

E V O L U T I O N



Environmental, Social and Governance Report 2018

 **日清食品有限公司**
NISSIN FOODS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 1475

CHAIRMAN'S MESSAGE



Proud to be the “Earth Food Creator”
— and committed to serving the community
with quality food products

This is our second ESG report⁽¹⁾. As part of the Annual Report 2018 exercise, this report is also themed on “Evolution”. Our evolution journey started in 1958 when our founder Mr. Momofuku Ando⁽²⁾ invented instant noodles. Since then, we have never stopped innovating⁽³⁾.

Year 2018 was a special year and a check-point for us as we celebrated the 60th anniversary of instant noodles and completed the first year of running as a listed company in Hong Kong. Building on decades of experience and technical expertise, we continued to innovate and evolve with the ultimate aim to serve the community with quality food products.

On the financial side, we achieved promising results as we expanded our reach from instant noodles and frozen foods, to snacks, beverages and distribution business in recent years. Here we report on our progress made on the environmental, social and governance fronts, focusing on **improving operating practices, enhancing employment and labour practices, sustaining investment to the community, and how we mitigate the impacts made to the environment.**

One notable development is the expansion of reporting boundary from 2 to 6 manufacturing plants⁽⁴⁾. It is part of our commitment to upscale our ESG measures, increase transparency and take bolder action on sustainability issues. It also allows our stakeholders, ranging from customers to investors, to study our environmental and social performance in a more effective manner.

I hope you will take away something meaningful from engaging in a conversation with us through this report. We also welcome any comments and views you may have and look forward to hearing from you.

Kiyotaka Ando
Chairman
Nissin Foods Company Limited

¹ Nissin Foods Company Limited (“Nissin Foods” or the “Company”, together with its subsidiaries, the “Group”) has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 11 December 2017. The Company issued the first environmental, social and governance (“ESG”) report on 25 July 2018.

² Mr. Momofuku Ando was the founder of Nissin Foods Holdings Co., Ltd. (“Nissin Japan”).

³ The most revolutionary inventions are instant noodles in 1958, Cup Noodles in 1971 and Space Ram in 2005.

⁴ The reporting boundary is expanded from two representative plants, one each in Hong Kong and the People’s Republic of China (“PRC”) in 2017, to six representative plants in 2018.

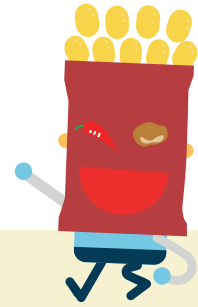


TABLE OF CONTENTS

Chairman's Message	2
Dedication to Innovation	4
About the Report	5
ESG and Risk Management	6
Stakeholder Engagement	6
Operating Practices	7
Supply Chain Management	8
Product Responsibility	8
Anti-corruption	10
Employment and Labour Practices	11
Health and Safety	12
Employee Caring	12
Development and Training	13
Labour Standards	13
Community Investment	14
Safeguarding the Environment	17
Emissions	18
Use of Resources	19
The Environment and Natural Resources	21
KPI Summary	22
ESG Reporting Guide Content Index	23



DEDICATION TO INNOVATION

Mr. Momofuku Ando dedicated his entire life to thinking about food in new and creative ways. Throughout his 96 years, he practiced creative thinking and never quit until he achieved his goal.

THE THREE INVENTIONS



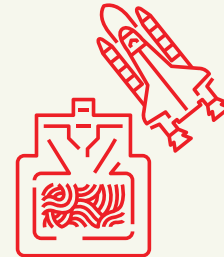
**First Invention:
Chicken Ramen (1958)**

In a little shed behind his home in the town of Ikeda, Osaka Prefecture, Mr. Momofuku Ando started work on an invention for quickly making ramen at home by just adding hot water. He worked alone, sleeping only four hours a night and without a day off for an entire year. Chicken Ramen, the product of many trial and error experiments, was dubbed “magic ramen” and became an instant popular sensation.



**Second Invention:
Cup Noodles (1971)**

On a fact-finding trip to America, Mr. Momofuku Ando observed supermarket managers breaking up Chicken Ramen noodles, putting them in a cup, pouring in hot water, and then eating them with a fork. It was then he realised that removing past conceptions about how we eat was the key to making instant ramen a global food. By bringing together all sorts of wisdom and innovative ideas, Cup Noodles transformed “made in Japan” instant ramen into a global food.



**Third Invention:
Space Ram (2005)**

Pursuing his long-held dream to invent a ramen that can be eaten in space, Mr. Momofuku Ando started work on Space Ram (space ramen). Along with applying various techniques for eating in weightless environments, Space Ram is based on the hot oil instant drying method that he invented in 1958. With Space Ram, Mr. Momofuku Ando’s creative thinking transcended the bounds of the earth to contribute to creating food that people can eat even in space.

“Earth Food Creator” is the guiding philosophy of the Group. It expresses our desire to contribute to the world and its people by creating food, the basis of all life.

