



鸿馥生物
HONGFU



2023

Dongguan Hongfu
Biotechnology Co., Ltd.

**ENVIRONMENT, SOCIAL
AND GOVERNANCE
REPORT**

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About the Report

Introduction

This report is the second Environmental, Social, and Governance (ESG) report released by Dongguan Hongfu Biotechnology Co., Ltd. (hereinafter referred to as "Hongfu," "we," or "the Company"). The report aims to elucidate the institutional construction and performance of Hongfu in the economic, environmental, and social aspects in 2023. It objectively discloses the Company's management and achievements in sustainable development, in response to the expectations of stakeholders and the general public.

Basis of Preparation

This report is prepared with reference to the Global Sustainability Standards Board (GSSB) publication GRI Sustainability Reporting Standards (hereinafter referred to as "GRI Standards"). It is also aligned with the United Nations Sustainable Development Goals (SDGs) and

focuses on reporting the Company's efforts in promoting social, environmental, ecological, and economic sustainability.

Report Scope and Boundaries

This report encompasses Dongguan Hongfu Biotechnology Co., Ltd. (referred to as "Hongfu"), Shenzhen Hongfu Technology Research and Development Co., Ltd. and Shenzhen Hongfu Technology Innovation Co., Ltd., as well as PT HONGFU TECHNOLOGY INDUSTRY (referred to as "Indonesia Hongfu"). Any entities beyond this scope will be separately specified. Throughout this report, "Hongfu," "we," or "the Company" refer to the entities mentioned above. This report focuses on the management and achievements of Hongfu in the ESG (Environmental, Social, and Governance) aspects during the period from January 1, 2023, to December 31,



2023 (hereinafter referred to as "the reporting period" or "the current year"). To enhance comparability, completeness, and coherence of the report, some information and data may extend beyond the reporting period.

Data Source and Reliability Assurance

The information and data disclosed in this report are sourced from the Company's statistical reports and official documents, and have been reviewed by relevant departments. The Company commits to the absence of any false records or misleading statements in this report, and takes responsibility for the authenticity, accuracy, and completeness of its content. Unless otherwise specified, the currency type and amount mentioned in the report are in RMB.

After being confirmed by the Management, the report was approved on May 6, 2024.

Report Release and Accessibility

This report is available in both Chinese and English versions for readers' reference. You can access and download the electronic text of this report on the website of Dongguan Hongfu Biotechnology Co., Ltd. (<http://www.hfflavor.com>). In case of any discrepancies between the Chinese and English versions of this report, the Chinese version shall prevail.

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A Letter from CEO

As the global electronic cigarette market gradually moves towards standardization and regularization, consumers' concerns about product quality and safety are increasing. With its unique product concept and innovative technological direction, Hongfu has become a new force in the industry. It is precisely based on a deep understanding of industry development and a high sensitivity to user needs that Hongfu stands out in the competitive market and continues to thrive.

Quality creates excellence, innovation leads the way. Hongfu is committed to providing high-quality and reliable products, while continuously innovating to meet consumer needs and expectations. We strictly adhere to relevant laws, regulations, and industry standards, and have obtained CNAS laboratory certification to ensure that our products meet the highest quality and safety standards. We continuously invest in research and development and establish a digital management system (MES) to promote innovation while emphasizing quality, bringing new value and choices to the market.

Walking hand in hand, achieving mutual success. Our employees are our most valuable assets. Hongfu is committed to providing them with a safe, healthy working environment, and caring for their career development and welfare. We actively shoulder social responsibility by recruiting individuals from impoverished backgrounds, people with disabilities, ethnic minorities, and veterans, offering equal job opportunities to individuals from diverse backgrounds. In our overseas operations, such as in Indonesia, we actively recruit local employees, promote local economic development. We adhere to the principles of fairness, justice, and transparency, and value the opinions and suggestions of our employees. We create a vibrant and motivating work environment for our employees, aiming to achieve mutual development and win-win outcomes.

Ecological prosperity, leading the way in green practices. As a responsible enterprise, Hongfu integrates environmental protection into every aspect of its production processes. We strive to enhance production



efficiency, reduce energy consumption, and collaborate with partners to sign agreements on the prohibition of harmful substances, aiming to minimize the environmental and health impacts of our products. We will continue our efforts to improve our environmental management practices, contributing to the protection of our planet.

Modern governance, insisting on integrity and compliance. Hongfu adheres to high standards of governance practices, establishing robust internal controls and oversight mechanisms to ensure the legality, transparency, and efficiency of corporate operations. We actively engage and collaborate with stakeholders to promote sustainable development of the enterprise.

With the ambition of the great egret and the fragrance of abundance. We will always remember our original intentions, uphold the path of Hongfu, and strive for excellence with higher standards, bravely embarking on the journey to the future!



CEO : Huang Weixiong

A stylized handwritten signature in black ink, appearing to read 'Huang Weixiong'.



About Hongfu

Introduction

Dongguan Hongfu Biotechnology Co., Ltd., established in 2018, is a specialized and high-quality supplier of flavor and fragrance products as well as e-liquid. Integrating research and development, customization, production, sales, and service, the Company boasts a research and development team with over a decade of industry experience. They uphold quality with rigor, scientific approach, and professionalism, developing unique processes based on the characteristics of each product and adopting higher standards for testing to ensure the quality and stability of each product. Every stage, from formulation and mixing to stirring, aging, and filling, undergoes online quality inspections. All raw materials are sourced from globally renowned brands in the United States, Germany, France, Switzerland, Japan, and China. The Company is equipped with professional QC personnel to conduct quality inspections on the products. Each product undergoes testing for multiple physical and chemical indicators, including GCMS (Gas Chromatography Mass Spectrometry) and HPLC (High-Performance Liquid Chromatography). Professional fragrance evaluation and comparative analysis are also conducted. Additionally, the Company can provide quality inspections for certain instruments, ensuring scientific and precise control of product quality.

Hongfu fragrances and e-liquid are popular worldwide, with sales extending to regions such as the United States, Europe, Southeast Asia, South Korea, Japan, Australia, and China. The Company collaborates with numerous renowned global brands and maintains continuous communication with top-notch R&D teams worldwide. Together, they explore and discuss to provide customers with unique formula designs, outstanding quality, and excellent services.





Main Products

OEM flavors



Fruit Series



Food and Beverage Series



Tobacco Taste



Tea Series



Drinks Series



Functional Series

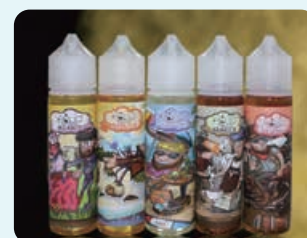


Candy Series



Mint Series

eULIQ



Natural Extraction, Refreshing Taste

Krack



16 Flavors, Multiple Enjoyments

USALT



Ten Fruity, Icy Flavors

Company Culture



Our Vision

To be China's first-class national brand and a high-growth enterprise with sustainable operation



Our Values

People-oriented, Adhering to integrity, Striving for change, Focusing on performance



Our Slogan

With great ambition and joint efforts, we deliver fragrance worldwide and create a bright future



Our Aspiration

Passionate, Dedicated, Enterprising, Honest and collaborative, Perseverance



Our Philosophy

Focus on Professionalism, Goal Targeting, Quality First, Continuous Innovation

Milestones



Performance in 2023

Governance Performance

Business Growth

Operating income of RMB**1.592** billion, up **29%** year-on-year

Annual output value of RMB**1.627** billion, up **23%** year-on-year

Anti-Corruption

0 major corruption litigation cases

100 % signing rate of the Anti-Bribery and Anti-Corruption Commitment Letter

Social Performance

Occupational Safety Training

Total number of employees for occupational safety training **767** person-times

5,296 hours of occupational safety training

Research and Development Innovation

R&D investment of RMB**60.67** million

Cumulative number of patent applications **46**

Cumulative number of patents granted **38**

Environmental Performance

Energy Conservation and Environmental Protection

Number of environmental administrative penalties received **0**

Amount of general industrial solid waste recycled **22** tons

100% recycling of hazardous waste

Positions in Major Social Groups



Member

Electronic Cigarette Professional Committee of China Electronics Chamber of Commerce



Co-organizer of the Electronic Cigarette White List Enterprise Recognition and Differentiated Security Inspection Policy Promotion Conference

Electronic Cigarette Professional Committee of China Electronics Chamber of Commerce



The Drafting Unit Of Association Standards of Safety production standards of electronic cigarettes and related products-general principle

China Safety Industry Association

Leveraging the Company's experienced high-quality technical R&D team, key core technologies and advanced R&D equipment for e-liquid research and development, Hongfu became one of the first batch of enterprises to obtain the e-liquid production license issued by the state. The Company has also been rewarded a number of qualifications and certifications, including National High-tech Enterprise, Guangdong Innovative Small and Medium-sized Enterprises, Guangdong Province Specialized and Special New Small and Medium-sized Enterprises and Dongguan E-Liquid Engineering Technology Research Center, in the leading position among peers.

 <p>2023 Contribution Award for Non-Public Industrial Enterprises (Groups) in Dongguan Dongguan Municipal People's Government</p>	 <p>2023 Benefit Contribution Award in Dongguan Dongguan Municipal People's Government</p>	 <p>Top 10 Industrial Enterprises in Dalang Town by Operating Income in 2023 Dalang Town Government</p>	 <p>Top 10 Industrial Enterprises in Dalang Town by Benefit Contribution in 2023 Dalang Town Government</p>
 <p>2023 Outstanding Young Private Entrepreneurs in Dongguan Dongguan Private Entrepreneurs Day Organizing Committee</p>	 <p>Specialized and sophisticated enterprises that produce new and unique products Department of Industry and Information Technology of Guangdong Province</p>	 <p>Innovative Small and Medium-Sized Enterprises (SMEs) Department of Industry and Information Technology of Guangdong Province</p>	 <p>2023 Outstanding Partner Award Heaven Gifts</p>
 <p>Dongguan E-Liquid Engineering Technology Research Center Guangdong Provincial Engineering and Technical Research Center</p>	 <p>Dongguan Multiplication Plan Pilot Enterprise Dongguan Multiplication Plan Leading Group Office</p>	 <p>Vape Valley-Exporter Excellence Electronic Cigarette Professional Committee of China Electronics Chamber of Commerce</p>	 <p>High Technology Expertise Department of Science and Technology of Guangdong Province Department of Finance of Guangdong Province Guangdong Provincial Tax Service, State Taxation Administration</p>
 <p>AAA Integrity Business Enterprise Huaxia International Credit Consulting Co., Ltd.</p>	 <p>AAA Enterprise Credit Evaluation Huaxia International Credit Consulting Co., Ltd.</p>	 <p>AAA Quality Service Integrity Enterprise Huaxia International Credit Consulting Co., Ltd.</p>	



Our Sustainable Development Management

ESG Management

Since our establishment, we have consistently dedicated ourselves to continuously enhancing our management and performance levels in areas such as product quality and services, compliant employment, occupational health and safety, environmental protection, R&D and innovation. This dedication ensures that our commercial activities coexist harmoniously with our social responsibilities. The management of Hongfu places a high priority on ESG initiatives, with the general manager directly organizing and overseeing all of the Company's ESG management and implementation efforts to ensure that ESG tasks are effectively advanced and implemented. Additionally, various functional departments within the Company are responsible for executing and implementing ESG tasks. By regularly holding meetings to report progress and exchange feedback, we collectively promote the improvement of the Company's ESG governance and management capabilities.

Stakeholder Communication

We adhere to principles of openness and transparency in communication, striving to establish sustained and effective channels of communication with all stakeholders. Guided by the standards of the Global Reporting Initiative (GRI) and taking into account our business characteristics, industry trends, and national policy directions, we have identified key stakeholders including management, employees, government, customers, suppliers, partners, the community, and non-governmental organizations. Through diverse communication channels, we can promptly capture the expectations and needs of these groups and integrate their feedback into our operational and long-term strategic planning to foster improvements in corporate governance and sustainable development.

Concerned issues and communication channels of various stakeholders

Stakeholders	Concerned issues	Communication channels
Management	<ul style="list-style-type: none"> Corporate governance Business ethics and anti-corruption R&D and innovation management 	<ul style="list-style-type: none"> Corporate meetings Online communication Reception and research Policy implementation Staff meeting
Employees	<ul style="list-style-type: none"> Employee benefits and communication Occupational health and safety Employee equity and development Diversity and compliance 	<ul style="list-style-type: none"> Staff meeting Staff activity Staff training
Clients	<ul style="list-style-type: none"> Product quality assurance R&D and innovation management Responsible purchasing Responsible marketing 	<ul style="list-style-type: none"> Customer satisfaction survey Customer service hotline Online communication (website)
Suppliers and partners	<ul style="list-style-type: none"> R&D and innovation management Supplier management Responsible sourcing 	<ul style="list-style-type: none"> Supplier conference Supplier training Supplier assessment
Environment	<ul style="list-style-type: none"> Waste gas management Wastewater management Waste treatment and disposal 	<ul style="list-style-type: none"> Policy implementation Information disclosure
Government and regulation institute	<ul style="list-style-type: none"> Product quality assurance Responsible marketing Environmental protection 	<ul style="list-style-type: none"> Information disclosure Reception and research Documentation Policy implementation
Community and public	<ul style="list-style-type: none"> Community involvement 	<ul style="list-style-type: none"> Community activities Public welfare programs

Management of Material Topics

Material topics

28

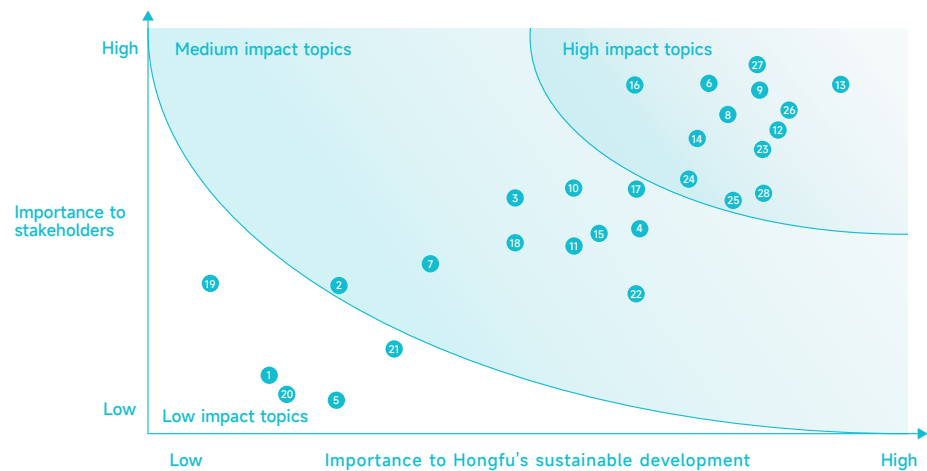
Valid responses

360

We place great emphasis on the expectations and needs of our stakeholders. By referencing domestic and international trends in social responsibility, hot topics, and best practices within the industry, and aligning with the GRI standards as well as the United Nations Sustainable Development Goals (SDGs), we conduct senior-level interviews and other methods tailored to Hongfu's specific business context. Through this process, we have identified 28 material issues.

