

Environmental, Social and Governance Report 2019



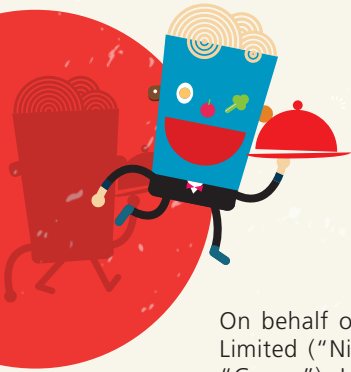
日清食品有限公司

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 KEEP SERVING YOU IN GOOD TIMES OR BAD TIMES

On behalf of the board of directors ("the Board") of Nissin Foods Company Limited ("Nissin Foods" or the "Company", together with its subsidiaries, the "Group"), I am glad to present our third annual Environmental, Social and Governance ("ESG") Report of the Group for the year ended 31 December 2019.

Globally and locally, year 2019 was a challenging year. Trade tensions between the two superpowers, green issues across continents, health concerns, social unrest all came at once, intertwined and continue to linger on in 2020.

However the challenges, we at Nissin Foods will take them on like what our founder Mr. Momofuku Ando¹ did some six decades ago. To tackle the problem of food shortage, he innovatively came up with instant noodles and changed the food culture of the world.

In the same token and amid the multitude of challenges, the Group has achieved an outstanding financial performance in its overall business, with stable results in Hong Kong and promising accomplishments in the PRC. At the same time, we did not forget our responsibility on the environmental, social and governance fronts. We humbly take it as part of our corporate social responsibility in ensuring the stable and reliable supply of quality food products, at all times.

During the year, we continued to focus on **improving operations, enhancing employment and labour practices, sustaining investment to the community, and how we mitigate the impacts made to the environment**. In this year's ESG Report, we maintained the reporting boundary to 6 manufacturing plants in Hong Kong and the PRC. Efforts were made to strengthen our data quality and early adopt new requirements on ESG disclosure as announced from The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). We also expanded our coverage on ESG Governance and Food Safety to provide more transparency to our stakeholders to understand our non-financial performance.

Lastly, I wish you all staying safe and healthy under the COVID-19 pandemic. The Group will continue to serve our stakeholders, ensuring food supply to society. At Nissin Foods, we keep serving you. This is what it means to be the "EARTH FOOD CREATOR". This is who we are.

Kiyotaka Ando
Chairman
Nissin Foods Company Limited



¹ Mr. Momofuku Ando was the founder of Nissin Foods Holdings Co., Ltd.



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ABOUT THE GROUP

EARTH FOOD CREATOR



Nissin Foods is committed to exploring the possibilities of food and creating fabulous tastes for people. We contribute to society and the earth by gratifying people with the pleasure of eating.

The term “EARTH FOOD CREATOR” not only means that we are a food manufacturer, but also expresses our desire to contribute to the world by creating food, the source of life. “EARTH” also means land and soil. Grains are cultivated in the soil and are the raw material of many foods. The mission of Nissin Foods is to create and continue to produce food from the bounty of the earth.

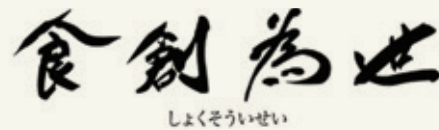
The Spirit of Our Founder

The four tenets adopted by our founder Mr. Momofuku Ando form the foundation of our Group Philosophy and serve as the abiding values of the Group.



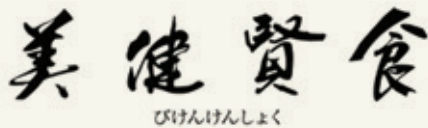
Peace will come to the world when there is enough food

Food is the most important pillar supporting human life. People can discuss culture, art and everything only when they have sufficient food. If the supply of food is disrupted, a country is bound to decline and conflict invariably occurs. The business operations of Nissin Foods originated from this basic human principle.



Create foods to serve society

Creativity is the most important thing of all for a company. It means the power to create innovative products through new ideas and technologies. Nissin Foods creates foods to serve society. We are creating a new food culture and providing people all over the world with happiness and inspiration.



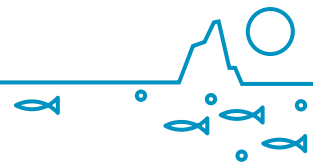
Eat wisely for beauty and health

Food can satisfy human’s desire for fullness and delicious taste. It also plays an important role for human’s health and beauty, which is derived from wise eating. Nissin Foods seeks and emphasizes food functionality and advocates wise eating.



Food related jobs are sacred profession

Food supports the essence of life. People who work in the food industry need to have the spirit to serve society and contribute to human health and world peace. Food industry is a sacred profession. The mission of Nissin Foods is to provide the world with safe to eat, delicious and healthy food.



ABOUT THE REPORT

The Company hereby presents its third annual standalone ESG Report (the “Report”) to communicate with stakeholders the sustainability efforts across operations and contributions to society.

The Group adopts a wide range of policies to reduce the environmental impact. This includes pollution and emission reduction, recycling of materials, water and energy efficiency, environmental emergencies and compliance with environmental laws and regulations both in Hong Kong and the PRC. Relevant policies and initiatives such as employment, occupational health and safety, quality and anti-corruption are in place to improve the operating and employment practices as well.

The Report, in both Chinese and English, has been published on the website of the Group 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, granola and snack products of the Group. It covers six representative plants, two located in Hong Kong and four located in the PRC³ (collectively the “Sites of Operation”) for the year ended 31 December 2019.

The Group aims to consistently enhance its internal data collection process and gradually expand the scope of disclosure.

REPORTING STANDARD

The Report is prepared in accordance with 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 include materiality, quantitative, balance, and consistency form the backbone of the Report.

To ensure the accuracy of environmental and social key performance indicators (“KPIs”), the Group has commissioned an independent consultant to assist the ESG Report preparation process including stakeholder engagement, materiality analysis, data collection and data analysis.

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 the directors (the “Board”) in July 2020.

OPINION AND FEEDBACK

The Group values the opinion from every stakeholder. If you have any questions regarding the Report, please contact the Group by the following channels:



Address: 11–13 Dai Shun Street, Tai Po Industrial Estate,
Tai Po, New Territories, Hong Kong



Email: info@nissinfoods.com.hk

³ The six representative plants in the 2019 Report included two representative plants (Nissin Plant and Winner Plant) in Hong Kong and four representative plants (Shunde Plant, Fujian Plant, Zhejiang Plant and Zhuhai Plant) in the PRC.



