Labour rights and modern slavery				
103-1, 103-2, 103-3	Management Approach	Honouring human rights and fairness > working conditions and additional benefits	50	B4
		Processing and Manufacturing	73	

407-1, 408-1, 409-1	Freedom of association, child labor and forced or compulsory labor in our workforce and in our supply chain	Honouring human rights and fairness > working conditions and additional benefits	50	B4, B4.1, B4.2
		Processing and Manufacturing	73	
Talent attraction, retention and development				
103-1, 103-2, 103-3	Management Approach	Honouring human rights and fairness > H&H Talent cycle	49	B1
401-1	Turnover	Honouring human rights and fairness > Retention	51	B1.2
404-1, 404-3	Average hours of training per year per employee	Honouring human rights and fairness > Training & development	53	B3.1, B3.2
401-1	New team members	Honouring human rights and fairness > Recruitment	51	B1.2
102-35	Team member bonuses	Honouring human rights and fairness > Financial Security	51	
Animal welfare				
103-1, 103-2, 103-3	Management Approach	Raw material sourcing	68	
Other	Plant-based strategy and percentage of portfolio	Raw material sourcing	68	
Strategy and vision				
103-1, 103-2, 103-3	Management Approach	H&H strategy and vision	56-57	
Other	Qualitative disclosure on strategic initiatives	H&H strategy and vision	56-57	
Ethics, integrity and trust				
103-1, 103-2, 103-3, 102-15, 102-30	Management Approach	Governance	55	B7, B7.2, B6.3, B6.5
102-18, 102-20, 102-22, 102-23, 102-25, 102-31, 405-1	Governance Structure	Sustainability governance	9	
205-3	Confirmed incidents of corruption and actions taken	Governance	55	B7.1
102-17	Mechanisms for advice and concerns about ethics	Governance	55	
Compliance and government relations				
103-1, 103-2, 103-3, 102-15, 102-30	Management Approach	Governance	55	B7, B7.2, B6.3, B6.5

201-4	Financial assistance received from government	Governance > Government relations & compliance	55	
415-1	Political contributions	Governance > Government relations & compliance	55	
Supply chain governance, relationships and continuity				
103-1, 103-2, 103-3	Management Approach	Processing and manufacturing	70-75	B5
414-1, 308-1	New suppliers that were screened using social and Environmental criteria	Processing and manufacturing	70-75	B5.1, B5.2
102-4, 102-9	Supply Chain Management	Processing and manufacturing	70-75	B5.1
308-2	Negative environmental impacts in the supply chain and actions taken	Raw material sourcing	68-69	A3.1
Data privacy and security				
103-1, 103-2, 103-3	Management Approach	Marketing > Privacy	82	B6
418-1	Data privacy	Marketing > Privacy	82	B6.5

APPENDIX 5

RESTATEMENTS

In 2020, we have increased the level of scrutiny applied to our disclosure data points in terms of completeness, closing our data gaps and reducing assumptions and frequency. This, in addition to the assurance process, has allowed us to uncover some errors in our previous data points.

The three reporting errors that we wish to correct relate to:

- our conversion factors for electricity in one of our regions that resulted in an understatement of our emissions portfolio in 2019 by 1,010t, taking the total to 16,587t. The discrepancy from reported to actual was offset regardless and, therefore, H&H Group remained certified carbon neutral. The error only occurred in the summarisation of secondary data (i.e. emissions) and not in the collection of activity data.
- conversion from litres to kilolitres of water consumption at two of our sites for two consecutive years, resulting in an understatement of water consumption in the 2018 and 2019 reports. Our overall water consumption was 54,515kl in 2019 and 50,497kl in 2018.
- products produced reporting in 2018 was incorrectly reported as 571,409,913, when in fact it was 121,407,155. There was a duplication in our accounting due to movement of products across entities within the Group.

Whilst we regret that a number of our previous disclosures were inaccurate, the H&H Group is genuinely committed to transparency and constant improvement in our sustainability performance reporting.

APPENDIX 6

INDEPENDENT
ASSURANCE
STATEMENT

CECEP (HK) Advisory Company Limited (“CECEPAC (HK)” or “We”) has been engaged by Health and Happiness (H&H) International Holdings (“H&H Group”) to conduct an independent limited assurance engagement (“**Assurance Engagement**”) on the information and data related to sustainable development in the 2020 Sustainability Report (the “*Sustainability Report*”) of H&H Group, providing assurance conclusions to users of Sustainability Report through the 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 (2018)* (“AA1000AS v3”). Moreover, CECEPAC (HK) has also been engaged to conduct limited Assurance Engagement on the reliability and accuracy of specified performance information disclosed in the *Sustainability Report* in accordance with the 2020 version of *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 from 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 of 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 the 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 Directors 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.

CECEPAC (HK) ensures that all personnel involved in the assurance work meet professional qualification, training, and relevant work experience requirements, and are demonstrably competent. CECEPAC (HK) also ensures that personnel involved in the assurance work can conduct 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 water consumption
 - Total natural gas consumption
 - Number of product quality recalls
 - Number of contract manufacturers in Asia
 - Average number of hours spent in training and development per male employee

- CECEPAC (HK)’s assurance work was with respect to information disclosed from 1 January 2020 to 31 December 2020 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 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 and on-site 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 on 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 on the supporting evidence for selected specified performance information. Random sampling of evidence pertaining to data reliability and quality for selected specified performance information.
- Recalculation of selected specified performance information.
- An assessment on 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.

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. Regular communication with the key stakeholders is carried out in various way to understand their expectations and concerns. In our professional opinion, H&H Group adheres to the Principle of Inclusivity.

Materiality

H&H Group has conducted materiality assessment for the *Sustainability Report* and collected opinions of key stakeholders. Proper methods were used to identify material issues and the 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 responded to the concerns of key stakeholders in a timely and open manner in the *Sustainability Report* based on the results of the materiality assessment. Also, H&H Group has established channels for its stakeholders to understand their concerns and expectations and has relevant mechanisms in place to respond to key stakeholders. In our professional opinion, H&H Group adheres to the Principle of Responsiveness.

Impact

H&H Group has identified and evaluated its impact in relation to sustainable development through analysis of international standards, and has incorporated the significance of impact into the results of its materiality assessment. Moreover, H&H group has also taken such results to further plan and manage its business. In our professional opinion, H&H Group adheres to the Principle of Impact.

SEHK's *ESG Reporting Guide*

Disclosures for general disclosures of environmental and social subject areas and key performance indicators 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. H&H Group has disclosed the assessment process and the result of the materiality assessment; impacts caused by business are objectively disclosed; relevant environmental and social data are calculated and disclosed. Our recommendations for the *Sustainability Report* have been either adopted or responded by H&H Group before the issuance of this assurance statement.

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 inaccurate.

VIII. Recommendations

We recommend that H&H Group considers strengthening the below items in the future:

- Improve internal policies regarding H&H Group's sustainable development governance, strategy and related decision-making process by further incorporating role of stakeholders.
- Extend the incorporation of ESG factor to the factory level's governance structure or establish a monitoring mechanism to promote the top-down implementation of sustainable development commitments or targets.



31 March 2021

Hong Kong SAR, China

EMILY
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