To further deepen our understanding of these issues, we distributed research surveys to a wide range of stakeholders, including government, management, employees, customers, suppliers, partners, and the community at large. We collected 360 valid responses, allowing us to conduct an in-depth analysis of the importance of each issue.

We prioritized these material issues based on two key dimensions: the importance to stakeholders and the importance to Hongfu's sustainable development. This ensures that our focus is on the most critical areas first.



Hongfu's material topics

Environmental

- 01 Responding to climate change
- 02 Energy management
- 03 Waste gas management
- 04 Water resources management
- 05 Noise control
- 06 Waste treatment and disposal
- 07 Resource recycling

Social

- 08 Diversity and compliance employment
- 09 Occupational health and safety
- 10 Employee equity and development
- 11 Employee benefits and communication
- 12 R&D and innovation management
- 13 Product quality assurance
- 14 Customer satisfaction management
- 15 Responsible marketing
- 16 Minor protection
- 17 Supply chain management
- 18 Responsible purchasing
- 19 Industry communication and cooperation
- 20 Social welfare
- 21 Community involvement

Governance

- 22 Corporate governance
- 23 Compliance management
- 24 Risk management
- 25 Economic performance
- 26 Business ethics and anti-corruption
- 27 Tax management
- 28 ESG management

Governance Responsibility

Ensuring Sound Operation

Stakeholders: Senior management, Investors, Government, Regulatory agencies, Employees, Customers and Peers

// Enhancing Corporate Governance

// Ensuring Compliance in Operation

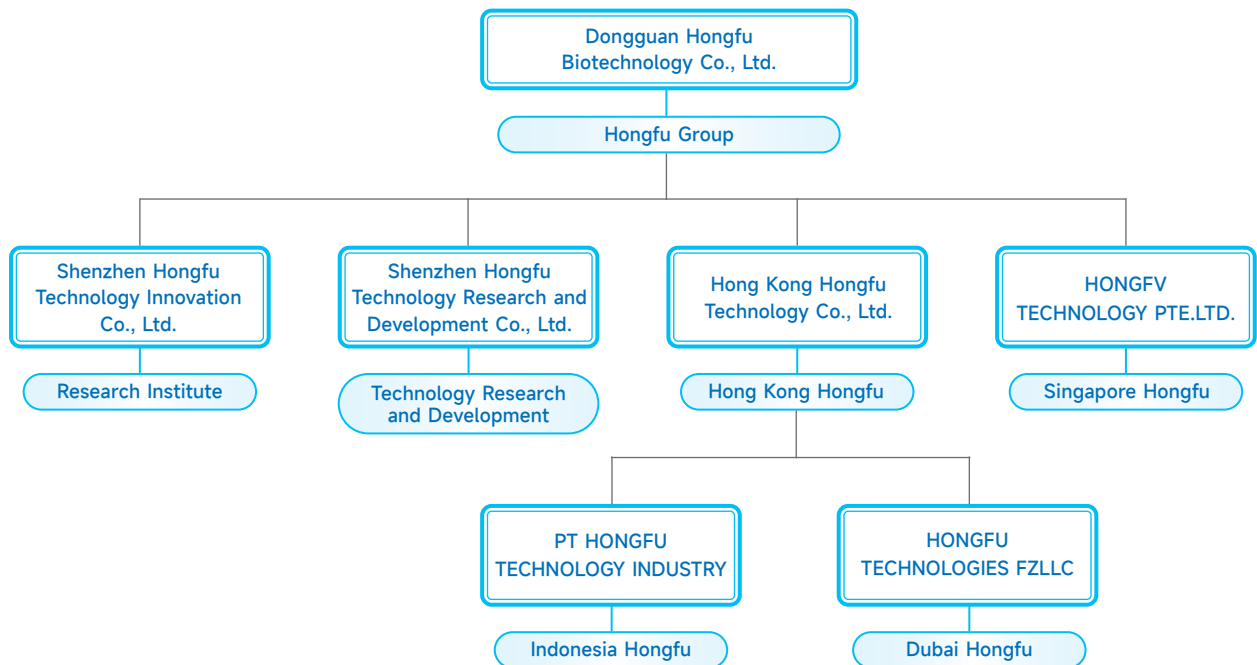
// Adherence to Business Ethics

United Nations
Sustainable Development Goals



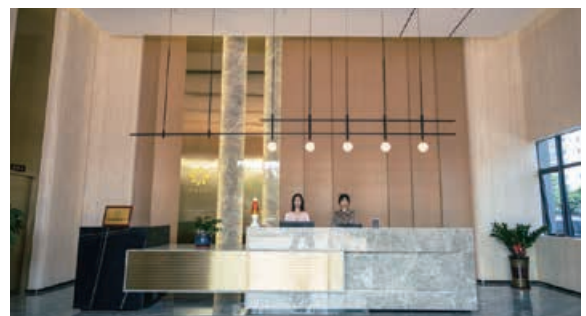
Enhancing Corporate Governance

To adapt to the ever-changing market environment and regulatory requirements, Hongfu continuously optimizes its internal governance structure. We refine our systems and workflow adjustments, drawing on past experiences and market dynamics, to ensure the continuous, stable, and healthy development of the enterprise.



Ensuring Compliance in Operation

Hongfu rigorously builds a strict compliance management system by integrating internal resources to create collaborative risk prevention and control mechanism across departments. We adhere to legal tax principles, firmly uphold network security and privacy protection, and ensure the legality and safety of business operations.



Compliance Management

We adopt a bottom-up compliance management system, enhancing legal compliance management through cooperation between our System Department and Finance Department. In business operations, various functional departments exercise strict control over high-risk areas and conduct targeted compliance risk management. We establish a professional compliance oversight team for proactive compliance risk management, involved comprehensively in risk management in areas such as contracts, marketing, business cooperation, intellectual property, data compliance, and business ethics, to establish an effective compliance management system.

Risk Management

We place great importance on risk management, adhering to scientific methods and systematic strategies to ensure robust and sustainable business operations. To address various potential risks, we have developed and implemented a series of management procedures and measures, including the Measures for Dealing with Risks and Opportunities, the List of Unacceptable Risks, the Risk and Opportunity Analysis and Evaluation Form, and the Control Procedure on Hazard Identification and Risk Evaluation, etc., aimed at timely identification, systematic analysis, and effective management of risks in business activities.

In 2023, we continued to strengthen our risk management systems, especially in key areas such as procurement, production, delivery, internal audit, system planning, and human resource control. We clarified significant risk factors in these areas and further refined the responsibilities and control measures of each functional department to effectively identify and manage potential risks.

Legal Tax Compliance

We strictly adhere to national and local tax laws and regulations such as the Law of the People's Republic of China on Tax Collection and Administration, the Law of the People's Republic of China on Enterprise Income Tax and the Implementation Measures for Tax Collection and Administration in Guangdong Province, fulfilling our corporate social responsibility through practical actions. We have established a comprehensive tax compliance management system and process and maintain close communication with government tax departments to keep abreast of the latest tax policies, ensuring the compliance and foresight of our tax work. In 2023, the Company experienced no tax-related legal violations.





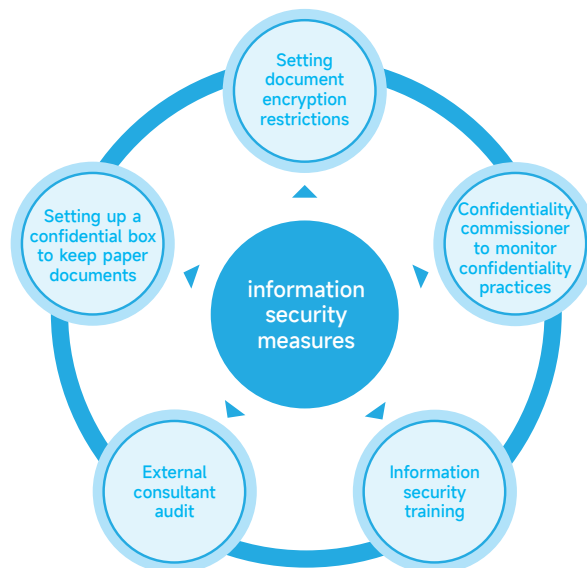
Network Security and Privacy Protection

We have established a comprehensive information security management system, formulated the Information Confidentiality Management System and the Document Management Procedure, setting clear standards for information confidentiality and document access rights, and establishing accountability and punitive measures for violations to ensure effective implementation of information security management.

We continuously optimize information security measures, adopting the latest encryption standards to protect electronic data and ensuring that only authorized personnel can access specific information resources. We also introduce a dynamic access control system, adjusting access rights dynamically based on employees' job responsibilities and project needs, to minimize the risk of information leakage. For external security threats, we regularly conduct security vulnerability scans and penetration tests to assess and strengthen the security of information systems. We are committed to employee education and training to enhance their awareness and capabilities in information security.

By implementing these advanced strategies and measures, we are committed to creating a safer and more reliable information security environment. This ensures the integrity and confidentiality of customer and corporate data are comprehensively protected, safeguarding the long-term security of both the Company and our clients.

Hongfu information security measures



Adherence to Business Ethics

Hongfu strictly follows national laws and regulations, actively advocating for honest operation and fair competition. We are committed to building an enterprise image that is highly ethical, trustworthy, and operates with integrity, striving to create a clean, self-disciplined, transparent, and fair business society, contributing to the healthy development of the economy and the stable harmony of society.

Anti-Corruption and Clean Governance

We strictly adhere to the Company Law of the People's Republic of China and other relevant legal regulations, and have established a comprehensive integrity management strategy. This includes the formation of an anti-corruption and integrity supervision team led by senior management, responsible for overseeing and assessing the compliance and ethical behavior of internal departments.

To enhance our employees' awareness of integrity, they were requested to sign an Anti-Bribery and Anti-Corruption Pledge. We also implement integrity and anti-corruption education for all employees and provide specialized training for those in key positions, such as those in sales and procurement departments. This training ensures that they have a clear understanding and adherence to the Company's integrity policies and ethical standards.

In our external collaborations, we sign integrity agreements with our partners to ensure that both parties adhere to high standards of ethical and legal requirements during business activities. To prevent and promptly detect any improper behavior, we have established a compliance reporting mechanism. This includes direct reporting to management and anonymous reporting via suggestion boxes, ensuring that employees and partners can safely report any suspicious activities.



In 2023 :



The signing rate for the Anti-Bribery and Anti-Corruption Pledge reached **100%**



There were **zero** major corruption lawsuits

Anti-Monopoly and Fair Competition

We strictly comply with laws such as the Anti-Monopoly Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China, continuously monitoring international compliance policy dynamics to ensure full compliance with anti-monopoly and fair competition laws. We take a series of measures to ensure that our business practices meet high standards of ethics and fairness, creating a healthy and fair business environment for all stakeholders and promoting innovation and consumer protection. In 2023, we had no legal lawsuits related to monopoly or unfair competition.

Complaints and Reporting

We are dedicated to establishing and maintaining a transparent and efficient complaint and reporting mechanism. We have developed the Employee Complaint Management System and set up multiple reporting channels, allowing employees to report any suspected corruption, violations of business ethics, or deviations from labor standards through verbal, telephone, or suggestion box methods. We also have an independent investigation team responsible for conducting fair, objective, and professional investigations of reports received. The investigation process follows strict procedural standards, ensuring fair treatment of all parties involved, focusing on evidence collection and factual verification to ensure the reliability and credibility of the investigation conclusions. We require strict confidentiality of all report information to ensure the full protection of the reporter's identity, preventing any form of retaliation due to reporting activities.



Environmental Responsibility

Guarding the Green Home

Stakeholders: Environment, Government, and Regulatory Agencies

- // Responding to Climate Change
- // Deepening Environmental Management
- // Improving Resource Efficiency

United Nations
Sustainable Development Goals



Responding to Climate Change

Hongfu deeply recognizes the potential impact of climate change on its business operations. The Company has conducted a comprehensive analysis of the aspects that are currently vulnerable to climate change and the associated risks. We have also developed practical and feasible strategies to address these challenges, continuously enhancing the Company's adaptive capacity and market competitiveness in the process of facing climate change.

Category	Climate risk factors	Risk type	Risk description	Measures
Physical risk	Lightning	Acute Operational risk	In a factory with multiple flammable and explosive devices, lightning can potentially cause fires and explosions. This poses a risk to the lives of employees and the potential for damage to production equipment. Additionally, the disruption to normal production processes can have an impact and result in increased operating costs for the Company.	We conduct monthly inspections of fire equipment; organize monthly safety inspections; We conduct a fire drill once a year; We post emergency escape route maps in various places; We strictly prohibit bringing kindling into the workshop and requiring to smoke in designated areas.
	Typhoon	Acute operational risk	The Company is geographically located in a typhoon-prone area, facing certain typhoon risks.	We have developed an emergency response plan for the advent of typhoons; We strengthen safety inspections throughout the entire plant during typhoon season; We regularly conduct typhoon emergency drills.
	Heavy rain and floods	Acute operational risk	The Company and its manufacturing plants are located in an area prone to such weather conditions, which may cause equipment damage and prevent employees from reporting to work normally, thereby increasing operating costs.	We develop emergency response plans for extreme weather conditions such as heavy rain and floods, and regularly organize staff to conduct drills. During the disaster-prone period, we pay attention to relevant department announcements in a timely manner, make good scheduling arrangements, comply with relevant regulations on suspending work and production, and ensure the safety of personnel and equipment.
Transition risk	Raising environmental protection standards	Market and technical risk	The market is increasingly focusing on the environmental performance of companies and their products, with a growing preference for eco-friendly options such as products packaged with recycled plastic components. As a result, companies need to invest more funds in energy conservation, environmental protection renovations, and the development of environmentally friendly products.	We focus on market demand and develop green and low-carbon products that meet market needs; We optimize product lifecycle management.
	Energy transformation policy	Market and technical risk	As the national carbon peaking and carbon neutrality goals are advanced and international customers pay more attention to climate change mitigation measures, the Company is facing stricter energy conservation and emission reduction requirements. The Company needs to replace traditional high-emission energy sources with lower-emission green energy, which increases the cost of transition.	We promote green operations, create green products, optimize product design and performance, improve resource recycling efficiency, advance technological innovation, and reduce greenhouse gas emissions.