Nissin Foods’ Enduring Values

食足世平

Peace will come to the world when there is enough Food

食創為世

Create Foods to serve society

美健賢食

Eat wisely for beauty and health

食為聖職

Food related jobs are a sacred profession



ABOUT THE REPORT

In order to reduce environmental impacts from its business activities, the Group adopts a wide range of policies to control pollutant emissions, to encourage recycling of office supplies, to use water-saving facilities, to deal with environmental emergencies and to ensure compliance with environmental laws and regulations both in Hong Kong and the PRC.

The Company publishes the ESG Report (the "Report") with the aim to provide stakeholders a better understanding of the Group's sustainability in terms of environmental and social aspects.

The Report, in both Chinese and English, has been published on the website of the Company at www.nissingroup.com.hk and the Stock Exchange's website at www.hkexnews.hk.

REPORTING BOUNDARY

The Report focuses on the manufacturing and sales of instant noodle products of the Group. It covers six representative plants, two located in Hong Kong and four located in the PRC⁽¹⁾ (collectively the "Sites of Operation") for the year ended 31 December 2018 (the "Reporting Period"). As the reporting boundary is expanded, many of the KPIs of 2018 cannot be compared directly with the 2017 figures.

While the Report does not cover all of the Group's operations, the Group aims to consistently enhance its internal data collection process and gradually expand the scope of disclosure.

MATERIAL SUSTAINABILITY ISSUES IN THE REPORTING PERIOD

In formulating its sustainability strategy, the management of the Group has identified these four areas as the main focus of the Report as they are the most important environmental and social issues for the Group and its stakeholders.



Supply Chain Management



Product Responsibility



Health and Safety



Community Investment

Four areas of focus of the Report

REPORTING STANDARD

The Report is prepared in accordance with the 'comply or explain' provisions of the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange. The four reporting principles: materiality, quantitative, balance, and consistency form the backbone of the Report. To ensure the accuracy of environmental key performance indicators ("KPIs"), the Group has commissioned a professional consultancy, Carbon Care Asia ("CCA"), to conduct a carbon assessment. In addition, selected key performance indicators that are categorised by the ESG Reporting Guide as 'recommended disclosures' are stated in the Report for enhancement of reporting. An ESG Reporting Guide content index is attached in the last chapter of the Report for reference.

CONFIRMATION AND APPROVAL

Information contained in the Report is sourced from official documents, management and operational information of the Group. The Report has been approved by the board of directors (the "Board") in July 2019.

OPINION AND FEEDBACK

The Group values the opinion of its stakeholders. If you have any questions regarding the Report, please contact the Company by the following channels:

Address: 11-13 Dai Shun Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong
Email: pr@nissinfoods.com.hk

¹ The six representative plants in the 2018 Report included the two representative plants covered in the 2017 Report. Meanwhile, the two representative plants in Hong Kong are located in the Tai Po Industrial Estate. Of the four representative plants in the PRC, two are located in Guangdong Province, one in Fujian Province and one in Zhejiang Province respectively.



ESG AND RISK MANAGEMENT

In line with the Corporate Governance Code, the Board is responsible for evaluating and determining environment and social (ESG) related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place.

Meanwhile, department heads and managers are responsible for executing ESG risk management processes and mitigation plans. In addition, the internal audit function monitors and assesses the adequacy and effectiveness of the internal control system and makes recommendation to the management for improvement should any significant internal control deficiencies being identified.

STAKEHOLDER ENGAGEMENT

As the stakeholders are influencing or being affected by the Group's business activities, it is important for the Group to continuously communicate with its stakeholders.

The Group has identified its key stakeholders as customers, community, employees, suppliers, distributors, shareholders, investors, management, the Board and regulatory bodies.

In fostering effective communication with its stakeholders, the Group has established various means of communication, including but not limited to homepage, announcements, circulars, financial reports, interviews, press releases, etc. The Group strives to engage with its stakeholders, respond to their feedback and address their areas of concern in a timely manner.