ESG GOVERNANCE

The Board has overall responsibility to oversee the ESG strategy and reporting. It has delegated ESG-related responsibilities to the management committee of the Group, which consists of Executive Directors, senior management, and heads of business units and is chaired by the Chief Executive Officer. The management committee reports to the Board on the findings in a timely manner upon the reviews of the Group's ESG performance and a range of risk management and internal control systems where issues will be brought up for follow-up. The management committee also ensures that it is in compliance with all applicable laws and regulations.

Heads and managers of business units 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 recommendations to the management for improvement upon significant risks or impacts to the business identified. Throughout the year, we have communicated internally with the employees the importance of the ESG in order to demonstrate the Group's investment and determination.

The Group pays attention to the latest updates on Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") published by the Stock Exchange, and will review the procedures and work towards meeting such requirement.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

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

To achieve effective communication with its stakeholders, the Group has established various means of communication, including customer service hotline, company website, internal newsletters, new staff orientation, announcements, circulars, financial reports, interviews and press releases. The Group strives to engage its stakeholders, respond to their feedback and address their areas of concern in a timely manner.

In formulating its sustainability strategy, the management has confirmed the following 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.



Product Responsibility



Supply Chain Management



Health and Safety



Community Investment

Key Stakeholders

Customers	Investors
Community	Shareholders
Employees	Media
Suppliers	Regulatory bodies
Distributors	

Engagement Channels

Customer enquiry emails	Internal newsletters	Announcements and Circulars
Customer E-newsletter	Annual Dinner	General Meetings
Customer service hotline	Trainings	Investor meetings and conferences
Customer satisfaction survey	New Staff Orientation	Roadshows
Consumer events	Internal new product tasting research	Analysts briefings
In-store demonstration	Raw material purchasing contract	Emails
Visits	Annual evaluation	Social media
Progress meeting	Supplier/distributor inspection	Press releases
Global Employee Survey	Quarterly/Interim/Annual Reports	Report on compliance
Employee performance appraisal	Company Websites	Industry events
	Results Announcements	



OPERATING PRACTICES



OPERATING PRACTICES

FOOD SAFETY

Food Safety Management

Product safety is at the heart of the Group’s day-to-day operations. To keep serving customers at the best, the Group continues to enhance food safety practices in relation to the procurement of raw materials to manufacturing to ensure quality and safety of the products.

In order to safeguard commitments to product safety and responsibility, the Group has developed the Food Safety Objective that strives for zero food safety incident and 100% passing rate of personal hygiene test inside the production lines.

To continuously improve products, the Group has actively acquired different international certifications and standards. All the food production plants are certified under ISO 22000, an international standard for quality management systems. In addition, Fujian Plant has been certified under FSSC⁴ 22000, an international standard that incorporates food defense approaches, reflecting the Group’s commitment to food safety environment at a high standard. Shunde Plant has also enhanced its production based on the HACCP⁵ system.



Quality Assurance Systems

To manage day-to-day operations, the Group has established the Management Manual in Hong Kong and the Food Safety Handbook in the PRC to monitor food safety. Food safety comprehensive guidance has been provided to employees to ensure food safety through review of the operations and processes covering internal and external audit arrangements, inspections, product recall, compliance with food safety standards, training.

The Group requires its suppliers to meet all applicable safety and quality regulatory requirements for the raw materials, packaging materials and products they provide. The Group also monitors their consistency in food safety and quality, conducting random onsite inspection and annual review in accordance to the Group’s food safety inspection criteria, whereby ongoing control is made to address any issues identified by those inspections.

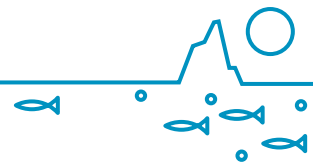
The Group has applied stringent analysis and inspections of raw materials and products. The Food Safety Evaluation and Research Institution Company Limited (the “Institute”) located in Shanghai, the PRC, which the Group owns 5% stake, provides technical support to the Group to perform quality inspections in each stage of production, from raw materials to products. The institute is accredited by the PRC National Accreditation Service for Conformity Assessment with ISO/IEC 17025.



At the raw materials level, the Group analyses raw materials for the presence of agricultural chemicals, traces of veterinary drugs, heavy metals, radioactive and other harmful substances. The Group also conducts investigations for the presence of contamination with genetically modified agricultural products and other substances and checks allergen components of products for the presence of allergens.

At the manufacturing plant level, the Group evaluates the status of manufacturing process control and implements improvements for any issues discovered during evaluation.

⁴ Food Safety System Certification 22000
⁵ Hazard Analysis Critical Control Point



In addition, the Group has implemented other initiatives, including the prevention of contamination by foreign matter, strict pre-shipment product inspections, and product history management ranging from raw materials to manufacturing and shipment.

Aside from internal monitoring and inspection, the Group also cares about customer's feedback, which is of high importance to the quality of products. The Group leverages on those feedback to improve the products, and to meet the present and future needs of the customers and other stakeholders. A telephone number is provided on each product package, giving access to Customer Care Centre of the Group to listen to customer's opinions and answer enquiries.

Customer Care Centre

The Customer Care Centre is the official communication channel between the Group and its customers. Enquiries and opinions about products and services are collected through the telephone hotline, designated emails and company website contact forms. The Customer Care Centre then centrally consolidates, analyses and conducts follow-up actions.

Customers' opinions are channeled back to the respective business units and management. For customer enquiries, the Customer Care Centre communicates with respective business units (production, research & development, quality management, sales and marketing) to obtain up-to-date information in order to answer the enquiries. The Customer Care Centre also works closely with quality management units on customer opinions related to production and products. Investigation reports are issued and communicated to the customers concerned.

All customer enquiries and opinions are centrally collected and sorted into a "Customer Feedback Database". The database is shared with the top management on daily basis for product quality improvement, production process optimisation and better market trend understanding.

Advertising and Product Labelling Management

Customers highly value clear and accurate advertisements and product labelling. To fulfill the responsibility, the Group has laid down the Guidelines for Advertising and Promotion Activities to manage these activities and to comply with principles.

The Group has established procedures to monitor and update label information, and to arrange proper follow-up actions and information sharing among related business units. For example, finished products will be inspected against quantity, packaging, labelling and product quality according to the Inspection Procedures of Finished Products. In recent years, the Group has modified the Product Allergen Labelling, including prominent illustrations printed on product packages. The label information on preparation methods and nutritional value is improved to be more customer-friendly.