In 2023¹:

Greenhouse gas emissions **675.49** tCO₂e

Scope 1 greenhouse gas emissions **78.57** tCO₂e

Scope 2 greenhouse gas emissions **596.92** tCO₂e

¹ The electricity emission factor involved in the calculation of the above data is taken from the national average emission factor of 0.5703tCO₂/MWh in the Guidance on Accounting Method and Reporting of Greenhouse Gas Emissions from Power Generation Facilities,(Revised Edition 2022) issued by the Ministry of Ecology and Environment of China in 2022. The emission coefficients for gasoline and refrigerant are derived from the Sixth Assessment Report, Climate Change 2023, published by the Intergovernmental Panel on Climate Change (IPCC).

Deepening Environmental Management

As a responsible company, Hongfu highly values environmental management, deepens environmental management work, adheres to the concept of environmental protection, establishes an environmental management system, and continuously strengthens the implementation of environmental management measures.

Environment Management

As a responsible company, we strictly comply with relevant laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Environmental Impact Assessment Law of the People's Republic of China, and the Guangdong Province Environmental Protection Regulations. We always adhere to the environmental policy of "compliance with laws and regulations, green production, pollution prevention, and continuous improvement". We continue to strengthen the construction of the environmental management system, refine internal processes and measures, and establish and improve systems such as the Management Review Control Procedures, the Management Procedure for Organizational Environment and Related Party Requirements, and the List of Environmental Laws and Regulations. We regularly review the environmental management system to ensure its continuous effectiveness, compliance with internal and external standards, and to lay a solid foundation for green production.



● Environmental Management System Certificate²

In 2023 : We receive no environmental administrative penalties.

² The Environmental Management System is in compliance with the standard GB/T 24001-2016/ISO 14001:2015. The Environmental Management System applies in the following area: manufacturing and related management activities of e-liquid at Dongguan Hongfu Biotechnology Co., Ltd.

Chemical Management

We strictly adhere to the Regulations on the Safety Management of Hazardous Chemicals and other relevant laws and regulations, and have formulated the Management Procedure for Chemicals to ensure that the chemicals used by our company, especially the hazardous chemicals such as alcohol and nicotine, comply with safety requirements in all aspects including procurement, transportation, reception, storage, use, and disposal. Our aim is to prevent fire, leakage, and other accidents, and to ensure the stable operation of the Company and the safety of our employees.

Purchase requisition and transportation of chemicals

Chemical purchase requisition:

- The application is submitted by the user department, and the Procurement Department is responsible for purchase. Suppliers must have relevant production and operation qualifications.

Chemical transportation:

- If the supplier is responsible for transportation, the supplier must possess a "Hazardous Chemical Transportation License."
- If the transportation is undertaken by the Company, the transportation personnel must undergo specialized training and obtain qualifications before starting work on transportation.

Reception and storage of chemicals

Chemical reception:

- The name, specification, and quantity of the chemicals should be carefully checked, as well as inspect the outer packaging, labels, expiration date, and other relevant information.

Chemical storage:

- The storage methods, practices, and quantities of hazardous chemicals must comply with national standards such as the General Rules on the Storage of Common Hazardous Chemicals.
- Highly toxic chemicals require dedicated cabinets for storage, adopting the "Five Two-person Policy" which includes double personnel for receiving and dispatching, bookkeeping, locks, transportation, and usage.

Chemical safekeeping

- Safekeeping personnel should undergo appropriate training on chemical safety knowledge before taking up their positions and be equipped with personal protective equipment.
- The MSDS³ for all hazardous chemicals must be posted in the warehouse to facilitate access to safety technical data on hazardous chemicals at any time.

³ MSDS refers to the chemical safety technical specification, also known as the Chemical Safety Data Sheet.

Usage of chemicals

- Chemicals should be issued according to the principle of "First-in, First-out".
- Chemical handlers should read the MSDS carefully, understand emergency handling and self-rescue methods, wear specified protective equipment, and adhere to safety operating procedures.
- Specialized chemical handling tools should not be mixed or used with other tools to prevent accidents and contamination.

Waste disposal

- After the use of chemicals, waste such as containers and liquids should be collected by the users and stored in a hazardous waste storage facility.
- The HR and Administration Department arranges qualified recycling units to collect the hazardous waste based on the storage amount in the hazardous waste storage facility.



Case: Conducted toxic substance spill prevention drills



On November 18, 2023, in order to test and enhance our company's ability to respond to sudden spills of toxic substances, we conducted a drill for toxic substance leak prevention outside the toxic storage area in our company's campus. Following the emergency plan, we successfully completed on-site emergency response. The drill achieved the goal of training our team and evaluating the effectiveness of the emergency plan. In the future, we will further strengthen safety protection training related to toxic substances and training on information reporting during emergency situations.



● The scene of the toxic substance spill prevention drill

In 2023 : We had no chemical leakage accidents.

Improving Resource Efficiency

Hongfu highly values resource efficiency management and vigorously advocates the operational concept of conserving resources and enhancing efficiency. We strengthen the establishment of energy management system, water resource management system, and material management system. We dynamically track the Company's resource consumption and continuously enhance the efficiency of resource utilization. We are committed to building the Company into a resource-saving enterprise.

Energy Management

During our operations, we strictly abide by the laws and regulations such as the Energy Conservation Law of the People's Republic of China and the Regulations on Energy Conservation Management for Electricity Use. We are committed to becoming an energy-saving and environmentally friendly enterprise. We optimize our production plans and scheduling to reduce energy consumption, conduct energy-saving transformations on production lines to improve energy efficiency, and implement quantified tracking of energy consumption to dynamically optimize energy use. Additionally, we regularly provide energy-saving training to our employees to enhance their awareness and reduce daily office energy consumption.

In 2023 :

Used purchased electricity **1.05** million kWh

The intensity of energy consumption **0.08** tce per RMB million revenue

Total energy consumption **133.20** tce⁴

Water Resource Management

We strictly comply with laws and regulations such as the Water Law of the People's Republic of China and the Guangdong Province Water Conservation Measures. We actively establish a water resource management system and strive to promote water conservation awareness. We actively implement water usage based on actual needs and reduce water resource wastage.

In 2023 : The total water consumption is **17,746** m³.

⁴ The Company's main energy consumption in 2023 is attributed to the use of purchased electricity and gasoline. The conversion factors for standard coal are sourced from the National Standard of the People's Republic of China - General Guidelines for Comprehensive Energy Consumption Calculation (GB/T2589-2020). The conversion factor for purchased electricity is 0.1229, while the conversion factor for gasoline is 1.074122 (based on the average density of gasoline according to the National Standard for China V vehicle gasoline, which is 0.747 kg/L).

Material Use Management

We prioritize the reduction of packaging materials and regularly track the usage of packaging materials for shipped products. While ensuring product quality, we dynamically adjust the use of outer packaging materials. During the production process, we adopt a simplified packaging strategy based on the product characteristics. We do not design finished product packaging and use environmentally friendly plastic barrels as outer packaging materials to further reduce packaging waste.

In 2023 :

The usage of packaging paper **4,920** kg

The usage of plastic barrels **443,130** kg

1,126 cardboard pallets were saved

Enhancing the Management of Three Wastes

Hongfu upholds the responsibility of environmental protection and strictly adheres to national and local environmental regulations. We implement strict management of the emissions of waste gas, wastewater, and solid waste in our production processes. We continuously optimize our treatment measures, regularly monitor the emissions, and entrust professional third-party organizations to handle solid waste in compliance with regulations. Our goal is to ensure that all emission indicators meet the standards and minimize the negative impact on the environment.

Waste Gas Management

We attach great importance to the prevention and control of air pollution, strictly comply with the relevant laws and regulations such as the Air Pollution Prevention and Control Law of People's Republic of China and Guangdong Province Air Pollution Prevention and Control Regulations, and strictly monitor and control the exhaust gases generated in the production process. Especially for odorous gases, ammonia, hydrogen sulfide, and other foul-smelling gases emitted during stirring, filling, and wastewater treatment, we implement strict management to ensure that the emission of all odorous gases complies with the national Odorous Pollutant Emission Standards, effectively protecting the atmosphere.



Wastewater Management

We strictly comply with laws and regulations such as the Water Law of People's Republic of China, the Water Pollution Prevention and Control Law of People's Republic of China, and Guangdong Province Water Pollution Prevention and Control Regulations. We have implemented a hierarchical treatment system to regulate the management of domestic and industrial wastewater. We have also developed the Instructions for Wastewater Treatment Operations to ensure the rigorous implementation of wastewater treatment processes.

We strictly adhere to the relevant standards stated in the Water Quality Standards for Discharging Wastewater into Municipal Sewer Systems and Emission Limits for Water Pollutants to ensure compliant discharge of wastewater and maintain pollutant levels below or at the prescribed limit. Moreover, to address the growing demand for wastewater treatment, we have expanded our sewage treatment facilities during the reporting period. We now have a treatment capacity of 50 tons of wastewater per day, thereby effectively ensuring the efficiency and environmental friendliness of our wastewater treatment processes.



Expansion of wastewater treatment equipment

Water treatment process

Wastewater cleaning:

- After being cleaned by the workshop, the wastewater is collected into a wastewater tank through pipes. The wastewater is then treated by the coagulation reaction system, and after sedimentation in the primary clarifier and secondary clarifier, it is discharged in compliance with the standards. The produced sludge is dewatered by a filter press and then transported off-site.

Domestic wastewater:

- After being treated by a three-stage septic tank, it enters the municipal sewage interception network.

In 2023 :



Discharge of industrial wastewater **2,100** m³



Discharge of household wastewater **1,414** m³



Waste Management

We attach great importance to the compliant handling and disposal of waste, strictly adhering to relevant laws and regulations such as the Solid Waste Pollution Prevention and Control Law of the People’s Republic of China and the Measures for the Environmental Management of Hazardous Waste. We have established the Waste Management Procedure, classifying waste generated from production, office, or other activities based on their characteristics and actual conditions into hazardous waste and general waste, We further subdivides them into recyclable and non-recyclable categories, implementing refined waste management. We closely cooperate with qualified third-party organizations to ensure that waste disposal complies with national environmental protection regulations, effectively reducing environmental emissions and minimizing environmental pressure.

List of Waste Generated by Each Process in the Company (Partial)

Process	Waste class	Category/Code	Waste	Disposal methods
Office processes	General waste	Recyclable	Mercury-free batteries	Collected by a designated recycling company for recycling.
			Paper/cardboard	
	Hazardous waste	HW 49	Ribbon/Toner cartridge/Ballpoint pen	Collected to a hazardous waste storage facility, where qualified units handle the waste.
			Fluorescent light tubes	
Production processes	General waste	Recyclable	Cardboard/Packaging barrel/Face mask	Collected by a designated recycling company for recycling.
			Tools/Device components	
	Hazardous waste	HW29/HW49	Used engine oil/Oily cloth	Collected by sanitary company for cleanup.
			UV lamp/Nicotine packaging barrel	



Waste disposal methods

- General waste (household waste) is responsible for daily collection and cleaning by the environmental services company.
- The general industrial solid waste is temporarily stored in a solid waste warehouse. After reaching the storage capacity standard, qualified units are notified for disposal, and the Industrial Waste Transfer Manifest is kept.
- Hazardous waste, based on its generation volume, needs to be transferred to qualified facilities at least once a year, and the Hazardous Waste Transfer Manifest must be retained.
- The warehouse should be divided into different zones based on the types and characteristics of hazardous waste, with intervals between each zone.
- The warehouse should be equipped with rainproof, fireproof, lightning protection devices, lighting facilities, and fire protection facilities.
- The warehouse should have dedicated personnel and be managed with locking mechanisms.

In 2023 :

Total emission of
waste
198.05 tons

Emission of
hazardous waste
1.75 tons

Emission of
household waste
174 tons

Emission of general
industrial solid waste
22 tons

Quality Responsibility

Achieving Value Co-creation

Stakeholders: Customers

- // Creating High-quality Products
- // Safeguarding Customer Rights and Interests

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Creating High-quality Products

Hongfu always adheres to the core values of "focus, integrity, quality, innovation, and win-win", continuously deepens quality management, stimulates product innovation vitality, and continuously optimizes the customer service system, in order to provide our customers with comprehensive and high-quality products and services.

Quality Management

As a responsible e-liquid company, we deeply understand the importance of product quality to consumers. Based on the Company's actual operations, we have formulated various procedural systems such as the Inspection Control Procedure, the Product Reliability Inspection Plan, and the Non-conforming Product Control Procedure to continuously improve and enhance the quality management system. We aim to establish a comprehensive and efficient quality control process to provide consumers with products that are safer and more reliable.

Our quality management goals for 2023:



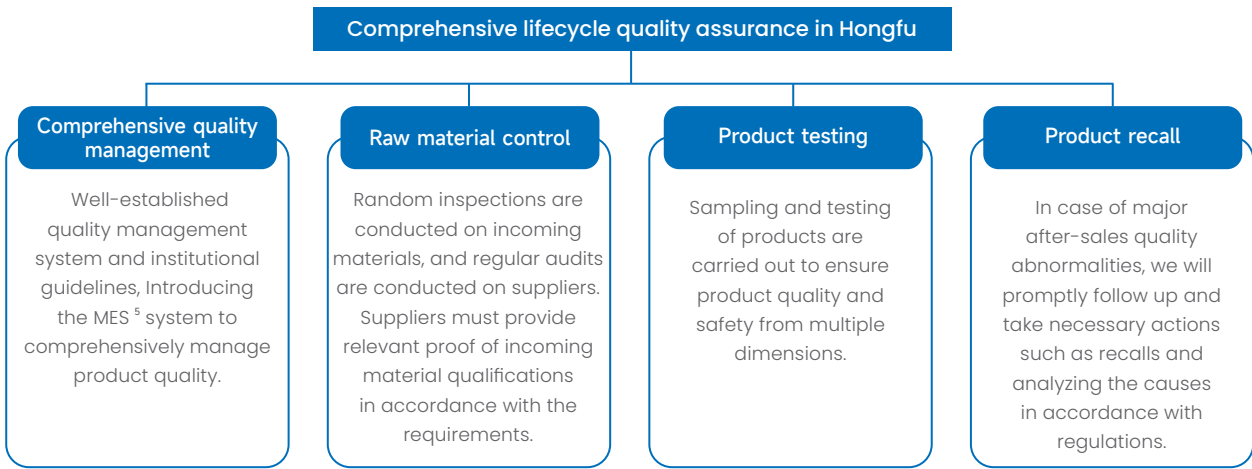
Finished products qualification rate \geq **99.5%**. In 2023, it reached **99.99%**.