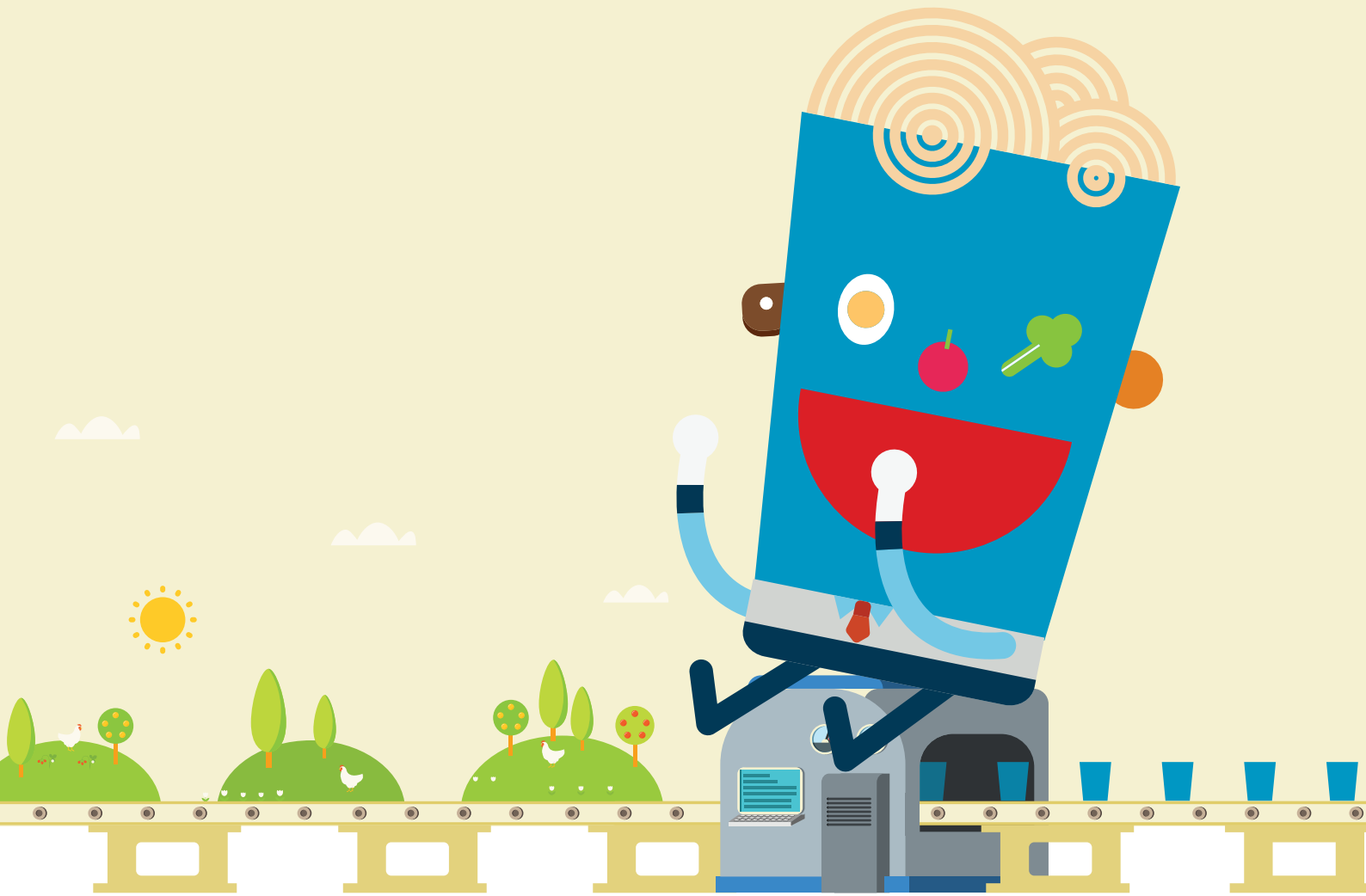
KEY STAKEHOLDERS

Customers	Shareholders
Community	Investors
Employees	Management
Suppliers	The Board
Distributors	Regulatory bodies

Announcements	Homepage	Reports
Annual Dinner	Quarterly/ Interim/ Annual Reports	Results Announcements
Appointments	Interviews	Roadshows
Appraisals	Mails	Community Programmes
Circulars	Meetings	Trainings
Emails	Phone Calls	Visits
Events	Press Releases	
General Meetings		

Main means of communication





OPERATING PRACTICES



OPERATION PRACTICES

SUPPLY CHAIN MANAGEMENT

The Group regards product quality as one of its paramount business principles. Meanwhile, it purchases different kinds of raw materials for its productions. It therefore emphasizes the quality of its suppliers and has established the Materials Procurement Policy which includes the selection and management of suppliers.

Selection of Suppliers

In selecting a supplier, the Group not only looks at the general aspects of the supplier such as production and delivery capabilities, product quality, pricing competitiveness and financial status, but also its measures in protecting the environment and its fulfillment of social responsibilities. The Group also discloses its environmental policy and KPIs to the suppliers and requests them to follow.

The Group exercises a stringent evaluation process on selecting potential suppliers. Sample testing on raw materials from the potential suppliers will be conducted and only those who passed the test would be registered as suppliers.

Management of Suppliers

As product quality and food safety is of utmost importance to its business, the Group conducts annual evaluation on various aspects of the suppliers, including but not limited to product quality and delivery punctuality, to ensure they meet the stringent standards set by the Group. The evaluation is based on a scoring system which is systematic and effective.

Those suppliers who passed the evaluation would remain on the suppliers list. Those who failed the evaluation would be given advice on how to improve. If no improvement is made, that supplier would be terminated.

Category	Selection criteria
General	Product quality Cost On-time delivery Speed of delivery Production capacity Quality management systems Risk management systems Product diversification
Food Safety	Documentation, certification or reports and traceability on food safety Results from annual assessment for food safety
Environmental Performance	Certificate for environmental management system Geographical location of suppliers
Social Performance	Ethical standards (e.g. on anti-corruption)

PRODUCT RESPONSIBILITY

As a responsible corporate citizen, the Group has set policies regarding environmental and social matters. While food safety is one of its paramount business principles, the Group also places high emphasis on protection of customer data and intellectual property rights. It also adheres strictly to applicable laws and industry codes in relation to product advertising and labelling.

Food Safety and Quality Management

The Group has set strategic objectives and implemented control procedures to ensure high standard of food safety and product quality.