During the year, the Group has complied with laws and regulations related to product responsibility in the Sites of Operation, including the Trade Descriptions Ordinance in Hong Kong and the Administrative Provisions on Food Labelling of the PRC. The Group was not aware of any material non-compliance in relation to product responsibility within the Sites of Operation.





Protection of Customer Data and Intellectual Property Right

To protect customers' data, the Group has established the Nissin Foods Group Regulations governing the purpose of collection, collection procedures, management and deletion of personal data. The Employee Handbook and the Code of Conduct prohibits unauthorised disclosure of confidential information. In addition, the Code of Ethics stipulates strict guidelines for employees to maintain respect for the intellectual property rights of others, to avoid intentional infringement upon the intellectual property rights of others without authorisation.

To promote this code, the Group 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.

SUPPLY CHAIN MANAGEMENT

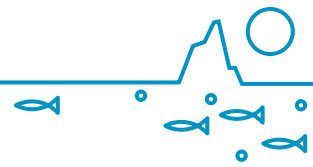
The Group regards product quality as one of its most important business principles. The Group purchases various kinds of raw materials for continuous production. The Group therefore emphasises the quality of its suppliers and has established the Materials Procurement Policy, which includes the selection and management of suppliers to meet the Group's requirements. In addition, the Group has established Materials Purchase Policies, which set the direction of the Group with regard to material purchase, with the goal of attaining strategic and efficient procurement activities.

Selection of Suppliers

The Group's supplier selection is not only focused on the general aspects of the supplier such as product quality, price competitiveness, production and delivery capabilities, and financial status, but also the sustainability aspects which include environmental and social elements. An anti-corruption declaration letter is required for all suppliers to demonstrate their commitment to ethical operations as well. In addition, the Group requests suppliers to comply with environmental policy and performance indicators set by the Group.

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)

The Group evaluates the supplier's performance throughout the probation period and only those who pass the evaluation, including sample testing on materials and commitment on delivery, will be registered as an approved supplier.



Management of Suppliers

To closely monitor the performance and quality of its suppliers, the Group conducts an annual performance review on various aspects of the suppliers. The review consists of a scoring system which includes product quality and delivery punctuality to ensure that they meet the standards set by the Group. Suppliers who pass the performance review are retained on the approved supplier list, while advices would be provided to those failed suppliers for further improvement.

Management of Logistics Services

During the year, the Group has established a new operating unit to strengthen the management of logistics, focusing on the delivery of products. The Group aims to provide customers with the best product on time. Performance indicators such as on time delivery and delivery in good condition for logistics providers are created to measure and monitor their performance and product quality.

The Group has also initiated consolidated shipments which involves a combination of several smaller shipments of raw materials and products over the brands sharing the same destination. With a consolidated approach, the Group has improved loading efficiency and lowered the overall frequency of the use of shipments. The delivery time is streamlined and costs are reduced. These efficiency measures make its operations more economical and introduce fewer vehicles for the logistics process, therefore reducing negative environmental impacts such as noise, air pollution and greenhouse gas emissions.

ANTI-CORRUPTION

The Group upholds its values in integrity and adopts zero tolerance against all forms of corruption including bribery, fraud and money laundering.

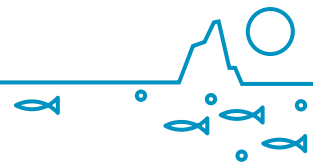
Going beyond compliance with relevant laws and regulations, the Group has formulated a Code of Conduct for all employees to follow in terms of accepting advantages and declaring conflict of interest. During the year, the Group has invited external agencies such as the Independent Commission Against Corruption (ICAC) to conduct training through relevant case studies for the employees to raise their awareness. The training also covered conflict of interests, management responsibilities and proper manner to report suspected cases of corruption.

The Group has an internal whistleblowing mechanism with due respect of the confidentiality of the whistle-blower and the reported misconduct incidents. 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.

During the year, the Group has complied with the laws and regulations related to anti-corruption in the Sites of Operation, including the Prevention of Bribery Ordinance in Hong Kong and the Criminal Law of the PRC on Crime of Embezzlement and Bribery. The Group is not aware of any material non-compliance or legal cases in relation to corruption within the Sites of Operation.



EMPLOYMENT AND LABOUR PRACTICES



EMPLOYMENT AND LABOUR PRACTICES

EMPLOYMENT

The Group considers employees' contribution and involvement are critical to achieving sustainable growth and maintaining its market leadership. At the same time, the Group has established employment policies and work regulations documents, including Employee Handbook, clearly explaining the internal employment standards regarding recruitment, discipline, remuneration, working hours, compensation and dismissal, etc.

The Group is dedicated to creating equal employment opportunities where each recruitment and promotion is made with consideration of individuals' experience, qualifications and work performance. Besides, the Group pledges to provide an equal working environment regardless of age, gender, physical attributes and ethnicity.

The Group has complied with laws and regulations related to employment in the Sites of Operation, including the Employment Ordinance in Hong Kong and the Labour Law in the PRC. During the year, the Group is not aware of any material non-compliance relating to employment within the Sites of Operation.

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

TRAINING AND DEVELOPMENT

The Group believes that sustainable growth can only be realised with the investment in human capital. The Group has formulated various training and development management systems which provide guidance in designing training programmes and targets, tracking employee training and analyzing their performance. The Group also reviews the content of training and development programmes.

The Group will continue to develop employees' competence by customizing the training plan for career ladders with support from internal trainers and corporate training specialists, so as to provide an opportunity for exchanging ideas and learning from market practices. The most important aspect is to assist employees in career development planning, as well as to develop a talent pipeline for succession planning in the Group.



Deserted Island Training Programme 2019



Training

The Group believes in serving employees by empowering them in the workplace for job fulfillment and developing their skills for career advancement, not only provides leadership development programmes for management but also tailors training programmes for employees in different functions to build in specific skills, such as production process of Cup Noodles and customer relationship management. The Group also organises induction and on-the-job trainings for new employees.

Induction training

The Group organises staff orientation every quarter. The staff orientation is a joint-effort by various business units. Through interactive activities, new colleagues will learn about company history, culture, development as well as the portfolio of products. Existing staff are also engaged to meet the new employees and give them a warm welcome to the Group.