Acceptance rate of raw materials $>$ **99.5%**. In 2023, it reached **99.64%**.

Pass rate of system certificate **100%**. In 2023, it reached **100%**.



Comprehensive Quality Management



We have obtained the certificate for our quality management system, which complies with the Recommended International Code of Practice General Principles of Food Hygiene CAC/RCP 1-1969, Rev.4-2003. In addition, our company has achieved various national and international quality certifications, including the ISO 9001 Quality Management System certification and GMP 110 certification. These certifications validate that we have established a comprehensive quality assurance system.



● Quality Management System Certificate⁶



● GMP110 standard certificate⁷



● CAC/RCP 1-1969, 4th Revision (2003) Certificate⁸

In 2023, we submitted the CNAS Application Documents in the Laboratory Accreditation Business System on the website of the China National Accreditation Service (CNAS). After passing the document review, our Analytical Testing Center successfully underwent an on-site audit by the audit team in January 2024. This has laid a solid foundation for our center to achieve international recognition.



● CNAS Laboratory Accreditation certificate

⁵ Manufacturing Execution System is mainly used for production process traceability, error-proofing, and mistake-proofing.

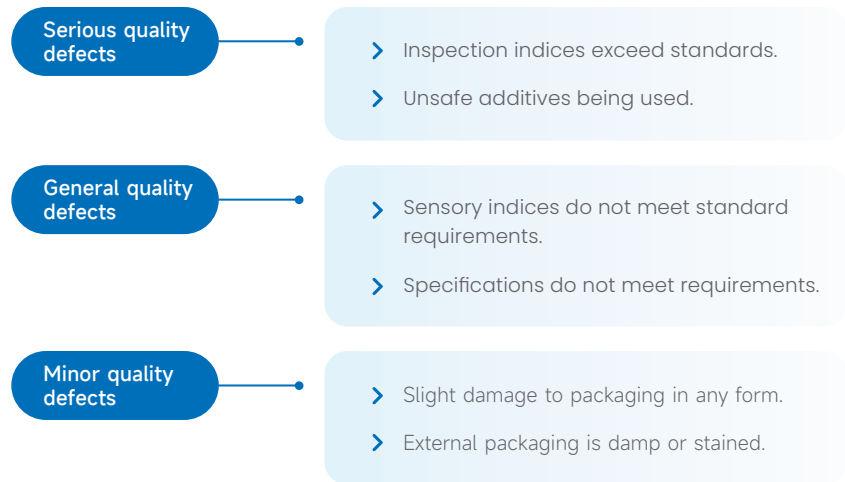
⁶ The Quality Management System complies with the standard GB/T 19001-2016/ISO 9001:2015, and the scope of activities: the manufacturing of e-liquid by Dongguan Hongfu Biotechnology Co., Ltd.

⁷ The Quality Management System complies with the Current Good Manufacturing Practice based on 21 CFR Part 110 (2020) published by U.S. Food and Drug Administration. The scope of activities: the manufacturing of e-liquid and food flavor (liquid) by Dongguan Hongfu Biotechnology Co., Ltd.

⁸ The Quality Management System complies with the Recommended International Code of Practice General Principles of Food Hygiene CAC/RCP 1-1969, Rev.4 2003. The scope of activities: the manufacturing of e-liquid and food flavor (liquid) by Dongguan Hongfu Biotechnology Co., Ltd.

Raw material control

We have formulated the Incoming Material Inspection Control Procedure to conduct strict inspections and testing on incoming materials. This is to ensure that their quality meets the requirements for use and prevent the use of non-conforming materials in production. At the same time, we classify the defects in incoming materials for targeted treatment, in order to guarantee product quality and improve the efficiency of handling and product delivery.



Product testing

We conduct strict material testing at various key stages during production to ensure product quality. After the testing is completed, we provide RoHS and toxic substance testing reports, as well as MSDS chemical safety reports for Hongfu products. This allows us to transparently demonstrate the material content of our products in order to minimize market concerns and enhance the reliability of our product quality.

Research and development (R&D)

- > Testing R&D samples to ensure that the content of limited and prohibited substances complies with local regulations and customer requirements.
- > Establishing a professional regulatory analysis team to dynamically analyze domestic and international regulations, adjusting product parameters, and ensuring regulatory compliance and market demand are met.

Finished products

- > The Quality Control Department conducts sampling and testing of each batch of products, covering various indicators in the incoming materials and R&D processes, such as nicotine, heavy metals, and other harmful substances content detection.
- > For sensory indicators, we implement a two-person testing system to minimize the impact of subjective judgment bias on the test results.

Other steps

- > We invite professional third-party organizations to test our products and exchange experiences in additive substance testing, in order to obtain multiple professional opinions.

Product recall

To prevent the circulation of substandard products in the market, we have established a recall mechanism based on the Unsafe Product Recall Control Procedure and strictly adhere to its implementation. Once we receive customer feedback or identify problem batches during the sampling inspection by the Quality Control Department, we will immediately initiate the recall procedure. The affected batches of products will be handed over to the production and quality control departments for disposal, destruction, or reprocessing measures. At the same time, we organize a professional team to conduct feedback evaluations on the recall incidents and conduct in-depth analysis of the causes of product non-compliance. Our objective is to continuously improve and enhance the quality of our products.

In 2023 : No products were recalled.

In 2023, we introduced the MES system to enhance our quality management capabilities. This system enables real-time tracking and recording of the production process, monitors production data, and enables traceability management throughout the entire production process.

The functions of MES system

- To optimize production planning and scheduling, and ensure the efficient utilization of resources (personnel, equipment, and raw materials), thereby improving production efficiency.
- To strengthen quality control and support the quality control and inspection processes, through automated quality testing to reduce human errors and improve product quality.
- To reduce opportunities for human input errors, improve data accuracy, promptly identify issues and respond to them, thereby enhancing production efficiency and quality.



Case: Adding a height detection alarm function for the automatic small box packaging machine for oil bottles

In the operation process of the UK version of the automatic box packing machine, the push rod of the oil bottle will impact the metal stopper at the entrance of the small box when pushing the oil bottle. This impact not only leads to the scrapping of the oil bottle and deformation of the push rod, but also causes the cam path to deviate. Each time this type of problem is handled, the maintenance time for a single equipment is about 0.63 hours. There are a total of 8 equipment units, and production is carried out for 8 hours per day. Therefore, on average, this malfunction affects productivity for 5.04 hours per day.

To completely avoid the issue of the push rod collision in the automatic box packing machine and enhance product quality and production efficiency, we propose four improvement measures:

- The oil bottle is equipped with a reserved measurement hole on the top steel plate of the cavity during its movement, which allows for the punching operation.
- Install a sensor to detect and lock the empty space on the top of the hole.
- The sensor is connected in series with the PLC interface terminal and an additional IO signal is added.
- Refine the logic of the PLC and add a stoppage alarm function for material measurement.



● Cavity height detection



● Measurement function alarm

 Case: Training on basic knowledge of testing and reporting ● ● ●

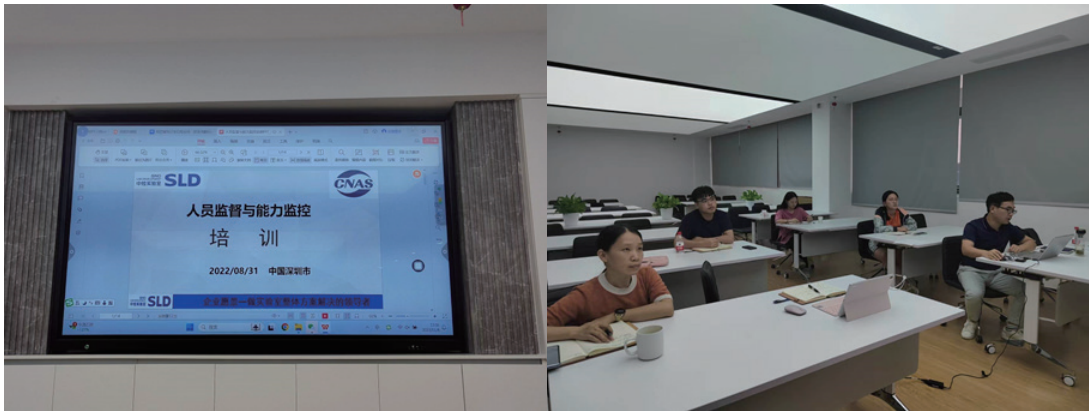
On November 11, 2023, we organized a training session on the fundamentals of testing and reporting, with a total of 98 participants. During the training, we delved into the basic principles, operational techniques, and precautions of testing and reporting. This training is of great significance in enhancing the overall testing proficiency and report quality of the Company.



● Training site

 Case: Quality supervision training ● ● ●

On October 9, 2023, we conducted a quality supervision training activity, with a total of 5 employees participating. They collectively learned and exchanged the core concepts and practical skills of quality supervision, laying a theoretical foundation of knowledge for improving product quality and the long-term development of the Company.



● Quality supervision training

Technology Innovation

We firmly believe that technological innovation is the core driving force behind the development of our company. We have formulated institutional procedures such as the Design and Development Control Procedure and the Guidelines for New Product Development to support product research and development and innovation. We continue to increase investment in research and development, continuously improve technological processes, and also establish collaborative technical research and development platforms with customers in Europe, America, Japan, and other regions. Together, we develop new products to meet the demands of different markets.

During the research and development process, we closely monitor consumer markets, popular trends, and customer demands. We consider these factors as important references for innovating e-liquid flavors. Through continuous innovation and improvement, we strive to provide customers with high-quality and diversified e-liquid products.

Intellectual Property

We strictly adhere to the Intellectual Property Law of People's Republic of China and other related laws and regulations on intellectual property. We have also established the Intellectual Property Management System to establish an effective system for protecting intellectual property rights, regulate the Company's intellectual property work, and fully leverage the important role of the intellectual property system in the Company's development. This system effectively protects the Company's design achievements and other intellectual property rights.

Date of grant	08/18/2023	20/10/2023	21/11/2023
Granted patent	An e-liquid capable of enhancing fruit flavor and its preparation method	A method and system for processing e-liquid information, and an e-cigarette	A method for synthesizing a natural equivalent of isopinocampheo
The certificate of invention patent			

In 2023 :

We applied for **16** patents, **10** were authorized.

The R&D investment RMB**60.67** million

Safeguarding Customer Rights and Interests

We strictly abide by the Regulations on the Management of Electronic Cigarettes and the relevant requirements of the product sales location. We implement a series of comprehensive responsible marketing measures to ensure the truthfulness and reasonableness of product promotional content. We deeply understand the importance of protecting minors and therefore firmly resist any behaviors that promote or sell electronic cigarettes to minors. We are committed to demonstrating our respect for laws and regulations, protecting minors, and safeguarding customer rights and interests through concrete actions, in order to gain the trust and support of our consumers.

Responsible Marketing

We attach great importance to responsible marketing management, strictly adhere to the order of domestic and international market transactions, and promise that all advertising in the marketing process is based on real data and facts. We do not engage in exaggerated or false advertising for our products and ensure that the ingredients and experience of our products meet customer health and taste requirements. We also prohibit marketing activities targeted at minors. We regulate promotional materials from the aspects of legal compliance, transparency, authenticity, and cultural sensitivity, and deeply implement responsible marketing.

Legal compliance

- ▶ **Product certification and testing report:** We can provide certification and testing reports for products, covering tests such as chemical composition, safety, and electronic cigarette components, to ensure compliance with regulatory requirements in the target market.
- ▶ **List of e-liquid ingredients:** We provide a detailed list of e-liquid ingredients, including the content of nicotine, flavors, and other additives, to ensure accurate and easily understandable information.
- ▶ **Age restriction and sales control promotion:** We strictly check promotional materials to ensure that age restriction and sales control information are clearly visible in advertisements.
- ▶ We emphasize the Company's responsibility in sales, especially when it comes to tobacco products.

Transparency and authenticity

- ▶ **Advertising effectiveness and health claims:** We carefully review the advertising effectiveness and health claims to ensure their authenticity and legality, and avoid using unverified health promotional language.
- ▶ **Risk disclosure:** In promotional materials, we clearly disclose the health and safety risks of electronic cigarettes and provide relevant information to enable consumers to make informed decisions.

Cultural sensitivity

- ▶ **Advertising content and image selection:** The advertising content and image selection should consider the cultural background of the target market and avoid using offensive or inappropriate elements.
- ▶ **Social and cultural responsibility:** We ensure that promotional activities reflect the Company's social and cultural responsibility, support social initiatives such as anti-smoking campaigns, and other health promotion activities to emphasize the Company's commitment to social responsibility.

Gifts and promotions policy

- ▶ **Terms and conditions for gifts and promotions:** We establish clear terms and conditions for gifts and promotions that specify the permissible types of gifts and promotion activities. This is to prevent using gifts or promotional activities to attract minors or encourage excessive consumption.
- ▶ **Marketing channels:** We strictly review marketing channels to avoid excessive promotion or consumer manipulation, and emphasize that all promotional activities must be conducted through legal channels.

We value responsible sales behavior and established the Code of Conduct that requires sales personnel to use accurate and positive language when communicating with customers, provide truthful answers, and prohibit making false promises.

 Case: Training on business compliance for marketing personnel

On December 2, 2023, we organized a training session on business compliance for marketing personnel, with a total of 44 participants. Together, we studied relevant laws, regulations, and business norms, and delved into discussions on how to achieve compliance in our daily work, ensuring the steady development of the Company's business.



● Compliance training slides

We adhere to the Law of the People's Republic of China on the Protection of Minors and resolutely prohibit the sale or inducement of electronic cigarette products to minors. We have also implemented an age verification mechanism on our official website to restrict access to electronic cigarette content by minors. Together, we are committed to safeguarding the healthy growth of young people.



● The age verification when visiting the official website

During the reporting period, the Company did not have any violations related to product labeling information or marketing promotions.