Firstly, the Group has established the Food Safety Objective which strives for zero food safety incident and 100% passing rate of personal hygiene test inside the production lines. It is complemented by the Integrated Management Manual in Hong Kong and the Food Safety Handbook in the PRC which laid down the framework for managing food safety. Moreover, food safety teams are set up in the plants to monitor the quality and safety of raw materials and finished products.



To achieve the food safety objectives, the Group has laid down various rules and procedures which place quality controls across different stages of production. The Purchasing Procedures includes the criteria and procedures in selecting qualified suppliers. The Incoming Materials Inspection Procedures includes procedures and methods of testing the incoming materials so as to ensure quality standards have been met. Furthermore, access to food production lines is restricted to authorised personnel in order to maintain the highest level of hygiene. Thereafter, the finished products will be inspected against quantity, packaging, labelling and product quality according to the Inspection Procedures of Finished Products. Last but not least, the Group has implemented a product tracking system and product recall procedures to deal with potential product quality issues.



Safety test

To further assure the quality of raw materials it uses and the finished goods it produces, the Group sets out stringent food safety standards and gives instructions to the Food Safety Evaluation & Research Institute Co., Ltd. to carry out safety tests accordingly. Also, the Group conducts on-site inspections on its suppliers and contract manufacturers to ensure the manufacturing process and hygiene management are up to the standards set by it.

In order to ensure that its food safety management is up to the international standards, all of the food production plants covered in the Report have acquired ISO22000 Food Safety Management System accreditation.



Protection of Customer Data and Intellectual Property Right

To protect customer data, the Group has established guidelines governing the purpose of collection, collection procedures, management and deletion of personal data under the Nissin Foods Group Regulations. Also, the Employee Handbook and the Code of Conduct prohibits unauthorised disclosure of confidential information.

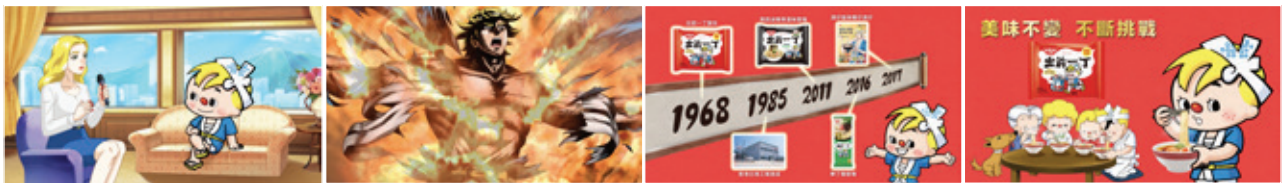
Protecting its own and third parties' intellectual property rights is crucial in the Group's business. Therefore, the Group has stipulated it in the Code of Ethics. To promote this code, Legal Department organises trainings for employees to understand the need of protecting intellectual property rights and ways to avoid infringement. The Group also outsources the research on intellectual property rights to third party experts before a new product is launched.



Advertising and Product Labelling Management

Clear and accurate information contained in advertisements and product labels are crucial to the consumers when they choose a product. To fulfill this responsibility, the Group has laid down the Guidelines for Advertising and Promotion Activities to manage these activities and to evaluate media service providers.

As product labelling is closely related to food safety as well as customs-related laws and regulations, the Group has established procedures to monitor and update these information, arrange proper follow up actions and information sharing among related departments so as to ensure its product labels complied with relevant laws and regulations. The Group has complied with laws and regulations related to product responsibility in the Sites of Operation, including but not limited to the Trade Descriptions Ordinance in Hong Kong and the Administrative Provisions on Food Labelling of the PRC. It did not identify any material non-compliance in relation to product responsibility within the reporting scope.



Demae Iccho 50th Anniversary TVC

ANTI-CORRUPTION

Nissin Foods is aware of the impact of its activities and its relationship with other members in the community. The Group upholds its values in integrity and has zero tolerance for bribery, fraud and money laundering. In addition to compliance with relevant laws and regulations, the Group has formulated a Code of Conduct for all employees to follow in terms of acceptance of advantages and declaration of conflict of interest. Trainings by external agencies like ICAC through case studies were conducted for employees to ensure their understanding.

The Group has an internal whistleblowing mechanism through which all misconduct reportings will be handled in strict confidence and whistle-blowers are protected from retaliation. Any employee in breach of the Group's policy relating to anti-corruption will be subject to disciplinary action such as termination of employment. The Group will report to the appropriate authorities for cases of suspected corruption or other criminal offences. Clear guidelines on internal whistleblowing procedures are included in the employee handbooks for quick reference.



ICAC training

The Group has complied with the laws and regulations related to anti-corruption in the Sites of Operation, including but not limited to the Prevention of Bribery Ordinance in Hong Kong and the Criminal Law of the PRC on Crime of Embezzlement and Bribery. During the Reporting Period, the Group did not identify any material non-compliance or legal cases in relation to corruption within the reporting scope.



EMPLOYMENT and LABOUR PRACTICES

EMPLOYMENT AND LABOUR PRACTICES

HEALTH AND SAFETY

Employees are one of the greatest assets of the Group and it strives to provide a safe and healthy working environment. The Group has laid down the Occupational Safety and Health (OSH) Policy which stipulates the maintenance of an effective OSH management system that provides relevant information and training to all employees and periodic review of its effectiveness for improvement.