Leadership Development training

Every year, selected employees participate in our 10-month “Noodle Expert Training Programme” tailored to future leaders, to learn about the technicalities of the noodle industry, such as the production process, research and development and packaging. They are also briefed on operations across various business units.

Management training for executives

The Group participated in the Deserted Island Training Programme, engaging dozens of middle and senior management executives from Japan, the PRC and Hong Kong to the Seto Inland Sea, Shikoku, Japan — for a period of 3 days. Employees were required to collaborate with each other to complete various missions by adapting to the environment, with no electronic appliances and supplies except a few package of instant noodles and tools. During the programme, they were able to demonstrate the belief of our Group Founder — “Peace will come to the world when there is enough Food” (食足世平) — by appreciating and respecting the minimal food that they had. Ultimately, we hope our future leaders will continue to respect food and the meaning of food to the society.

Compliance training

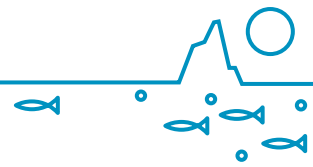
Compliance trainings are arranged for directors, senior management as well as those involved in operations. In-house and external seminars and trainings are organised with an aim to refresh and update the knowledge of applicable regulations and laws.

Integrated Management System training

The Group provided ISO awareness training to newly joined employees, covering knowledge on the ISO 22000 Food Safety Management System and the ISO 14001 Environmental Management System, which are both highly relevant and important in the daily operations.

Industrial qualification training

Employees working in the operational units are regularly provided with technical knowledge updates on food safety, work safety, hygiene management in food production and environmental protection.



Career Development

On an annual basis, strategic objectives with follow-up action plans are set by individual business units. Heads of business units review the progress on personal development and achievement of objectives together with employees before sharing with the senior management for further evaluation and approval. Two-way communication is emphasised as the management values employees' input in the process.

Employee benefits

With the goal of fostering teamwork and companionship, the Group organised and participated in a variety of social and networking events and various corporate social responsibility activities such as the 20-kilometre ultra-endurance race in HK168 and "Lai See Reuse and Recycle Programme" to raise awareness of the employees about sustainability issues.

To create an engaging and inclusive working environment, the following initiatives were implemented:



Recognition programme:

To acknowledge the staff's important contributions, all employees have the opportunity to win the "NISSIN Outstanding Performance Awards" in recognition of outstanding achievements and significant contribution in their jobs. The Group also places focus on staff loyalty and commitment and hence "Long Service Award" is offered every year for employees of their 5, 10, 15 or 20 years' of service. Awards are presented to employees in the form of gift.



Family caring programme:

The Group offers marriage leave, maternity leave, and funeral leave for direct family members and parents in law, full-paid paternity leave for male employees. In the meantime, congratulations and condolences are offered in the form of cash allowances for marriage, death of direct family members and parents in law, celebration for new born baby of staff.



Health caring programme:

The Group ensures that other than medical benefits, a series of initiatives are put forward to allay health care concerns among employees, including group life insurance, annual health check-ups, seasonal influenza vaccination subsidy scheme, dental care discounted plan, and other programmes. The Group promotes work-life balance by advocating healthy living and reducing overtime work. The Group holds the "Smart Working Campaign" to encourage employees to work smart and improve their time management. To facilitate employee' participation in sports, assigned senior employees have also enjoyed membership schemes at fitness centres to promote regular exercise habits.



LABOUR STANDARDS

The Group does not tolerate any child labour and forced labour practices and is committed to upholding the standards across operations. The Employee Handbook of Hong Kong plants and the work regulations documents of the PRC plants articulate the Group's measures in conducting background checks and inspection of identity documentations at the recruitment stage to avoid child labour. In order to reduce overtime work and promote work productivity, the heads of the business units are required to communicate actual work arrangements with management. Employees are required to seek approval from their respective senior officer if they need to work off-working hours. Meanwhile, it is the Group's policy to offer overtime allowance and/or compensatory leave to 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 the Employment Ordinance in Hong Kong and the Labour Law in the PRC. The Group is not aware of any material non-compliance with relevant labour laws within the Sites of Operation.

HEALTH AND SAFETY

The Group is committed to maintaining a healthy and safe working environment. The Occupational Safety and Health (OSH) Policy is established to provide guidance for employees, such as their responsibilities in workplace. To ensure that operation processes follow the OSH Policy, the OSH management system has defined clear OSH practices. These practices are regularly reviewed for continuous improvement and to maintain an optimal work environment.

Occupational Safety and Health Policy:



Employees on the plant premises are required to wear personal protective equipment such as helmets



Various guidelines are set by the Group on the handling of chemicals, dangerous goods and machinery