Customer service

We have established a well-rounded customer service system, which includes the Company Customer Service Management System and other policies that provide guidance for customer service work. We have tailored service solutions for different customers and products based on their diverse needs in different countries and regions. With our advanced sales experience and understanding of consumer preferences at Hongfu, we provide comprehensive and professional diversified services to our customers. These services include technical training, technical support, after-sales service, and operational promotion.

In order to handle customer complaints efficiently, improve service quality, and maintain a good company reputation, we have formulated the Management Measures for Customer Complaint Handling. This policy categorizes customer complaints into general complaints and serious complaints and implements targeted measures for different complaint types to ensure timely and effective resolution of customer issues.



General complaints



Complaints that are relatively minor in nature and do not affect the customer's use of the product, such as unclean packaging, damaged product labels, improperly sealed bottle caps, missing accompanying reports, etc.



Serious complaints



Complaints that are relatively serious in nature include matters related to product safety, non-compliance with quality standards, significant impact on the Company's image, and disruptions to customer production schedules.

Measures for handling customer complaint

- For general customer complaints, the responsible department provides feedback on the reasons and proposed solutions. The Sales Department then consolidates the information and promptly communicates with the customer for resolution.
- Serious customer complaints are led by the Quality Control Department. An emergency team is established to conduct a comprehensive investigation, identify the problem, and formulate corrective measures. If necessary, quality personnel will be dispatched to communicate and handle the issue on-site, ultimately resulting in the completion of an 8D report.
- Sales department replies to the customer with the handling result.
- Each responsible department must carry out rectification according to the corrective measures in the 8D report and take strict measures to prevent similar incidents from happening again.

Achieve the goal of maintaining customer satisfaction scores of **90** or above in 2023

We value communication and interaction with our customers. Regular customer satisfaction surveys are conducted to analyze feedback and make targeted improvements. In July and December of 2023, we conducted two customer satisfaction surveys, distributing a total of 20 questionnaires with a 100% response rate. The surveys focused on product quality, delivery time, pricing, service attitude, and the timeliness of addressing customer complaints. The average customer satisfaction scores were 96.15 and 95.35 respectively, achieving the goal of maintaining customer satisfaction scores of 90 or above in 2023.

Privacy Protection

To effectively protect business secrets and customer privacy, we have established a strict mechanism for data information security. In this mechanism, department managers serve as the primary responsible persons and are responsible for information security within their respective departments. We adhere to the practice of independent operation by project team members to ensure the isolation of electronic information between projects, thereby effectively reducing the risk of internal information leakage. With the dual guarantee of regulatory constraints and increased awareness, we continuously strengthen the protection of customer information security, making it increasingly robust.

During the reporting period, the Company did not receive any reports of information leakage incidents, nor did it receive any complaints related to the disclosure of customer privacy information.



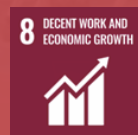
Partner Responsibility

Practicing Mutual Benefit and Win-Win

Stakeholders: Suppliers and Peers

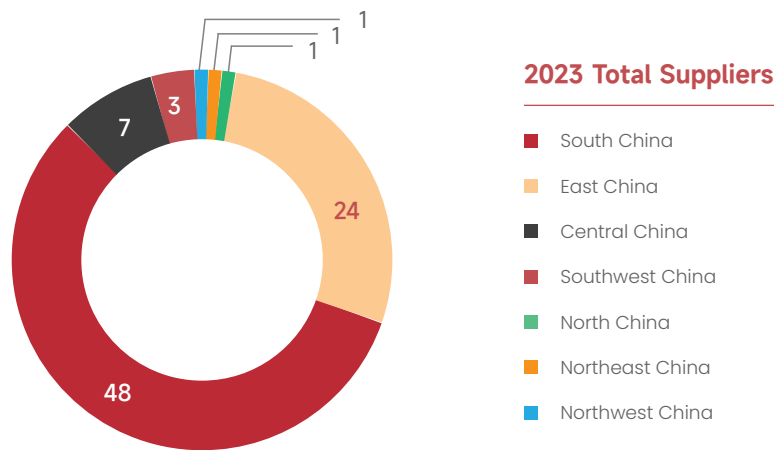
- // Building Responsible Supply Chain
- // Supporting Industry Development

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Building Responsible Supply Chain

Hongfu is dedicated to establishing long-term and stable partnerships with suppliers. We have formulated the Supplier Management Control Procedure to regulate the supplier management process and ensure smooth cooperation. Additionally, to ensure the safety, reliability, and compliance of the supply chain, we have signed a series of agreements and declarations with suppliers, including the Procurement Agreement, Product Quality Assurance Agreement, and Environmental Protection Guarantee Statement. These agreements and declarations require suppliers to strictly adhere to laws and regulations related to safety, reliability, hazardous substance restrictions, environmental protection, energy conservation, and social responsibility. By doing so, we ensure the quality of their supplies and services, which collectively contribute to the establishment of a responsible supply chain ecosystem.



In 2023, we require suppliers to achieve the following quality objectives:

Category	Defects and complaints	Critical defects	Severe defects	Severe defects	Inspection batch acceptance rate (%)	Finished product defect rate	Material inspection pass rate (%)	Customer complaints
Flavors and fragrances / packaging materials and auxiliary materials	Quarterly ≤ 1 time	0	AQL=0.4	AQL=1.0	≥ 99%	≤ 0.3%	≥ 98%	Monthly ≤ 2 times

We have established the Supplier Evaluation and Penalty Mechanism and conducted a comprehensive assessment of supplier social responsibility based on the SA8000 standard. This ensures that our suppliers not only meet compliance standards in terms of product quality and environmental protection but also actively fulfill their social responsibilities. Together, we aim to build a more just and harmonious business environment.

- During our cooperation, we conduct quarterly assessments of the product quality and performance of some suppliers. We engage in face-to-face communication with them to understand their latest internal management and social responsibility performance.
- We have established an on-site assessment mechanism for suppliers, where our staff from Hongfu will visit supplier factories to conduct inspections of their production environment and quality management. Additionally, we combine the management updates provided by suppliers with publicly available information to gain a comprehensive understanding of their latest situation.
- In response to issues identified during the assessment, we prioritize communication and negotiation to urge corrective actions. If multiple attempts at rectification are not successful or if there are other violations, we will take appropriate punitive measures based on the situation, such as reducing orders or terminating contracts.

We strongly oppose any form of commercial bribery and adhere to the principles of integrity. We consider integrity as the foundation and work together with our partners to create a healthy, fair, and transparent supply chain environment, aiming to achieve mutual benefits and win-win outcomes.

Prohibition of Commercial Bribery

- Both parties agree to firmly oppose any form of commercial bribery or improper business conduct.
- If Party B bribes employees of Party A or their relatives through financial means, gifts, travel arrangements, or employment arrangements, it will be considered commercial bribery.
- If Party B is found to have engaged in commercial bribery towards employees of Party A and the investigation confirms the violation: For the first instance, Party A may request Party B to pay a penalty of RMB10,000 to 50,000 or delay the payment of invoices for 60 days. For subsequent instances, Party A has the right to deduct payment, terminate the contract, and pursue legal action.
- If an employee of Party A solicits undue benefits from Party B, Party B has an obligation to report and provide evidence. Party A will conduct a fair investigation and maintain confidentiality.

In 2023 :

The signing rate of the Supplier Integrity Commitment reached **100%**

A total of **7** suppliers were subjected to on-site evaluation plans, with a **100%** pass rate for the audits

Supporting Industry Development

Hongfu attaches great importance to industry development and actively participates in various exhibitions to gain in-depth insights into market trends and strengthen communication and cooperation. We collaborate with industry partners to promote the continuous progress of the electronic cigarette industry and provide consumers with a better experience.



Hongfu participated in international electronic cigarette exhibitions



In 2023, Hongfu attended the Vaper Expo UK in the United Kingdom, the WORLD VAPE SHOW DUBAI in Dubai, and the Inter-tabac Tobacco Exhibition in Germany, which are all major industry events. During these exhibitions, we actively engaged in discussions with industry leaders to explore the latest trends and future prospects of the electronic cigarette market.



○ Vaper Expo UK, WORLD VAPE SHOW DUBAI, Inter-tabac Tobacco Exhibition

By gaining deep insights into market demands and consumer preferences, we accumulated valuable experience for the Company's future development. At the same time, we made efforts to showcase our latest products and technologies to enhance the Company's brand visibility. We look forward to cooperating with more industry partners in the future to jointly promote the prosperity and development of the electronic cigarette industry.

Employee Responsibility

Empowering Talent Development

Stakeholders: Employees

- // Protecting Employee Rights and Benefits
- // Supporting Employee Development
- // Establishing a Solid Safety Bottom Line

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Protecting Employee Rights and Benefits

At Hongfu, we recognize that talent is the foundation of our business. We uphold a people-oriented approach and adhere to labor standards, striving to safeguard the rights and ensure the health and safety of our employees. We actively build a fair and just platform for career development, providing diverse training resources to support continuous growth and help employees achieve their personal career aspirations. We optimize our compensation and benefits packages and performance evaluation mechanisms to ensure employees receive competitive remuneration. We also prioritize the physical and mental well-being of our employees, creating a satisfying work-life environment that ignites their passion for work and collaboratively creates a bright future for the Company.

Compliance Employment

We strictly adhere to relevant laws and regulations such as the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China. We have also established internal management systems such as the Human Resources Control Procedure to ensure the legality and compliance of our employment activities and further regulate employee management to safeguard their rights.

We strictly comply with international labor standards such as SA8000⁹ and BSCI¹⁰, as well as relevant industry standards and international conventions. We are committed to upholding provisions for human rights protection and continuously improving working conditions and welfare for our employees, ensuring that each employee can work in a just, fair, and safe environment.



⁹ SA8000: Social Accountability 8000

¹⁰ BSCI: Business Social Compliance Initiative

Social Responsibility Commitment Letter

- **Applicable laws:** Strictly comply with all applicable national laws and regulations, industry minimum standards, mandatory provisions of international labor organizations and United Nations conventions, and other higher requirements.
- **Freedom of association and collective bargaining:** Respect the rights of employees to freely establish and join trade unions and engage in collective bargaining.
- **Non-discrimination:** Prohibit any form of discrimination based on race, social class, nationality, religion, physical disability, gender, sexual orientation, union membership, political affiliation, or age in matters related to recruitment, compensation, training, promotion, dismissal, or retirement.
- **Wages and compensation:** Ensure that the standard monthly wage meets or exceeds the statutory or industry minimum wage standards, meets the basic needs of employees, provides disposable income, and does not deduct wages as punishment.
- **Working hours:** Comply with working time regulations and standards, ensuring that employees have at least one day off after working continuously for six days, and overtime work is voluntary.
- **Workplace health and safety:** Ensure the safety and hygiene of work and living environments, and provide health and safety training for all employees.
- **Prohibition of child labor:** Prohibit the employment of minors below the legal age or who have not completed compulsory education.
- **Prohibition of forced labor and punitive measures:** Prohibit forced labor, the collection of deposits or retention of identity documents, physical or mental coercion, corporal punishment, and verbal abuse.
- **Environmental safety:** Comply with environmental laws and regulations, strengthen environmental protection, and reduce the impact on the environment.
- **Management systems:** Establish a sound management system to ensure the implementation of social responsibility guidelines, anti-bribery/anti-corruption in business activities, regularly review and disclose compliance with guidelines, and make them known to all employees, raising awareness of non-compliant behavior and surpassing social responsibility requirements.

We always adhere to the principle of "hiring and promoting suitable employees" and are committed to attracting outstanding talents from all walks of life through diverse recruitment channels, such as talent market recommendations, campus recruitment, and online recruitment.

In 2023 :

Total number of employees
740

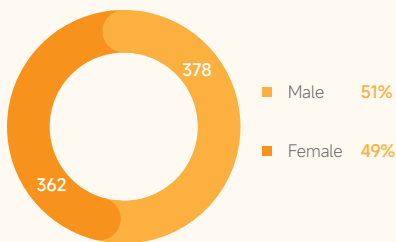
Number of new hires
453

New hire rate
61.22%

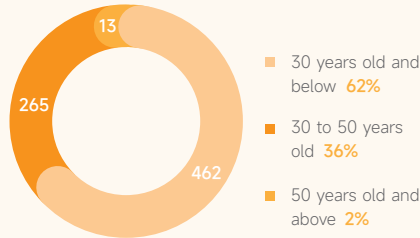
Turnover rate
14.59%

Diversity and Inclusion

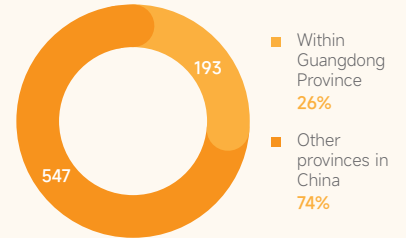
We focus on building a diverse workforce and adhere to the principles of diversity and inclusion in our recruitment process. We strongly oppose any form of employment discrimination. We welcome talented individuals from different backgrounds to join us and uphold the principles of fairness, impartiality, and transparency throughout the recruitment process. We pay special attention to groups such as people with disabilities, ethnic minorities, and veterans, providing them with equal employment opportunities. Additionally, in our overseas operations, we conduct localized recruitment in Indonesia, actively attracting local talents to promote the Company's globalization and innovative development.



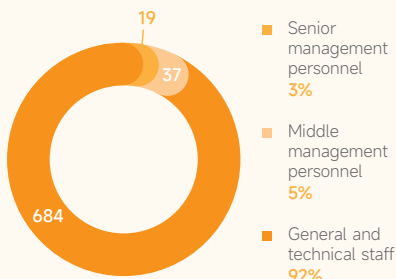
By gender



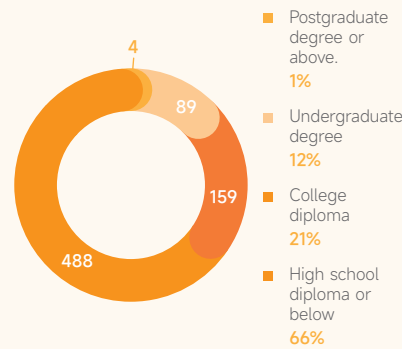
By age



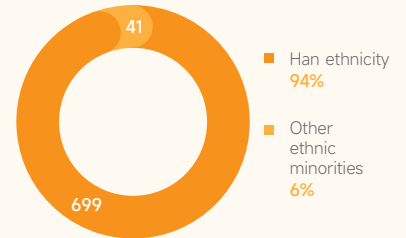
By region



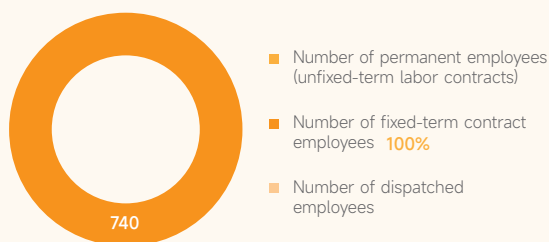
By job level



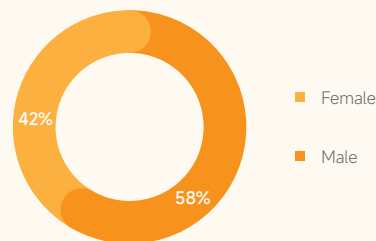
By educational background



By ethnicity/race



By contract type



Distribution of middle and senior management personnel by gender

Salary and Benefits

We strictly adhere to relevant laws and regulations such as the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and the Social Insurance Law of the People's Republic of China. In order to better protect the salary and benefits of our employees, we have established internal systems such as the Salary Management System and Procedure and the Salary System and Employee Level Classification to ensure that the salary system is fair and competitive.