In addition, the In-house Safety Rules as well as the OSH Standards applicable to the Sites of Operation provide employees with guidelines on protecting themselves from occupational hazards. Employees in the plants are required to wear appropriate personal protective equipment (PPE) such as helmet and follow various guidelines set by the Group regarding chemical as well as machinery safety.

In order to allow employees to familiarise themselves with the emergency procedures, fire drills and oil spillage drills were conducted during the Reporting Period.

To ensure the OSH guidelines are being followed, site inspections had been carried out during the year. In addition, OSH Committee conducts regular meetings to review the OSH performance and make improvement recommendation to the management as and when necessary.

The Group also outsources OSH audit to third party experts annually and improvement action plans would be set up and implemented should there be any shortcomings identified in the daily practice of the OSH guidelines.

Also, health check and on-site influenza vaccination are provided to employees annually to enhance their awareness of healthcare.



Fire drills

The Group has complied with laws and regulations related to health and safety in the Sites of Operation, including but not limited to the Occupational Safety and Health Ordinance in Hong Kong and the Production Safety Law in the PRC. During the Reporting Period, the Group did not identify any material non-compliance relating to health and safety within the reporting scope.

EMPLOYEE CARING

Nissin Foods regards its employee as the key to achieve sustainability and maintain its market leadership. The Group has established various employment policies, such as the Employee Handbooks of the Sites of Operation which stipulate the internal employment standards regarding recruitment, discipline, remuneration, working hours, compensation and dismissal, etc.

The Group is dedicated to creating a fair working environment where each employment and promotion decision are made with consideration of individuals' experience, qualifications and work performance. Besides, the Group pledges to provide a working environment free from harassment and discrimination of sex, marital status, pregnancy, disability, family status or race.

The management also recognises the importance of work-life balance in promoting healthy living, and in attracting and retaining talents. To promote that, the "Smart Working Campaign" is advocated to encourage employees to work smart and improve their time management so that they can spare more time with family members.



The Group has complied with laws and regulations related to employment in the Sites of Operation, including but not limited to the Employment Ordinance in Hong Kong and the Labour Contract Law in the PRC. During the Reporting Period, the Group did not identify any material non-compliance relating to employment within the reporting scope.

Moving forward, the Group will consider refining its employment policies to promote diversity at the workplace.

DEVELOPMENT AND TRAINING

Nissin Foods believes that investment on human capital is crucial to its sustainable growth. Being one of the key investments on human capital, training and continuous professional development have been planned and delivered for capacity improvement and career development of individuals in the Sites of Operation.

Training

The Group encourages its employees to participate in training courses to develop and refresh their knowledge and skills. Human Resources Department collects training requests from supervisors and employees in order to make annual training plans which suit employees' needs. During the Reporting Period, employees received trainings including corporate philosophy, concepts on instant noodle production, team building programme on deserted island, operation requirements of various departments with updates on latest regulation changes. Each training is evaluated based on participants' comments for future improvement purposes.



Training on deserted island

Career Development

For continuous improvement, the Group recognises the importance of setting strategic objectives and conducting performance appraisal with employees. On annual basis, strategic objectives with follow-up action plans are set by individual departments. Department heads will review the progress on personal development and achievement of objectives together with employees before submitting to the senior management for further evaluation and approval. Two-way communication is emphasized as the management values employees' input in the process.

LABOUR STANDARDS

Nissin Foods adopts a zero-tolerance policy against child labour and forced labour. The Employee Handbook of Hong Kong plants and Work Regulations documents of the PRC plants under the Report articulate the Group's measure in conducting background checks and inspection of identity documentations at recruitment to avoid child labour. Regarding overtime work, pre-approval from supervisors is required. Meanwhile, overtime allowance and/or compensatory leave are offered to eligible employees.

The Group has complied with laws and regulations related to the prevention of child labour and forced labour in the Sites of Operation, including but not limited to the Employment Ordinance in Hong Kong and the Labour Contract Law in the PRC. The Group did not identify any material non-compliance with relevant labour laws within the reporting scope.



COMMUNITY INVESTMENT



COMMUNITY INVESTMENT

Promote a Healthy Lifestyle through Sport

True to Mr. Momofuku Ando's belief that "Eating and sports are the two axles of health", the Group is committed to promoting a healthy lifestyle by supporting sports activities.



The Group has partnered with the Hong Kong Tennis Association (HKTA) to launch a series of tennis promotion programmes. In the Reporting Period, the Group was the title sponsor of 3 main local youth tournaments, namely: the Nissin Hong Kong National Junior Tennis Championships, the Nissin Cup Noodles Hong Kong Junior Series and Nissin Demae Iccho Hong Kong Junior Novice Competition. In 2018, the number of entries of the above-mentioned competitions were 872, 2,044, and 1,302 respectively, and the results were encouraging.