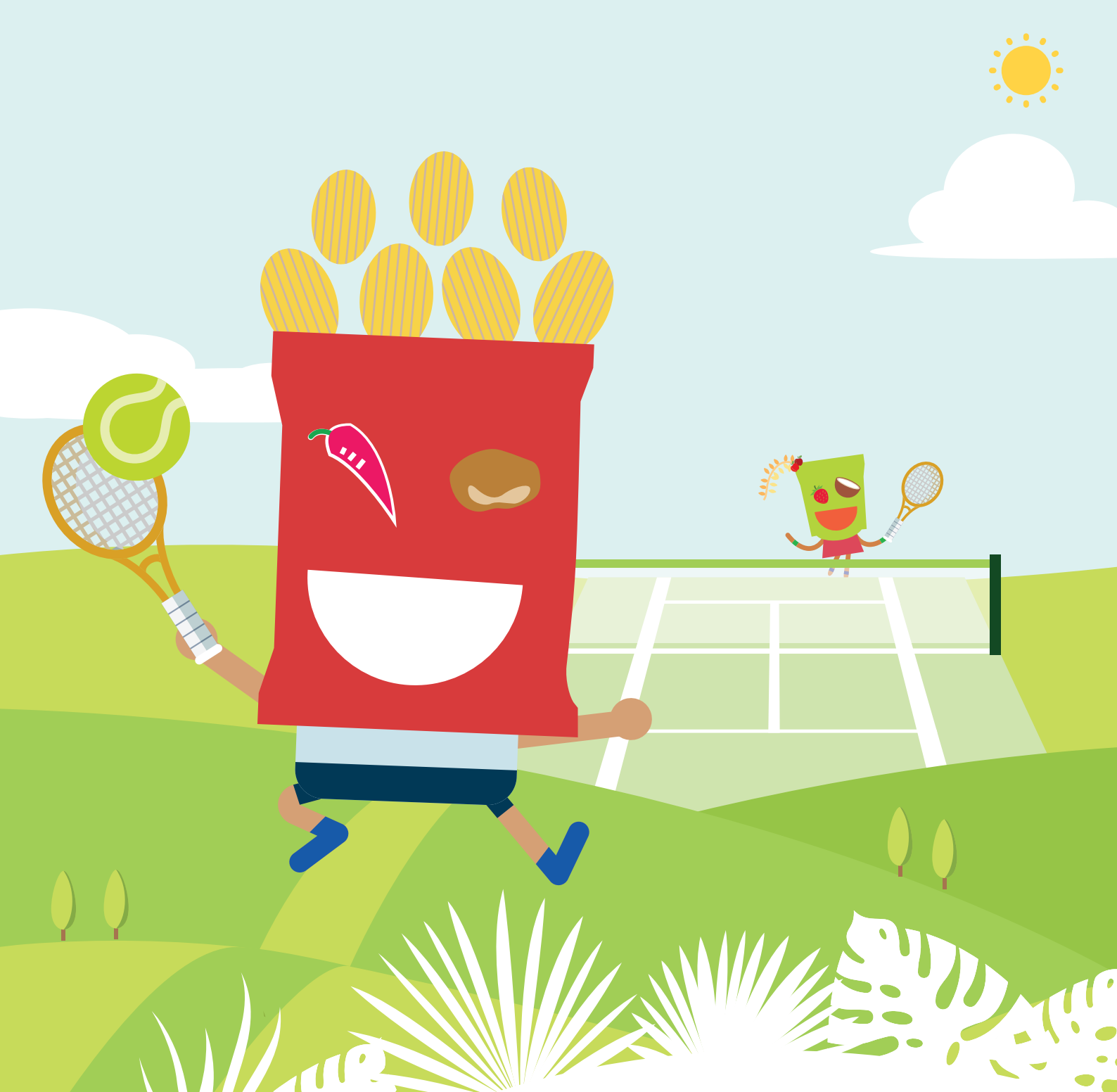
Implementation of health and safety measures regarding machine safety, manual labour and working at heights



Periodical emergency drills that simulate fire and oil spillage

To ensure the OSH guidelines are being followed, site inspections have been carried out during the year. In addition, OSH Committee conducts regular meetings to review the OSH performance and make improvement recommendations to the management when necessary. Third party experts are being assigned to conduct OSH audits annually, who provide identification and improvement recommendations for shortcomings identified in the daily practices of the OSH guideline. In addition, annual on-site influenza vaccination and health checks are provided to employees to boost their healthiness. The Group's Influenza Contingency Committee continuously reviews existing contingency plan and procedure, including risk control measures, hygiene control in workplace and sustaining work operations, identifying room for improvement, and performs two way communication on the disease and control measures with employees to protect Group's operations and employees.

During the year, the Group has complied with laws and regulations related to health and safety in the Sites of Operation, including the Occupational Safety and Health Policy in Hong Kong and the Production Safety Law in the PRC. The Group is not aware of any material non-compliance relating to health and safety within the Sites of Operation.



COMMUNITY



INVESTMENT





COMMUNITY INVESTMENT

Promote a healthy lifestyle by supporting sports activities

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

As the Youth Development Partner of the Hong Kong Tennis Association (HKTA), Nissin Foods has launched a series of programmes since 2015 with HKTA to identify and groom local youth tennis champions. During the year, the Group extended its three-year commitment to 2019–2021 as the title sponsor of three major youth tournaments in Hong Kong, namely the Nissin Hong Kong National Junior Tennis Championships, the Nissin Cup Noodles Hong Kong Junior Series and the Nissin Demae Iccho Hong Kong Junior Novice Competition. Respectively, 878, 1,968 and 1,400 participants joined the tournaments and the results were encouraging.



Mr. Munehiko Ono (second row, 4th from left), Executive Director and Chief Production Officer of Nissin Foods, and Mr. Philip Mok (second row, 3rd from left), President of HKTA, announced the extension of Nissin Foods' sponsorship to HKTA.



Mr. Shinji Tatsutani (second row, 2nd from right), Executive Director and Chief Financial Officer of Nissin Foods, presented prizes at the award presentation ceremony of the Nissin Hong Kong National Junior Tennis Championships.

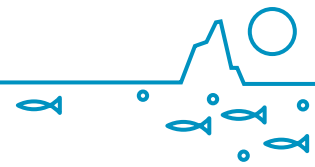


"Nissin Tennis Clinic" provides free training and coaching for children who have little or no experience in competitive tennis.



To further promote tennis in the community, Nissin Foods continued to host the "Nissin Tennis Clinic" which invites professional tennis coaches and champions to provide free training and coaching to young tennis players who have little or no experience in competitive tennis. The Group has been organising the event since 2015 as a commitment to promote participation of young people in sports. In 2019, Mr. Hubert Karrasch and Ms. Naomi Cheong were invited to host the "Nissin Tennis Clinic" in Hong Kong. Through coaching and competing, the Group aims to bring more access and exposure to young people as the community contribution and foster their competitive spirit.

Date	Event	Objective	Coach	Title
27 January 2019	Nissin Tennis Clinic — Beat the Pro	Offer tennis expert guidance to aspiring youngsters	Mr. Hubert Karrasch	<ul style="list-style-type: none"> Former No.1 in ITF seniors singles Former No.1 in ITF seniors doubles
			Ms. Naomi Cheong	<ul style="list-style-type: none"> Reached a career-high WTA No. 485 in singles
25 August 2019	Nissin Tennis Clinic — Prep for the First Match	Equip the ages of 8–10's youngsters with fundamentals of the game and prep them for their first match with instructional advice	Mr. Hubert Karrasch	<ul style="list-style-type: none"> Former No.1 in ITF seniors singles Former No.1 in ITF seniors doubles



In 2019, Nissin Foods was also invited to be the Official Food and Drink Sponsor of HK168, the most challenging ultra-trail race in Hong Kong. Runners competed in mountain races of 168km, half 168km, 55km and 20km. Nissin Foods provided Cup Noodles, Nissin retort pouch dessert, Kagome vegetable juices and Nissin Koikeya potato chips for free during the races from 29 November to 1 December 2019. Four colleagues participated in the 20km pair run. The Nissin team eventually finished with a female champion as well as a male 2nd runner-up award in the corporate division.