In terms of salary system design, we adhere to the principle of distribution according to work and equal pay for equal work. We have created a "fixed + floating" salary structure that combines stability and motivation for all employees, including basic wages, job allowances, housing subsidies, meal allowances, and performance-based wages (or overtime pay). In addition, we implement market-oriented dynamic salary management to ensure that the salary system can adapt flexibly to market changes and provide employees with reasonable and superior salaries and benefits.

In terms of salary assessment, we have developed performance assessment plans based on the job characteristics of each department. Formal employees undergo monthly, quarterly, and annual assessments, and salary adjustments are provided based on performance results. If employees have any objections to the assessment results, they can appeal to the HR Administration Department, and we will handle it impartially to ensure the protection of employees' legal rights and interests.

In 2023 :

The average salary for employees
RMB**12,900** /person

The average salary for non-senior management employees
RMB**10,900** / person

The median salary for non-senior management employees
RMB**7,300** / person

Employee Care

We are committed to implementing basic benefits such as social insurance, housing provident fund, statutory holidays, annual leave, and maternity/paternity leave to ensure that employees enjoy fundamental rights and protections. Additionally, we provide annual health check-ups to prioritize employee well-being. We also organize a variety of enriching employee activities, including annual trips, team-building events, afternoon tea gatherings, and holiday gift packages. These efforts aim to create a warm and harmonious work environment, enhance job satisfaction, and promote a sense of happiness among employees.



● Team-building activities

Democratic Management

We actively promote closeness with our employees, listen to their opinions, and respect and safeguard their rights to participate in Company decision-making and management. We have established the Employee Complaint Management System that provides an accessible channel for employees to file complaints. When employees face unreasonable job demands, inappropriate compensation, or infringement of personal privacy, they can make complaints through formal channels.

We encourage and allow employees to file complaints if they believe they have encountered any of the following situations:

- Unreasonable work arrangements and demands.
- Inappropriate working conditions and environment.
- Inadequate compensation, benefits, and social insurance.
- Unfair changes in positions, job locations, working conditions, job requirements, and compensation and benefits.
- Violations or illegal actions by individuals or departments that harm the legitimate interests of the Company, department, or individual employees.
- Unfair or unjust treatment from superiors, subordinates, or colleagues.
- Threats, intimidation, coercion, or insults from superiors, colleagues, or subordinates, whether in the form of verbal or physical violence.
- Gender discrimination, disability discrimination, ethnic discrimination, or sexual harassment.
- Invasion of personal privacy and personal interests.
- Any actions that harm the interests of the Company, department, or employees, or any actions that violate Company rules and regulations, regardless of the consequences.

To ensure that employee feedback is promptly addressed, the HR Administration Department conducts regular checks of the suggestion box every two weeks and keeps detailed records of the checks and responses. We require investigations and resolution of complaints to be completed within 7 working days, ensuring that employee voices are heard in a timely manner and that issues are properly resolved.

Complaint channels

Employees can make verbal complaints directly to their immediate supervisors/ employee representatives.

Employees can make written complaints directly to their immediate supervisors/ employee representatives.

Employees can make written complaints directly in the suggestion box located on the ground floor of the Company.

Supporting Employee Development

Hongfu is always committed to the growth and development of our employees. We strictly adhere to various talent promotion and development systems, creating clear and diversified career paths for employees in various fields including production and technology. We provide smooth channels for talent promotion, helping employees enhance their professional competence and job skills, and maximize their personal value.

Career Promotion

We are committed to providing our employees with broad growth opportunities and development prospects. We have established the Employee Career Path and Promotion Management System to clarify the promotion paths and processes for employees and standardize the management of job promotions and internal transfers. We adhere to the principle of promoting both moral character and performance, and comprehensively assess the personal qualities and job capabilities of employees being considered for promotion.

We provide a flexible career promotion mechanism, which includes both step-by-step promotion and leapfrog promotion, as well as vertical and horizontal promotion. In general, employees can be promoted step by step, and those who demonstrate exceptional performance and make outstanding contributions can be promoted ahead of their peers. Employees can choose vertical promotion in terms of job position or expertise, or develop horizontally across different job sequences. We fully respect the employees' preferences and provide them with a platform and opportunities for cross-sequence development, thereby enhancing the flexibility and adaptability of employee development and achieving mutual growth for talents and the Company.





Professional Training

We implement a training strategy that combines internal and external resources. In addition to onboarding training, we closely align with employees' professional fields and tailor personalized training content for different positions, such as production, technology, and sales. We regularly invite external instructors to conduct training sessions and actively encourage employees to participate in external training programs. We also encourage employees to obtain relevant certifications to continuously deepen their professional knowledge in their respective roles. Through a series of training initiatives, we are committed to enhancing employees' personal qualities, strengthening their competitiveness in the workplace, and injecting vitality into the continuous development of both the Company and its employees.

Onboarding training

It covers training content such as company introduction, organizational structure, corporate culture, health and safety.

Position-specific training

It covers training content such as product quality requirements, job procedures, key process operation skills, etc. Operators and inspectors involved in key processes need to pass the training assessment and hold a certificate before they can be employed. Specialized personnel such as internal auditors and electricians also need to obtain a training qualification certificate before they can be hired.

External training

The training is provided to enhance employees' professional technical knowledge and skills application.

In 2023 : The number of new employee trainings was **456**, with a training duration of **2** hours.

The total number of participants **186**

A training duration of **42** hours

In 2023, the Hongfu Research and Development Department organized multiple fragrance training sessions, sharing sessions, and technical exchange lectures throughout the year. The total number of participants reached 186, with a training

Fragrance sharing sessions

- Introduce 16 exclusive fragrance raw materials and flavor restrictions from the Netherlands, Lithuania, and Latvia.
- Share the preferred monomers and flavor ingredients for imparting fruity acidity and beverage tartness.
- Share methods and ingredients for enhancing the taste and sensation of carbonation.
- Evaluate the application of new sweeteners in e-liquid, and explore the effects and dosage of their incorporation.
- Share methods for improving the fruity sensation in apple-flavored e-liquid.
- Share monomer ingredients for enhancing the top note flavor of peach e-liquid.
- Share flavor ingredients for enhancing the characteristic sensation of watermelon flavor e-liquid.

Fragrance blending lecture

Prior to the fragrance blending lecture, we conducted research on 30 individual flavors, assessing their strengths and weaknesses, and shared the findings with two experienced perfumers. Based on the research results, they proposed optimization strategies and usage of ingredients, which were then incorporated into the training materials. We systematically studied the approach to flavor blending, discussed challenges, and explored optimization methods within the constraints of prohibited ingredients. Additionally, we collectively explored the development approach for new e-liquid flavors.



Case: The National Vocational Skills Training for the Flavor and Fragrance Industry and the Specialized Training on Scientific Instruments and Analytical Testing Techniques in 2023



From April 24th to 26th, 2023, the National Productivity Promotion Center for the Light Industry Flavor and Fragrance Industry, along with other organizations, jointly held the National Vocational Skills Training for the Flavor and Fragrance Industry and the Specialized Training on Scientific Instruments and Analytical Testing Techniques (Intermediate Level) at the Analytical Testing Center of the Shanghai Research Institute of Chemical Industry.

This training program combined theoretical lectures with hands-on practical exercises. It invited experts in the field of analytical testing and senior application engineers from instrument manufacturers to provide systematic explanations on the principles of chromatographic analysis, mass spectrometry analysis, and the combined use of these techniques. The training covered various aspects of analysis, including sample preparation, method development, and data processing.

Through rich case studies and teaching, the participants' analytical testing skills were enhanced. During the training, two employees from Hongfu successfully obtained their certificates of completion.



○ Training venue




○ Certificate of completion


Case: Employees participated in Agilent instrument training

From May 23rd to 25th, 2023, the Company organized a three-day training session on Agilent instruments, with a total of 12 professional technicians participating. During the 8-hour training, the participants gained in-depth understanding of the performance characteristics and usage methods of Agilent instruments through practical operations and case analysis. All participants successfully passed the training assessment and received training certificates, providing strong support for the Company's instrument operation and maintenance work.



 Training venue for instruments




 Certificate of achievement

Case: Training on Middle East e-cigarette laws and regulations

On December 2nd, 2023, Hongfu Technology Innovation Co., Ltd. organized a training session on Middle East e-cigarette laws and regulations, with a total of 44 employees participating. This training helped employees gain in-depth understanding and mastery of the legal environment of the e-cigarette market in the Middle East, enhancing the Company's risk prevention and control capabilities and overall competitiveness.



 The cover of training materials



 Training venue

Hongfu supports employees in academic advancement

In accordance with the Company's development needs and the current educational structure of employees, we have implemented incentive measures such as paid exams to encourage employees to enhance their academic qualifications through self-study, correspondence courses, full-time or part-time study, and other methods. In 2023, a total of 33 employees participated in the academic advancement program, with 9 of them receiving subsidies from the Rules for the Implementation of the Dongguan 'Multiplier Plan' Subsidy Program for Enhancing the Qualifications of Enterprise Management Personnel. This has stimulated employees' enthusiasm for participating in academic education and further enhanced the overall talent quality and competitiveness of the Company.

Establishing a Solid Safety Bottom Line

Hongfu adheres to the principle of "safety first, prevention-oriented, comprehensive management" in production safety. We strengthen the safety management system, improve institutional construction, carry out thorough inspections of safety hazards, and enhance emergency preparedness. We actively enhance employees' safety awareness through training and implement diverse and meticulous safety and health protection measures. Our aim is to prevent production safety accidents from the root, protect the lives and health of employees, and promote the sustainable development of the Company in terms of safety, health, and efficiency.

Safe Production

The signing rate of the Production Safety Responsibility Agreement **100%**

We strictly adhere to the People's Republic of China Production Safety Law and have formulated multiple production safety regulations. We have also established a Production Safety Committee to comprehensively supervise and implement daily production safety work. We stipulate that at least one safety-themed meeting should be held before the 20th of the first month of each quarter to coordinate and resolve production safety issues from the previous quarter, as well as plan and deploy production safety work for the current quarter. This helps to create a safe and stable production environment.

We have developed the Employee Production Safety Responsibility Agreement, which clearly defines safety objectives and management indicators. To ensure that responsibilities are implemented at all levels, we follow the principle of "signing at each level." The General Manager signs with department heads, department heads sign with employees, and the signing rate of the Production Safety Responsibility Agreement reaches 100%. By signing this agreement, we ensure that every employee has a deep understanding of the importance of production safety and collectively create a safe working environment.

Safety objectives

- ▶ Ensure zero fatalities in production safety throughout the year.
- ▶ Ensure zero serious injuries in production safety throughout the year.
- ▶ Achieve a 100% rate of rectifying safety hazards.

Safety management indicator

- ▶ Strengthen equipment maintenance and familiarize oneself with the nature of hazardous substances related to the job, as well as be knowledgeable about first aid methods.
- ▶ Employees must dress according to the specified requirements and carry valid certifications when on duty.
- ▶ Strictly adhere to the process flow and ensure that safety production information is handed over during shift changes.

In accordance with the General Regulations for the Safety Production of Electronic Cigarettes and Related Products issued by the China Safety Industry Association in 2021, the Company has put forward clear requirements for production sites, production processes, and emergency management. We focus on risk prevention and control in production safety and the investigation and management of safety hazards. We adopt a cycle model of "planning, execution, inspection, and action" to establish an enterprise safety production system and ensure the safety and stability of the production process.

Requirements
for
production
sites

Production environment management: The production environment for food-grade products should comply with the General Hygiene Specifications for Food Production (GB14881-2013) national standard requirements.

Fixed placement management: Workstation equipment should be classified and placed accordingly. Raw materials should be stored according to their composition and corresponding temperature and humidity requirements.

Equipment management: Clear safety warning signs should be set up based on the safety risk characteristics of the workplace. Firefighting equipment should be provided and regularly inspected and maintained.

Requirements
for
production
processes

Traceability control: The retention time of inspection records for products should be consistent with the product's lifecycle.

Factory requirements: The packaging of products should indicate information such as the manufacturer, place of origin, shelf life, and storage conditions.

Emergency
management
requirements

Develop emergency rescue plans and regularly organize emergency drills for employees.





Safety Hazard Inspections

We have established a Safety Inspection System that requires departments at all levels to conduct regular safety inspections. We strictly control safety risks to ensure the safety and stability of our company's production and operations.

Types and frequencies of safety inspections

- **Comprehensive company inspection:** At least once every six months.
- **Comprehensive laboratory inspection:** At least once every quarter.
- **Specialized inspection:** At least once every six months.
- **Seasonal inspection:** At least once every quarter.
- **Inspection before major events or holidays:** One inspection arranged before major events or holidays.
- **Job safety inspection:** Employees at each position should conduct at least one inspection per day.
- **Daily safety patrol:** Safety administrators should conduct at least one inspection per day for the Company.
- **Other types of inspections:** Inspection teams established by the organizational inspection department, with department heads serving as team leaders.

In addition to routine safety inspections, we will conduct specialized safety inspections in the following situations:

- When new laws, regulations, standards, or specifications are promulgated and implemented, or when existing applicable laws, regulations, standards, or specifications are revised.
- When there are significant changes in process equipment, electrical systems, instruments, utilities, or operating parameters, risk assessments should be conducted in accordance with change management requirements.
- When accidents or attempted accidents occur.
- When there are significant changes in climate conditions or when major natural disasters are forecasted.
- When government authorities require inspections.
- When major safety accidents occur in the same industry.