Nissin Hong Kong National Junior Tennis Championships



Kids' Tennis



Tennis Clinic



Kids' Tennis

The Nissin Foods Hong Kong & Japan Junior Tennis Team Match ("Kids' Tennis") was held in Hong Kong on 10–11 November 2018. This team event featured some of the best junior players of their respective 14 & Under, 12 & Under, and 10 & Under age groups from Japan and Hong Kong. Players on both teams are either winners, finalists, semifinalists or quarterfinalists from the major tournaments in Japan or the Nissin Hong Kong National Junior Tennis Championships in 2018. It provided another great opportunity for the young players to gain invaluable match-play experience against overseas opposition.

The Group has been organising "Nissin Tennis Clinic" since 2015. By bringing in world-class tennis champions to conduct trainings for tennis lovers, adults and children alike, the Group aims to fill the participants with hopes and foster their competitive spirit. In 2018, Mr. Toshiaki Sakai and Mr. Hubert Karrasch were invited to host the "Nissin Tennis Clinic" in Hong Kong respectively.

Moving forward, the Group will continue investing to promote a healthy lifestyle in the community.



Discover the Joy of Innovation

At Nissin Foods, we take pride in delighting and surprising our consumers with food innovation. The Group organised My Cup Noodles Factory and the World's first Demae Iccho Factory at the Hong Kong International Airport Passenger Terminal 2 from November 2016 to November 2018. The workshops provided an educational, fun and inspiring experience to the visitors as they created their own original Cup Noodles and/or handmade Demae Iccho with a package designed by themselves. In the Reporting Period, My Cup Noodles Factory and the Demae Iccho Factory respectively attracted 87,278 and 16,390 visitors, and the overall customer satisfaction rate was 98% and 99% respectively.



Demae Iccho Factory

In the Reporting Period, the factory corridor of Nissin Plant, located in Tai Po Industrial Estate, is newly decorated with educational content. Primary schools and community groups are welcome to visit our Plant by joining the "Nissin Discovery Tour" from 2019 and no charge will be levied. Through interactive activities such as visiting the production lines, short films, games and quizzes, "Nissin Discovery Tour" allows participants to learn about the interesting history and innovations of instant noodles, food safety, food supply chain as well as the food culture around the world.

Sustainable Development



Lai See Recycling 2018

In 2018, the Group participated in the Lai See Packet Reuse and Recycling Programme organised by Greeners Action held on 12 February to 5 March. The programme aims to promote an eco-friendly lifestyle and encourages the good use and reuse of materials. As a result, The Group collected 102kg of Lai See packets for recycling.

The Group strives to understand the needs of the community and establish corresponding policies to address those needs. To have a better understanding of the practice and preference of its stakeholders, the Group conducted a survey among its customers, business partners and employees in the Reporting Period. The survey examined their recycling habits, paper use practices and other environmental issues. The result will be used to develop sustainable programmes in the future.



SAFEGUARDING the ENVIRONMENT

SAFEGUARDING THE ENVIRONMENT

Unpredictable weather patterns and natural disasters are affecting us at an unprecedented speed. This leads to major challenges for the natural environment and the communities where we operate. The Group strives to protect the environment by managing the environmental impact of its operation.

The Group continues to put the Group’s Regulations into practice to demonstrate its determination to minimise the impact of its operation on the environment regarding emissions, use of resources, as well as natural resources and the environment.

Environmental Management System

The Group implements ISO14001 Environmental Management System (“EMS”) across all of the Sites of Operation. The EMS system facilitates the Group’s efforts in conducting environmental review to identify the impacts of its activities on the environment, as well as setting objectives and targets to mitigate those environmental impacts.

Identified Significant Impacts of Activities on the Environment

- Depletion of resources
- Waste generation
- Chemical waste handling
- Wastewater discharge
- Air emissions

EMISSIONS

Carbon Footprint

The Group commissioned Carbon Care Asia to conduct carbon assessment to quantify the greenhouse gas (“GHG”) emissions (or “carbon emissions”) in its operation. The process of quantification was conducted according to the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong and the guidelines published by the National Development and Reform Commission¹ in the PRC with reference to other international standards such as the ISO14064 standards.

In 2018, the Group generated a total of 53,076 tonnes of CO₂-equivalent GHG emissions from the operations in the Sites of

Operation. Electricity purchased (Scope 2) was the largest contributor to the Group’s GHG emissions, which accounted for about 50% of the total emissions. Combustion of fuels such as Towngas (for the production plants in Hong Kong) and natural gas (for the production plants in the PRC) in stationary sources (i.e. boilers and cooking equipment) (Scope 1), was the second largest contributor, accounting for about 47% of the total emissions.

The Group will continue to assess, report and review its GHG emissions to identify opportunities in reducing its impacts on climate change.