Nissin Foods was the “Official Food and Drink Provider” of the “LOL Campus League 2019”.

Promote e-sports development

The Group is actively supporting the development of e-sports in Hong Kong. Nissin Foods was the official food sponsor of Hong Kong’s first international e-sports forum “Digital Entertainment Leadership Forum”, held in July 2019. More than 40 industry leaders from all over the world delivered speeches and staged invitational tournaments to promote the development of e-sports and digital entertainment.



Hong Kong’s first inter-school e-sports competition — “LOL Campus League 2019” also invited Nissin Foods as the “Official Food and Drink Provider”. The Group collaborated with Cyber Games Arena (CGA) to sponsor a series of e-sports seminars in schools. The seminars aim to cultivate Hong Kong’s next generation of e-sport talents.

Nissin Foods cares for the wellbeing of the e-sports players and provides them with Cup Noodles to help them replenish their energy instantly during the competitions.

Encourage invention and discovery

The Group strives to engage consumers in understanding and discovering the innovation and production of instant noodles. In April 2019, Nissin Foods launched the “Nissin Discovery Tour” at Nissin Plant, inviting schools and communities to learn about the history and interesting facts of instant noodles. The tour introduced the 17 manufacturing processes of Demae Iccho from flour mixing to packaging. It also covered educational content such as food safety, supply chain, calories and food culture around the world. Among 495 visitors during the year, over 95% of the participants agreed that they acquired new knowledge and over 85% would like to share this educational experience with others.

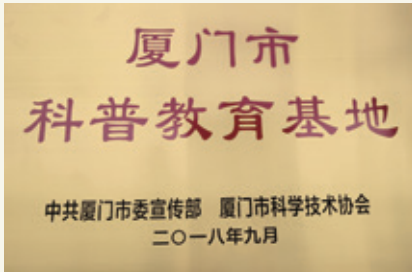


Nissin Foods invites schools and community to join “Nissin Discovery Tour” 「日清探知之旅」 to learn about the history and interesting facts of instant noodles in the Nissin Plant.





To further enhance consumer's understanding of the Group, Nissin Foods organised interactive educational workshops, "Cup Noodles Academy", in the Fujian and Zhejiang plants in the PRC. During the year, the total number of visitors for Fujian and Zhejiang were 328 and 427 respectively.



The "Cup Noodles Academy" in the Fujian Plant and Zhejiang Plant have been recognised by the authorities and named as Xiamen Science Education Base and Zhejiang Industrial Tourism Demonstration Base respectively.

Nissin Foods organises "Cup Noodles Academy" [合味道學坊] in the Fujian Plant and Zhejiang Plant in PRC.

Raise green awareness

In 2019, the Group participated in the Lai See Packet Reuse and Recycling Programme organised by Greeners Action held from 8 to 28 February. The programme aims to promote an eco-friendly lifestyle and encourages the good use and reuse of materials. Collected red packets will be delivered to Greeners Action and distributed to the public before the 2020 Chinese New Year. As a result, the Group collected 29.2kg of Lai See packets for recycling and signed "The Environmental Lai See Charter" as a demonstration of the Group's commitment.

In August 2019, the Group participated in the Food Expo 2019 and arranged paper cups and toothpicks instead of plastic cups and forks for food tasting. Leaflets were printed with FSC Mix and FSC recycled paper. Moreover, no polypropylene (PP) bag wrapping for tote bag freebies were used. We will continue to minimise the use of plastics and package materials in future exhibitions.

The Group sees the necessity of educating its staff to better understand the use of plastics and its impact on the environment. Partnered with Greeners Action in December 2019, an educational tour was held in Kennedy Town. During the tour, the staff explored green shopping and purchased eco-friendly products in the zero-waste store.