At the same time, we have established the Hazard Investigation and Control System to systematically organize the identification and management of hazards. This ensures the timely detection and effective elimination of hazards, achieving a closed-loop management of safety hazards and ensuring production safety.

Requirements for hazard investigation and control

- Clear standards: Organize the development of hazard investigation and control standards and risk identification checklists, clarify deadlines, scope, content, and requirements, and conduct relevant training to ensure the safety management of departments, positions, locations, and facilities.
- Hazard investigation: Utilize various inspection methods to identify hazards and assess risks based on safety production needs. Establish checklists and databases, and implement monitoring and control measures according to division of responsibilities.
- Hazard control and management: Based on the results of investigation and identification, develop control measures and governance plans to promptly address hazards and control risks.
- During the hazard control process: Take necessary monitoring and preventive measures for identified hazards. If safety cannot be guaranteed, evacuate personnel, evacuate affected individuals, set up warning signs, and suspend the use of relevant facilities or halt production.
- After hazard control: Evaluate and accept the control situation according to regulations. For significant hazard control, organize internal safety management personnel and technical personnel to conduct acceptance or entrust professional institutions to conduct assessments.



Safety Emergency Management

We have established a comprehensive emergency preparedness and response mechanism and formulated the Emergency Preparedness and Response Control Procedure to clarify the process and requirements for emergency response. We have also developed detailed Safety Production Emergency Plans that outline response measures for different emergency situations, ensuring that employees can respond quickly and orderly to unforeseen events. In addition, we have implemented the Emergency Rescue Management System to standardize the construction and management of emergency rescue teams, improving the professionalism and efficiency of emergency response. This forms a closed-loop management for emergency situations, effectively preventing and controlling potential environmental accidents or emergencies within the Company.

Emergency response measures

- Immediately report to superiors and take predetermined emergency measures to prevent the situation from escalating when an emergency situation occurs. If the situation is out of control, ensure personal safety and evacuate in a timely manner.
- If someone is injured or poisoned, report immediately and arrange for medical treatment or on-site first aid.
- Chemical storage areas are equipped with fire-fighting equipment and fire sand. In the event of a leak, emergency measures should be taken according to the Chemical Safety Data Sheet.
- In the event of an environmental accident, promptly investigate the cause, take measures, and report to superiors immediately.
- Before the arrival of typhoons or heavy rain, departments should take precautions, inspect doors and windows, and ensure the safety of billboards and bulletin boards. If necessary, move items to a safe place.
- When a fire or explosion cannot be controlled, call "119" for emergency assistance and send someone to the intersection to meet emergency responders.

In conjunction with the three-level education system for entering the factory, we regularly provide professional training for emergency rescue personnel. We organize centralized learning sessions every six months to ensure that they maintain their emergency response capabilities at all times. Additionally, we conduct annual emergency rescue knowledge training for all company employees to promote safety awareness and enhance their self-help and mutual aid abilities. At the same time, we require employees to meet the "Four Understandings" standard, which includes understanding the dangers of leaks and fires, preventive measures, safe disposal methods, and evacuation techniques. They are also expected to meet the "Four Skills" standard, which includes knowing how to report emergencies, proficiently use fire extinguishers, extinguish initial fires, and master evacuation skills.

The main training content for emergency management includes:

- All emergency personnel must be familiar with the knowledge of various hazardous substances in the storage area, including their physical and chemical properties, hazards, protective measures, first aid, and emergency handling methods, as well as the process flow and safe use of equipment.
- Regularly organize all employees to study legal, safety, production knowledge, and emergency response plans.

- Familiarize themselves with evacuation routes and assembly points during accidents.
- Master methods of poisoning prevention and treatment, and enhance self-help, mutual aid, disaster resistance, and disaster relief capabilities.

We strictly enforce safety production work, and for accidents that have occurred, we firmly adhere to the principle of "Four No Let-Go": not letting go until the cause of the accident is determined, not letting go until the responsible personnel are dealt with, not letting go until rectification measures are implemented, and not letting go until relevant personnel are educated. We handle accidents seriously to ensure the long-term safety of production.

At the same time, we have established the Fire Safety Management System and regularly organize fire emergency knowledge training and drills to enhance employees' awareness of fire safety and their ability to respond, ensuring the Company's fire safety.



Case: The Company conducted a fire drill activity with the theme of "Everyone Pays Attention to Fire Safety, Life Safety First"



On November 14, 2023, the Company, in collaboration with Songyuan Innovation Science and Technology Park property, held a fire drill with a total of 527 participants. Prior to the drill, the staff of Dalang Xinmalian Village Fire Emergency Office conducted training on fire emergency plans, imparted fire knowledge, and focused on explaining the use of fire equipment and fire extinguishers through practical exercises. This drill helped improve employees' awareness of fire safety and emergency response capabilities. In the future, we will continue to strengthen the training, promotion, and organization of fire drills to ensure the safety of the Company and its employees.



○ Fire drill

In 2023 :

Conducted fire emergency knowledge and drill training, with a total of **933** participants.

Safety Education and Training

In order to enhance employees' awareness and knowledge of safety production, we have formulated the Safety Education and Training System and an annual training plan, which can be flexibly adjusted to meet actual needs. We provide specialized training for different personnel, such as key responsible persons, safety management personnel, and special operation personnel. New employees receive three levels of safety education, while employees who change positions or resume work receive retraining. We also pay attention to "Four News" (new technology, new materials, new equipment, and new processes) and occupational health education to comprehensively improve employees' safety literacy.

Training content for key responsible persons:

- National safety production policies, regulations, rules, and standards
- Basic knowledge, techniques, and professional knowledge of safety production management
- Management of major hazards, accident prevention, emergency management, rescue organization, and accident investigation and handling regulations
- Occupational hazards and preventive measures
- Advanced safety production management experience from both domestic and international sources
- Analysis of typical accidents and emergency rescue cases

On August 7, 2023, we successfully held 8-hour pre-job safety training for 500 employees. The training was conducted in a clear and interactive manner, and it significantly enhanced employees' safety awareness and operational skills.

Pre-job safety training for Level 3 positions

Company level

- ▶ The safety production situation and basic knowledge of safety production and occupational health in the Company
- ▶ The safety production regulations and labor discipline in the Company
- ▶ The rights and obligations of employees in safety production
- ▶ Other training content related to accident cases, etc.

Department (laboratory) level

- ▶ Working environment and hazardous factors
- ▶ Occupational injuries and accidents that may occur in the job
- ▶ Safety responsibilities, operating skills, and mandatory standards for the job
- ▶ Self-rescue, mutual aid, first aid methods, evacuation, and handling of on-site emergencies
- ▶ Use and maintenance of safety equipment, facilities, and personal protective equipment
- ▶ Safety production situation and regulations in the department (laboratory)
- ▶ Measures to prevent accidents and occupational hazards, and safety precautions to be taken

Team-level

- ▶ Job-specific safety operating procedures
- ▶ Safety and occupational health issues related to the coordination and cooperation between different positions
- ▶ Other training content related to accident cases, etc.

 Case: Organized safety management training

On December 16, 2023, a total of 150 people participated in the Employee Safety Education Training, Fire Emergency Firefighting Knowledge Training, and Laboratory Safety Special Training. This included all members of the R&D department, the innovation researchers, and the sales department's business team.



 Training venue

In 2023 :



Major safety accidents
0



The investment in safety production
RMB90,251.22

Occupational Health and Safety

We adhere to the occupational health policy of "safety first, people-oriented, compliance with laws and regulations, continuous improvement". We strictly comply with the Occupational Disease Prevention and Control Law of the People's Republic of China and actively implement the requirements of the Occupational Health and Safety Management System (ISO 45001). We have established management systems such as the Occupational Health Management System, the Special Operations Personnel Management System, and the Personal Protective Equipment Management System to ensure the improvement and effective operation of the occupational health and safety management system. We always fulfill our responsibility to protect the health of our employees, ensuring strict checks and implementation at all levels, and providing a safe and healthy working environment for our employees.



 Occupational Health and Safety Management System Certification¹¹

¹¹ The Occupational Health and Safety Management System complies with the standards GB/T 45001-2020/ISO 45001:2018 and applies in the following area: manufacturing and related management activities of e-liquid Dongguan Hongfu Biotechnology Co., Ltd.

We have established the Hazard Identification and Risk Assessment Management Procedure which comprehensively categorizes hazards, including accident categories, direct causes of occupational hazards, and categories of occupational diseases. We have carefully classified them in accordance with the provisions of the Scope of Occupational Diseases and the Measures for Handling Occupational Disease Patients. Furthermore, we have conducted a level assessment of their degree of danger and created the Hazard Identification and Risk Assessment Table, which serves as a strong basis for the prevention and identification of occupational diseases among our employees.

Management measures for workplace hazards include:


- Providing personal protective equipment for employees.
- Conducting annual hazard factor monitoring by a third-party testing organization.
- Regular maintenance and servicing of high-noise equipment.
- Installing ventilation ducts in production workshops to reduce odors.
- Arranging pre-employment, during-employment, and post-employment occupational disease medical examinations for employees.

Case: Providing employees with protective equipment for highly toxic substances

We provide our employees who handle highly toxic substances with safety protective equipment, such as protective clothing and gas masks, that meet safety standards. We also require employees who will come into contact with toxic chemicals during their work processes to hold certification. For example, employees in positions such as nicotine operators, nicotine warehouse managers, and nicotine administrators must possess the Highly Toxic Substance Practitioner Certificate issued by the Guangdong Chemical Industry Association. This ensures that employee operations during the production process comply with regulations and maximizes employee safety.

Case: Providing employees with noise and e-liquid odor protection equipment

We strive to create a healthy and comfortable working environment for every employee. For employees in noisy positions, we provide earplugs specifically to protect their hearing health. For positions with strong odors in the work environment, we have prepared activated carbon masks to protect their respiratory system. In 2023, we conducted a comprehensive upgrade of the e-liquid workshop, installing ventilation ducts to effectively reduce the presence of odors in the workshop.



○ Employees wearing protective equipment



In 2023, we invited a third party to conduct a comprehensive assessment of occupational hazards in the workplace, including harmful substances such as workplace chemicals, noise factors, and occupational exposure evaluations exceeding standard working hours. According to the assessment, all 19 testing positions in Hongfu have occupational hazard factors that do not exceed the occupational exposure limit, meeting the hygiene requirements.

Occupational health education and training

We have established the Occupational Health and Safety Education and Training Management Procedure to refine the work of health and safety training, prevent accidents of all kinds, and reduce the impact of accidents.

- Employees are trained and assessed on occupational disease prevention and control regulations and basic knowledge. We organize learning and implementation of relevant national regulations to enhance legal awareness.
- Management and operational personnel must master and correctly use and maintain occupational health protection facilities and personal protective equipment. They should also have knowledge of self-rescue and mutual aid in case of poisoning and conduct corresponding drills.
- Employees engaged in work involving occupational hazards must receive pre-employment education on occupational health and prevention regulations, labor protection knowledge, and training on protective equipment. They can only start working after passing the qualification assessment.
- We provide occupational health education prior to production inspection and maintenance, focusing on occupational disease hazards and potential acute poisoning that may occur during inspection and maintenance. The emphasis is on self-protection and emergency handling measures.

At the same time, we attach great importance to the health and safety of external workers and have developed the Management System for Relevant Parties and External Workers (Units). This system strengthens the safety management of various external collaborative projects within the Company's region, effectively avoids safety risks, prevents accidents, and ensures the smooth operation of the Company's production and operation.

In 2023 :

100% of employees participated in safety training, with a **100%** pass rate

Cases of occupational diseases
0

Annual medical examination coverage rate **77%**

Health protection for female employees

We comply with and adhere to the Law of the People's Republic of China on the Protection of Women's Rights and Interests and have established the System for the Safety Protection of Female Workers and Minors. We arrange labor and employment in accordance with the physiological characteristics of women to ensure equal pay for equal work between men and women. During recruitment, we make efforts to hire more female employees for professions suitable for women. For occupations that may affect the normal physiological functions of women or have adverse effects on the health of female employees and their offspring, we strictly prohibit or restrict the participation of women, thereby ensuring the safety and health of female workers and effectively preventing accidents and injuries related to physical health.

Special protection measures for female employees

- Units and laboratories are prohibited from refusing to hire, dismissing, or reducing the salary of female employees due to marriage, pregnancy, childbirth, breastfeeding, or other reasons. In terms of employee grading, promotion, and salary adjustments, gender equality should be upheld, and discrimination against women is strictly prohibited.
- Female workers are prohibited from engaging in particularly heavy physical labor (Level II I or above) and toxic or hazardous operations during the production process.
- During special periods such as menstruation, pregnancy, childbirth, breastfeeding, and menopause, female employees may be reassigned to suitable work or exempted from night shifts to ensure their health.
- Female employees are entitled to 1 hour of rest and breastfeeding time during work for each day during the early stages of pregnancy, the three months before delivery, or the lactation period, and they should receive their regular wages according to regulations.
- For jobs that are harmful to the health of female employees, laboratories should adopt measures such as shortening working hours and implementing shift systems to improve working conditions.



Social Responsibility

Contributing to Public Welfare

Stakeholder: Community

United Nations
Sustainable Development Goals



06



Hongfu adheres to the values of "people-oriented, responsibility-first," actively assuming corporate social responsibility and achieving the organic integration of commercial and social values. The Company allocates resources across various social sectors, actively participates in community building and activities, and brings positive impacts to society.



Case: Hongfu participated in the "Dongguan Volunteer Police, Safeguarding the Peace of the City" activity, and jointly guarded the safety of the community



We have actively engaged in social welfare, responding to the call of "Dongguan Voluntary Police, Safeguarding the Peace of the City", and organized over 60 employees to join the Dongguan Voluntary Police team. We have assisted local police stations in anti-fraud publicity activities, such as distributing promotional materials and conducting on-site explanations, to enhance residents' anti-fraud awareness and contribute to community safety.