Scopes	GHG emissions (in tonnes of CO ₂ -e)
Scope 1 — Direct emissions	25,093.7
Scope 2 — Energy indirect emissions	27,931.1
Scope 3 — Other indirect emissions	50.7
Total GHG emissions	53,075.5
GHG intensity (tonnes of CO₂-e per sq. metre GFA)	0.42

Note:

Scope 1 emissions include direct GHG emissions from stationary and mobile source combustion, industrial process, wastewater treatment and fugitive emissions from air conditioning and refrigeration equipment;²

Scope 2 emissions include indirect GHG emissions from the generation of purchased electricity and gas (for operations in Hong Kong) and purchased electricity and heat (for operations in the PRC); and

Scope 3 GHG emissions include other indirect GHG emissions that occur outside the company, from sources such as electricity used for freshwater and sewage processing by the Water Supplies Department and the Drainage Services Department in Hong Kong, as well as business travel by employees

¹ The Guidelines for Accounting and Reporting Greenhouse Gas Emissions from China Food, Tobacco, Alcohol, Beverages and Purified Tea Manufacturing Enterprises (Trial)

² One of the refrigerants (R-22) used in the equipment of the production plants comprises HCFC which is not one of the six GHGs covered in the Kyoto Protocol; however, to provide a true and fair account of GHG-related information, its unintentional release is also included in the assessment.



Air Emissions

Air pollutants were generated from industrial processes in the production plants; gas boilers were one of the major sources of nitrogen oxides and sulphur oxides. Vehicle use was another emission source in the PRC with relatively less significant impact on the air quality.

The Group regularly cleans the coiled fan and dust collection system to ensure that discharged exhaust gas complies with the emission standard. To reduce air pollutants from vehicles, the Group regularly checks the vehicles to ensure they are maintained in good condition.

Air pollutants	Amount of Emissions (in kg)
Nitrogen oxides	14,096
Sulphur oxides	91
Respirable Suspended Particles	255

Waste Management

The Good Practice Guidelines guides our employees to handle waste appropriately. Both hazardous and non-hazardous wastes were collected by licensed contractors properly.

In the Reporting Period, 7.5 tonnes of hazardous waste and 5,967.0 tonnes of non-hazardous waste³ were produced from the Sites of Operation.

The primary wastes generated from the production process were wastewater and food residue. For example, the Group collected and covered noodle waste in a designated area and commissioned recyclers to collect the noodle waste and turn it into animal feed.

Regarding wastewater, the Group regularly cleans the drains and clears debris blocking rainwater flow. The Group also commissioned a qualified vendor to collect grease trap waste for proper disposal regularly. Condensed grease oil from the exhaust fans were removed to prevent leakage to the rain drain.

Waste palm oil was stored in waste oil drums and collected by recyclers.

USE OF RESOURCES

Energy and Resources Management

A core component of sustainable development is to effectively manage the use of resources, so that the ability of future generations in utilising resources will not be compromised. In line with its commitment stated in the Good Practice Guidelines, the Group implemented various measures for more efficient use of resources.

The main resources consumed by the Group are energy, water and raw materials. In the Reporting Period, the total energy consumption for the Sites of Operations was 169,490 MWh-equivalent and the energy intensity was 1.33 MWh-e per square metre GFA.

In the Reporting Period, the total amount of water consumed in the Sites of Operation was 422,908 cubic metres; the water intensity was 3.3 cubic metre per square metre GFA.

Energy Type	Amount of Consumption (in MWh)
Direct Energy Consumption	
Petrol	237.1
Diesel	66.4
Towngas	33,937.8
Natural Gas	90,728.0
Indirect Energy Consumption	
Electricity	44,404.3
Steam	116.7
Energy Intensity (MWh per sq. metre GFA)	1.33

In 2018, 2,321 tonnes of plastic, 5,251 tonnes of paper and 15 tonnes of metal were used as packaging materials for finished products in the Sites of Operation (except one plant in Guangdong Province and one plant in Fujian Province⁴).

³ The amount of non-hazardous waste produced in the Hong Kong Plants does not include general waste as the records were not available from the waste collector.

⁴ The plants have started to collect the data and the figures will be disclosed in the next reporting period.

Measures Implemented by the Group for More Efficient Use of Resources

ELECTRICITY



Lighting

- Replace traditional light bulbs with LED lights
- Put up energy saving signs near light switches



Production Plants

- Monitor energy consumption
- Turn off idle machinery



Air-Conditioning

- Set the air-conditioning temperature above 24°C
- Regularly clean the filter and coiled fan
- Lower the blinds or close the curtains to keep sunlight out



Computer

- Set up power-saving mode for computer equipment
- Adjust the computer setting and activate the standby or hibernation mode to automatically switch off the display monitor

WATER



- Monitor water consumption
- Conduct maintenance of equipment to prevent water leakage
- Adopt pressure washers to reduce use of water

PAPER



- Reuse envelopes and folders for internal documents
- Adopt online facsimile (internet fax) system
- Adopt electronic communication and filing
- Use recycled paper or paper produced from sustainable resource

Case Study: Shunde Plant's 13th Five-Year Energy Conservation Plan (2016 to 2020)

To respond to the 13th Five-Year Plan for National Economic and Social Development of the People's Republic of China, the Group initiated a detailed energy assessment for the Shunde Plant. An external party was commissioned to formulate an energy conservation plan for the production plant. Various energy reduction initiatives were identified and implemented as appropriate.

Air Compressor Waste Heat Recovery

The air compressor was equipped with waste heat recovery unit to generate hot water, so as to reduce steam energy consumption for the noodle production line.