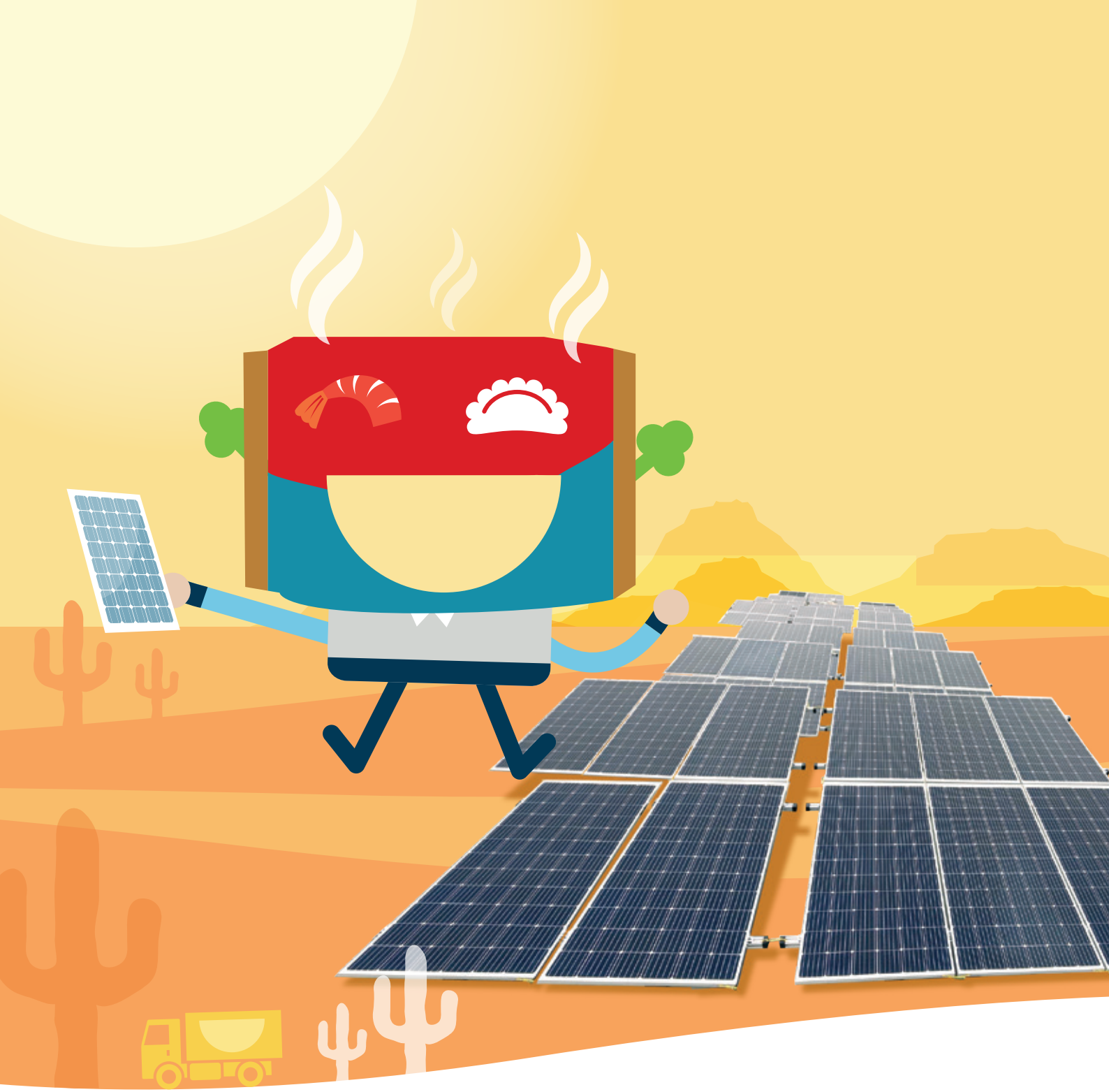


Nissin Foods staff visited the zero-waste store in Kennedy Town to explore and experience green shopping.



Nissin Foods joined the Lai See Packet Reuse and Recycling Programme to encourage staff to donate undamaged Lai See Packets for recycling.





ENVIRONMENTAL PROTECTION





ENVIRONMENTAL PROTECTION

The Group pays attention to continuous extreme weather pattern.

As a responsible business, the Group continues to enforce the Group’s regulations, demonstrating its determination to minimise the negative impact on the environment and natural resources, as well as to manage emission and reduce usage of resources.

Environmental Management System

The Group commits to taking appropriate measures for environmental protection, pollution mitigation, environmental performance enhancement as well as legal compliance. To continuously manage and reduce the environmental impacts arising from the operations, the food production plants are all certified under ISO 14001, an international standard for environmental management system. Under the environmental management system (the “EMS”), the Group is committed to the following:

1. Complying with all applicable local environmental legislation and other relevant requirements
2. Achieving the environmental objectives and targets by establishing, implementing and maintaining the environmental management programme
3. Minimising the use of natural resources
4. Minimising the waste at source and the pollution to the environment
5. Communicating the environmental policy to employees and interested parties, and enhancing environmental awareness
6. Having periodical reviews and continuous improvement of environmental performance

Identified Significant Impacts of Activities on the Environment

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

The Group implements ISO 14001 Environmental Management System across all of the Sites of Operation. The EMS 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.

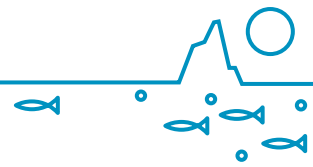


EMISSIONS

Carbon Footprint

The Group implements sustainability initiatives and measures to reduce the environmental footprint. As Hong Kong continues to promote renewable energy and encourage low-carbon living, an electricity supplier has introduced the Feed in Tariff (FiT) scheme where participating companies can install a Solar Photovoltaic System to generate solar energy. The Group has supported the FiT scheme by installing Solar Photovoltaic System in the Winner Plant. Renewable energy generated from the system can be used in its production process which in turn improves the energy consumption profile. The use of renewable energy is also beneficial to Hong Kong as the Group reduces carbon emission to the planet.

Moreover, the Company has upgraded its regular vehicles to electric vehicles this year to be more environmentally friendly and will continue to improve the logistics services and purchase more electric vehicles whenever possible in the future.



The Group has commissioned an independent consultant to conduct a carbon assessment to quantify the greenhouse gas (“GHG”) emissions (or “carbon emissions”) from its operations. The calculation 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 Commission⁶ in the PRC with reference to other international standards such as ISO14064.

During the year, the Group generated a total of 67,544 tonnes of CO₂-equivalent GHG emissions from the operations in the Sites of Operation. Purchased electricity (Scope 2) was the largest contributor to the Group’s GHG emissions. Towngas was the second largest contributor.

Solar Photovoltaic System in Winner Plant — Support for the Feed-in Tariff (FiT) Schemes

In 2018, the FiT Schemes in Hong Kong was introduced by an electricity supplier as part of the Hong Kong Government’s climate change response to promote the use of renewable energy/solar power.

The Group fully supports this scheme as it will help to develop a greener Hong Kong through the development of renewable energy. In 2019, the Group installed Renewable Energy Power System/Solar Photovoltaic System/solar panels at Winner Plant, which is expected to generate approximately 98,000 kWh of energy per year. In 2020, the Group plans to extend the support for the FiT scheme and installs solar panels at other Nissin plants. We will continue to study the feasibility of installing renewable energy power systems at other premises.



Air Emissions

Industrial processes from the production plants make up a major source of air pollutants generated by the Group. Gas boilers were one of the major sources of nitrogen oxides and sulphur oxides, whereas vehicle use was another emission source in the PRC with relatively less significant impact on air quality.

The Group periodically 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 and in good condition.

⁶ *The Guidelines for Accounting and Reporting Greenhouse Gas Emissions from China Food, Tobacco, Alcohol, Beverages and Purified Tea Manufacturing Enterprises (Trial)*



Waste Management

The primary wastes generated by the Group from the production process were wastewater and organic waste. To provide a guideline for the employees to handle wastes, the Good Practice Guidelines was established, which outlines appropriate manners to categorise wastes and prevent contact with any hazardous wastes without proper procedures. Both hazardous and non-hazardous wastes were properly collected by licensed contractors.

Food waste reduction has been one of the environmental challenges for Hong Kong. According to the Environmental Protection Department (EPD) of the government, most of the Hong Kong's food waste is disposed of at landfills together with municipal solid waste. To tackle the food waste problem, reduction at source and recycling are adopted by the Group.

During the year, the Group joined the "Food Waste Pre-treatment Facilities for Food Waste/Sewage Sludge Anaerobic Co-digestion Trial Scheme" lead by the Hong Kong Government in order to reduce waste from manufacturing sent to the landfill. The Group supports this scheme as it will contribute to the preservation of landfill space and reduction of landfill gas including methane while also converting food waste from the operations to compost and biogas. The Group also found a recycling solution for noodle wastes from the operations which can be converted to animal feed. The Group has commissioned recyclers for collection and conversion.