● Hongfu volunteer police team

Appendix

ESG Key Performance Table

Topic	Indicators	Unit	2023	2022
Governance				
Financial	Operating income	Million RMB	1,592.05	1,234.38
	Annual output value	Million RMB	1,627.8	1,326.34
Anti-corruption	Number of valid reports received	Number of cases	0	0
	Number of corruption cases concluded	Number of cases	0	0
	Incidents of disciplinary infractions	Number of cases	0	0
	Number of persons dealt with for disciplinary infractions	Number of persons	0	0
Litigation cases	Number of corruption cases filed and concluded against the enterprise or its employees	Number of cases	0	0
	Health and safety aspects of products and services	Number of cases	0	0
	Product information and labeling	Number of cases	0	0
	Marketing	Number of cases	0	0
	Customer privacy and information	Number of cases	0	0
	Environment	Number of cases	0	0
	The cases involving intellectual property infringement or being infringed upon	Number of cases	0	0
	Amount of money lost due to lawsuits related to anti-competitive behavior regulations	10,000 RMB	0	0
Social				
Employment & diversity	Total number of employees	Number of employees	740	373
	By gender			
	Male	Number of employees	378	204
	Female	Number of employees	362	169
	By age			
	30 years old and under	Number of employees	462	199
	30 to 50 years old	Number of employees	265	168
	Over 50 years old	Number of employees	13	6

Topic	Indicators	Unit	2023	2022
Social				
Employment & diversity	By contract type			
	Number of permanent employees (without fixed-term contracts)	Number of employees	0	0
	The number of employees on fixed-term contracts	Number of employees	740	373
	The number of employees on temporary assignments or contracted through labor dispatch	Number of employees	0	0
	By job levels			
	Senior management	Number of employees	19	9
	Middle management	Number of employees	37	15
	General and technical staff	Number of employees	684	349
	By education level			
	Graduate degree and above	Number of employees	4	2
	Bachelor's degree	Number of employees	89	53
	Associate's degree	Number of employees	159	101
	High school diploma and below	Number of employees	488	217
	By ethnicity/race			
	Han ethnic group	Number of employees	699	347
	Other minorities	Number of employees	41	26
	By region			
	Guangdong province	Number of employees	193	104
	Other provinces in China	Number of employees	547	269
	Overseas, Hong Kong, Macao and Taiwan	Number of employees	0	0
Types of socially responsible recruitment				
Employees with disabilities in employment	Number of employees	6	0	
Veterans in employment	Number of employees	4	0	
Management diversity	Distribution of middle and senior managers by gender			
	Male	%	58.18	58.33
	Female	%	41.82	41.67
Employee recruitment and retention	New hires	Number of employees	453	251
	New entry rate	%	61.22	67.29
	Employee turnover	Number of employees	108	109
	Employee turnover rate	%	14.59	29.22

Topic	Indicators	Unit	2023	2022
Social				
Employee benefits/salary	Average employee salary	10,000 RMB per employee	1.29	1.42
	The average salary of non-senior management employees	10,000 RMB per employee	1.09	1.14
	The median salary of non-senior management employees	10,000 RMB per employee	0.73	0.77
Employee care	The annual medical examination coverage rate for employees	%	77	74.26
Training	Total number of employees trained	Number of employees	740	373
	By gender			
	Male	Number of employees	378	204
	Female	Number of employees	362	169
	By function			
	Senior management	Number of employees	19	9
	Middle management	Number of employees	37	15
	General and technical staff	Number of employees	684	349
	The percentage of trained employees	%	100	100
	By gender			
	Male	%	51.08	55
	Female	%	48.92	45
	By function			
	Senior management	%	2.57	2
	Middle management	%	5	4
	General and technical staff	%	92.43	94
	Total hours of training	Hours	11,744.5	1,884.8
	By gender			
	Male	Hours	5,740.7	1,019.5
	Female	Hours	6,003.8	865.3
	By function			
	Senior management	Hours	200.8	147
	Middle management	Hours	432.2	318
General and technical staff	Hours	11,111.5	1,420	
The average number of training hours per person	Hours	15.87	5.05	



Topic	Indicators	Unit	2023	2022	
Social					
Occupational health and safety	Number of occupational accidents	Number of cases	2	0	
	Number of work-related injuries	Number of employees	2	0	
	Number of working days lost due to work-related injuries	Number of days	188	0	
	Number of work-related deaths	Number of employees	0	0	
	The rate of occupational fatalities	%	0	0	
	Occupational safety training				
	Total number of occupational safety trainings	Number of trainings	7	4	
	Total number of trainees in occupational safety training	Number of employees	506	376	
	Total number of trainees in occupational safety training	Person-time	767	376	
	Total hours of occupational safety training	Hours	5,296	683	
	Total investment in occupational safety training	10,000 RMB	4	0.28	
Production safety	Emergency drills conducted	Number of trainings	5	3	
	Regular and irregular security inspections	Number of inspections	30	16	
	The number of identified hazards	Number of identified hazards	24	11	
	The rate of hazard rectification	%	100	100	
	Investment in production safety	10,000 RMB	9.03	5.15	
Customer complaints	Number of customer complaints	Number of complaints	4	3	
	Number of complaints handled	Number of complaints handled	4	3	
Customer privacy	Number of customer privacy breaches	Number of customer privacy breaches	0	0	
Product recall	Product recalls during the year	Number of product recalls	0	0	
	Number of product recalls during the year (number of units/sales involved as a percentage of all units/sales sold)	%	0	0	
Innovation and R&D	Cumulative patent applications	Number of patents	46	30	
	Cumulative granted patents	Number of patents	38	28	
	New patent applications	Number of patents	16	/	
	New granted patents	Number of patents	10	/	
	R&D investment	10,000 RMB	6,067.05	4,202.22	
Supply chain management	Total number of suppliers	Number of suppliers	85	74	
	Northeastern China	Number of suppliers	1	0	
	North China	Number of suppliers	1	2	
	Eastern China	Number of suppliers	24	21	
	Southern China	Number of suppliers	48	41	

Topic	Indicators	Unit	2023	2022
Social				
	Central China	Number of suppliers	7	6
	Southwest China	Number of suppliers	3	3
	Northwest Territories	Number of suppliers	1	1
	Number of suppliers audited annually	Number of suppliers	7	8
	Number of suppliers assessing social/environmental impact	Number of suppliers	7	8
	Suppliers whose relationships have been terminated due to social/environmental issues	Number of suppliers	0	0
	Proportion of signatures on the Supplier Integrity Commitment	%	100	100
	Suppliers certified to ISO 14001 as at the end of the reporting year	Number of suppliers	15	12
	Suppliers certified to OHSAS 18001/ISO 45001 as at the end of the reporting year	Number of suppliers	10	6
	Suppliers certified to ISO 9001 s as at the end of the reporting year	Number of suppliers	33	30
Environmental				
Water consumption	Total water consumption	m³	17,746	8.42×10³
Industrial waste water¹²	Total industrial wastewater discharge	m³	2.10×10³	1.50×10³
	Chemical Oxygen Demand (COD)	tons/m ³	4.92×10 ⁻⁴	4.67×10 ⁻⁴
	Suspended solids	tons/m ³	2.70×10 ⁻⁵	1.40×10 ⁻⁵
	Ammonia nitrogen	tons/m ³	1.51×10 ⁻⁶	5.98×10 ⁻⁶
Domestic sewage¹⁵	Total domestic sewage discharge	m³	1.414×10³	1.01×10³
	Chemical Oxygen Demand (COD)	tons/m ³	3.23×10 ⁻⁴	3.49×10 ⁻⁴
	Suspended solids	tons/m ³	3.9×10 ⁻⁵	2.06×10 ⁻⁴
	Ammonia nitrogen	tons/m ³	4.94×10 ⁻⁶	4.50×10 ⁻⁶
Energy	Total energy consumption	tce	133.2	7.74×10¹
	Energy intensity	tce/million RMB of revenue	0.08	5.55×10 ⁰
	Consumption of purchased electricity	kWh	1,046,675.45	599,500
	Gasoline usage	Liter	4,247.82	3.41×10 ³
Greenhouse gas emissions	Total GHG emissions (Scope I + Scope II)	tCO₂e	675.49	359.3
	Scope I greenhouse gas emissions	tCO ₂ e	78.57	1.73×10 ¹
	Scope II greenhouse gas emissions	tCO ₂ e	596.92	3.42×10 ²
Packaging materials	Paper	Kg	4,920	/
	Plastic barrels	Kg	443,130	308,771
Material	The amount of office paper consumption	Kg	4,881.94	2,070

¹² Industrial wastewater in 2023 is an estimated value.¹⁵ Domestic wastewater in 2023 is an estimated value.

Topic	Indicators	Unit	2023	2022
Environmental				
Waste	Total waste	tons	198.05	72.3
	Waste emission intensity	tons/million RMB of revenue	0.12	0.06
	Hazardous waste	tons	1.75	0.6
	Ink cartridges, toner cartridges	tons	0.03	0.01
	Waste fluorescent tubes	tons	0.02	0.01
	Percentage of hazardous waste recycled	%	100	100
	Household/office waste	tons	174	57.2
	General industrial solid waste generation	tons	22	14.5
	General industrial solid waste recycling volume	tons	22	14.5

GRI Index

Statement of use	Dongguan Hongfu Biotechnology Co., Ltd. reported the period from January 1, 2023 to December 31, 2023 with reference to GRI standards.
GRI 1	GRI 1: Foundation 2021
Applicable GRI industry standards	No applicable GRI industry standard

GRI Standards	Number	Disclosure	Location
GRI 2: General Disclosures 2021	2-1	Organizational details	About Hongfu
	2-2	Entities included in the organization’s sustainability reporting	About the Report
	2-3	Reporting period, frequency and contact point	About the Report
	2-4	Restatements of information	
	2-5	External assurance	
	2-6	Activities, value chain and other business relationships	
	2-7	Employees	Employee Responsibility Empowering Talent Development
	2-8	Workers who are not employees	
	2-9	Governance structure and composition	
	2-10	Nomination and selection of the highest governance body	
	2-11	Chair of the highest governance body	
	2-12	Role of the highest governance body in overseeing the management of impacts	
	2-13	Delegation of responsibility for managing impacts	

GRI Standards	Number	Disclosure	Location
GRI 2: General Disclosures 2021	2-14	Role of the highest governance body in sustainability reporting	ESG Management
	2-15	Conflicts of interest	
	2-16	Communication of critical concerns	
	2-17	Collective knowledge of the highest governance body	
	2-18	Evaluation of the performance of the highest governance body	
	2-19	Remuneration policies	
	2-20	Process to determine remuneration	
	2-21	Annual total compensation ratio	
	2-22	Statement on sustainable development strategy	
	2-23	Policy commitments	
	2-24	Embedding policy commitments	
	2-25	Processes to remediate negative impacts	
	2-26	Mechanisms for seeking advice and raising concerns	
	2-27	Compliance with laws and regulations	Ensuring Compliance in Operation
	2-28	Membership associations	
	2-29	Approach to stakeholder engagement	Stakeholder Communication
2-30	Collective bargaining agreements		
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Management of Material Topics
	3-2	List of material topics	Management of Material Topics
	3-3	Management of material topics	Management of Material Topics
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	ESG Key Performance Table
	201-2	Financial implications and other risks and opportunities due to climate change	Responding to Climate Change
	201-3	Defined benefit plan obligations and other retirement plans	
	201-4	Financial assistance received from government	
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	
	202-2	Proportion of senior management hired from the local community	
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	
	203-2	Significant indirect economic impacts	
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	
	205-2	Operations assessed for risks related to corruption	Anti-Corruption and Clean Governance
	205-3	Confirmed incidents of corruption and actions taken	Anti-Corruption and Clean Governance

GRI Standards	Number	Disclosure	Location
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Anti-Monopoly and Fair Competition
GRI 207: Tax 2019	207-1	Approach to tax	
	207-2	Tax governance, control, and risk management	Legal Tax Compliance
	207-3	Stakeholder engagement and management of concerns related to tax	
	207-4	Country-by-country reporting	
GRI 301: Materials 2016	301-1	Materials used by weight or volume	ESG Key Performance Table
	301-2	Recycled input materials used	
	301-3	Reclaimed products and their packaging materials	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	ESG Key Performance Table
	302-2	Energy consumption outside of the organization	ESG Key Performance Table
	302-3	Energy intensity	ESG Key Performance Table
	302-4	Reduction of energy consumption	
	302-5	Reductions in energy requirements of products and services	
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Water Resource Management
	303-2	Management of water discharge related impacts	Wastewater Management
	303-3	Water withdrawal	
	303-4	Water discharge	Wastewater Management
	303-5	Water consumption	Water Resource Management
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	
	304-2	Significant impacts of activities, products and services on biodiversity	
	304-3	Habitats protected or restored	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	
GRI 305: Emissions 2020	305-1	Direct (Scope 1) GHG emissions	Responding to Climate Change
	305-2	Energy indirect (Scope 2) GHG emissions	Responding to Climate Change
	305-3	Other indirect (Scope 3) GHG emissions	
	305-4	GHG emissions intensity	
	305-5	Reduction of GHG emissions	
	305-6	Emissions of ozone-depleting substances (ODS)	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	

GRI Standards	Number	Disclosure	Location
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Waste Management
	306-2	Management of significant waste related impacts	Waste Management
	306-3	Waste generated	Waste Management
	306-4	Waste diverted from disposal	Waste Management
	306-5	Waste directed to disposal	Waste Management
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Building Responsible Supply Chain
	308-2	Negative environmental impacts in the supply chain and actions taken	
GRI 402: Labor/Management Relations 2016	401-1	New employee hires and employee turnover	ESG Key Performance Table
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Salary and Benefits
	401-3	Parental leave	Salary and Benefits
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Occupational Health and Safety
	403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety
	403-3	Occupational health services	Occupational Health and Safety
	403-4	Worker participation, consultation, and communication on occupational health and safety	
	403-5	Worker training on occupational health and safety	Occupational Health and Safety
	403-6	Promotion of worker health	Occupational Health and Safety
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety
	403-8	Workers covered by an occupational health and safety management system	Occupational Health and Safety
	403-9	Work-related injuries	ESG Key Performance Table
	403-10	Work-related ill health	Occupational Health and Safety
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	ESG Key Performance Table
	404-2	Programs for upgrading employee skills and transition assistance programs	Professional Training
	404-3	Percentage of employees receiving regular performance and career development reviews	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	ESG Key Performance Table
	405-2	Ratio of basic salary and remuneration of women to men	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	

GRI Standards	Number	Disclosure	Location
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Social Responsibility Contributing to Public Welfare
	413-2	Operations with significant actual and potential negative impacts on local communities	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Building Responsible Supply Chain
	414-2	Negative social impacts in the supply chain and actions taken	
GRI 415: Public Policy 2016	415-1	Political contributions	
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Quality Management
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	ESG Key Performance Table
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	Responsible Marketing
	417-2	Incidents of non-compliance concerning product and service information and labeling	Responsible Marketing
	417-3	Incidents of non-compliance concerning marketing communications	Responsible Marketing
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Privacy Protection



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