Installation of Motors with Variable Speed Drives

Traditional motors that operate at constant speed result in inefficiency, especially when they run idly. In comparison, motors with variable speed drives not only consume less electricity, but also protect the motors and hence reduce maintenance costs.

Replacement of Fluorescent T8 lighting with T5 lighting

Replacement of T8 fluorescent tubes with T5 tubes can reduce energy consumption for lighting by about 25%.

Targets and Achievement



Target
-450 tonnes by 2020

By 2020, we target to reduce the usage of standard coal by 450 tonnes in Shunde Plant.



Achieved
-423 tonnes as at end of 2018

By the end of 2018, we have already reduced the usage of standard coal by 423 tonnes, and achieved 94% of target.



To ensure our staff are well aware of our environmental policies, new staff are briefed on green management measures through the induction programme and reminder emails.

ECO Cup Packaging

Our Cup Noodles used “ECO cups” as containers. ECO takes reference from the motto “For Ecology, For Customers, For Originality”. The ECO cup is mostly made of paper, which is preferred to styrofoam. In addition, the design of the ECO cup helps seal the container tightly, preserving the ingredients and keeping the deliciousness of the noodles.

To identify the improvement opportunities, the Group will improve the data collection system in order to review the effectiveness of the emissions and waste reduction measures, as well as the energy and water efficiency initiatives.



THE ENVIRONMENT AND NATURAL RESOURCES

Environmental Emergency Preparedness and Response

The Group strives to control the impact of its operations on the environment and the community. Having identified potential incidents from its operation, such as palm oil spillage, chemical spillage and explosions, employees follow the Group’s Environmental Emergency Preparedness and Response to effectively respond to these potential incidents and other emergencies that may have adverse environmental impacts.

In the Group’s operation, with palm oil being one of the key raw materials of its products, procedures are established to prevent palm oil spillage. For example, the Group has clear instructions to pump palm oil from the vendor’s oil tanker truck to the oil storage tank located in its production sites.

The Environmental Management System Committee (the “Committee”) is responsible for preparing emergency response plans to minimise the likelihood of accidents and emergency situations. The Committee is also responsible for coordinating drills and preparing summary reports for the Group’s management to review. When emergencies occur, the emergency teams will carry out appropriate emergency procedures. Root causes and any preventive actions should be identified. Accident reports should be submitted to the management afterwards.

The Group has complied with all relevant environmental laws and regulations in the Sites of Operation, including but not limited to the Air Pollution Control Ordinance in Hong Kong and the Environmental Protection Law of the PRC. During the Reporting Period, the Group did not identify any material non-compliance relating to environmental laws and regulations in the reporting scope.



KPI SUMMARY

Environmental Performance

Environmental KPIs	2018	Unit
The types of emissions and respective emissions data		
Nitrogen oxides	14,096	kg
Sulphur oxides	91	kg
Respirable Suspended Particles	255	kg
GHG emissions in total and intensity		
Scope 1: Direct emissions	25,093.7	tonnes of CO ₂ -e
Scope 2: Energy indirect emissions	27,931.1	tonnes of CO ₂ -e
Scope 3: Other indirect emissions	50.7	tonnes of CO ₂ -e
Total GHG emissions	53,075.5	tonnes of CO ₂ -e
GHG intensity (by gross floor area)	0.42	tonnes of CO ₂ -e/sq. metre GFA
Total hazardous waste produced		
Total hazardous waste produced	7.5	tonnes
Total non-hazardous waste produced		
Total non-hazardous waste produced ⁵	5,967.0	tonnes
Direct and indirect energy consumption by type		
Direct energy consumption	124,969.3	MWh
Indirect energy consumption	44,521.0	MWh
Total energy consumption	169,490.3	MWh
Energy intensity (by gross floor area)	1.33	MWh/sq. metre GFA
Water consumption in total and intensity		
Total water consumption	422,908	cubic metres
Water consumption intensity (by gross floor area)	3.3	cubic metres/sq. metre GFA
Total packaging material used for finished products		
Total packaging material used	7,587.4	tonnes

⁵ The figure does not include general waste produced from the plants in Hong Kong.

ESG REPORTING GUIDE CONTENT INDEX

Material Aspect	Content	Page Index/ Remarks
A. Environmental		
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	18
A1.1	The types of emissions and respective emissions data.	18
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity.	18, 22
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	19, 22
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	19, 22
A1.5	Description of measures to mitigate emissions and results achieved.	19
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	19
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	19
A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	19, 22
A2.2	Water consumption in total and intensity.	19, 22
A2.3	Description of energy use efficiency initiatives and results achieved.	20
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	There were no problems in sourcing water encountered in our operations
A2.5	Total packaging material used for finished products (in tonnes).	19, 22
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	21
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	21
B. Social		
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	12



Material Aspect	Content	Page Index/Remarks
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	12
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	12
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	13
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	13
B4.1	Description of measures to review employment practices to avoid child and forced labour.	13
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	8
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	8-9
B6.3	Description of practices relating to observing and protecting intellectual property rights.	9
B6.4	Description of quality assurance process and recall procedures.	9
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	9
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	10
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	10
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	10
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	15
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	15-16