The Group implemented a raw materials inventory sharing system among the brands. Wastage of raw materials can be avoided by transferring raw materials between operations when particular products are not produced and raw materials are not needed anymore.

Regarding wastewater, the Group regularly cleans the drains and clears debris blocking rainwater flow. The Group has commissioned a qualified vendor to regularly collect grease trap waste for proper disposal. Condensed grease oil from the exhaust fans were removed to prevent leakage onto the rain drain. Waste palm oil was stored in waste oil drums and collected by recyclers.

During the year, 3.1 tonnes of hazardous waste and 4,141 tonnes of non-hazardous waste⁷ were produced from the Sites of Operation.

USE OF RESOURCES

Energy and Resources Management

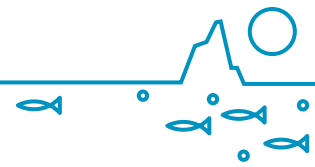
The Group continues to strengthen the management approaches to reducing environmental impacts by enhancing the scope of objectives and targets including energy management, waste management and water conservation arising from operation.

The main resources consumed by the Group are energy, water and raw materials. During the year, the total energy consumption for the Sites of Operations was 195,063 MWh-equivalent and the energy intensity was 0.06 MWh-e per '000 revenue.



- Reduced food waste from manufacturing to the landfill
- Recycled noodles wastes for conversion into animal feed
- Reduced food waste by better inventory control

⁷ The amount of non-hazardous waste produced in the Hong Kong Plants did not include general waste as the records were not available from the waste collector.



Water scarcity is listed as one of the largest global risks by World Economic Forum in terms of the potential impact over the next decade. It is therefore important for the Group to consume water responsibly and reduce water pollution, in order to support the water supply.

During the year, the total amount of water consumed in the Sites of Operation was 341,891 cubic metres; the water intensity was 0.11 cubic metre per '000 revenue. The EMS is also leading sustainability culture for the employees. This is exemplified by the initiatives and motivations of multiple business units. In Nissin Plant, the Group has improved the water management system and achieved 15% reduction in the use of industrial water in the last two years. The progress is regularly monitored.

The Group is fully aware that sustainability initiatives should not be a one-time thing. In order to incorporate sustainability practices into the Group's culture, the Group has regularly circulated comprehensive and step-by-step environment protection and energy saving tips to remind and encourage the employees to reduce usage of resources.

ECO Cup Packaging

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 (i.e. tree), which is preferred to Styrofoam. Trees absorb CO₂ when they grow, and generate CO₂ when they are burning. It is an earth-friendly resource because CO₂ does not increase throughout the lifecycle. In addition, the design of the ECO cup helps seal the container tightly, preserving the ingredients and maintaining the deliciousness of the noodles.

To identify improvement opportunities, the Group will improve its 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 protect the environment and the community by reducing the negative impact from operations.

The Group has established the group-wide Environmental Emergency Preparedness and Response for the employees as a guideline to respond to potential incidents arising from operations. These include palm oil spillage, chemical spillage, explosions and more. Any adverse environmental impacts would be minimised with effective follow-up actions.

In the Group's operations, 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 Group has the Environmental Management System Committee (the "EMS Committee") in place to formulate emergency response plans to minimise the likelihood of accidents and emergency situations. The EMS Committee is also responsible for coordinating drills and preparing summary reports for the Group's management to review. When emergencies occur, the emergency teams carry out appropriate emergency procedures. Root causes and any preventive actions are identified and accident reports are submitted to the management afterwards.

The Group has complied with relevant environmental laws and regulations in the Sites of Operation, including the Air Pollution Control Ordinance in Hong Kong and the Environmental Protection Law of the PRC. During the year, the Group is not aware of any material non-compliance relating to environmental laws and regulations in the Sites of Operation.



KPI SUMMARY

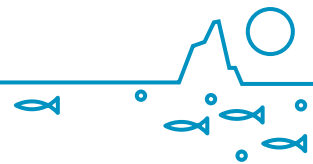
Environmental Performance

Environmental KPIs	2019	Unit
The types of emissions and respective emissions data		
Nitrogen oxides	1.86	tonnes
Sulphur oxides	0.0102	tonnes
Respirable Suspended Particles	0.0014	tonnes
GHG emissions in total and intensity		
Scope 1: Direct emissions	20,630	tonnes of CO ₂ -e
Scope 2: Energy indirect emissions	46,460	tonnes of CO ₂ -e
Scope 3: Other indirect emissions	454	tonnes of CO ₂ -e
Total GHG emissions	67,544	tonnes of CO ₂ -e
GHG intensity (by '000 revenue)	0.022	tonnes of CO ₂ -e/'000 revenue
Total hazardous waste produced		
Total hazardous waste produced ^a	3.1	tonnes
Total non-hazardous waste produced		
Total non-hazardous waste produced	4,141	tonnes
Direct and indirect energy consumption by type		
Direct energy consumption	126,674	MWh
Indirect energy consumption	68,388	MWh
Total energy consumption	195,063	MWh
Energy intensity (by '000 revenue)	0.06	MWh/'000 revenue
Water consumption in total and intensity		
Total water consumption	341,891	cubic metres
Water consumption intensity (by '000 revenue)	0.11	cubic metres/'000 revenue
Total packaging material used for finished products		
Total packaging material used	11,106	tonnes

ESG REPORTING GUIDE CONTENT INDEX

Material Aspect	Content	Page Index/ Remarks
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.	P.22
A1.1	The types of emissions and respective emissions data.	P.22–23
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity.	P.22
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	P.24
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	P.24
A1.5	Description of measures to mitigate emissions and results achieved.	P.22–23
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	P.24
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	P.24–25
A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	P.24
A2.2	Water consumption in total and intensity.	P.25
A2.3	Description of energy use efficiency initiatives and results achieved.	P.24
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	P.25
A2.5	Total packaging material used for finished products (in tonnes).	P.26
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	P.25
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P.25

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



Material Aspect	Content	Page Index/Remarks
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.	P.13
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.	P.16
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	P.16
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P.13–15
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.	P.16
B4.1	Description of measures to review employment practices to avoid child and forced labour.	P.16
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	P.10–11
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.	P.8–10
B6.3	Description of practices relating to observing and protecting intellectual property rights.	P.10
B6.4	Description of quality assurance process and recall procedures.	P.8–9
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	P.10
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.	P.11
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.	P.11
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	P.11
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.	P.18–20
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P.18–20