

2019

Environmental, Social and Governance Report



Christine International Holdings Limited

Stock Code: 01210

Technology Contributes to Healthier Life



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About this Report

Basis of Preparation

This is the fourth Environmental, Social and Governance Report and Social Responsibility Report (the “Report”) publicly released by Christine International Holdings Limited (the “Company” or “Christine” or “we” or “our”), which aims to respond to the expectations of stakeholders and demonstrate our philosophy, actions and achievements in respect of environmental, social and corporate governance (“ESG”) and sustainable development. The content of this Report covers the ESG performance of the Company and its subsidiaries (collectively, the “Group”) in its major operating locations (i.e. the mainland of China).

This Report is prepared with reference to the Environmental, Social and Governance Reporting Guide (the “Guide”) issued by Hong Kong Exchanges and Clearing Limited (the “HKEX”). As an enterprise engaging in food production and sales, Christine understands the importance of ESG to the future development of the Group and has hence prepared this Report. This is not only our consistent objective in compliance with regulations and rules, but also our determination in integrating our highest concerns of environment and society into the Group’s daily operations.

Scope of Reporting

The reporting period for this Report is from 1 January 2019 to 31 December 2019. This Report covers the Group and all its factories and stores. This Report outlines the ESG philosophy of Christine, as well as the overall performance and highlights of the Company’s core business in economic, environmental and social aspects.

Source of Data

The data contained in this Report are derived from the Group’s official documents and statistical reports, as well as statistical data provided by the Company’s subsidiaries based on relevant corporate systems. A complete content index is appended to the last section hereof for quick reference.

Contact Method

Whether you are our employees, customers, partners, or industry associations, government departments, general public, media or social organisations, you are welcomed to read this Report. You are also welcome to send feedback and suggestions to us via email so that the Group can continuously improve its ESG performance.

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About Us

Corporate Profile

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Enhanced Information Disclosure

01



About Us

Corporate Profile

Christine is a bakery chain operator engaged in both production and sales. After nearly 28 years of entrepreneurship, Christine has established five modern GMP-compliant plants in the Yangtze River Delta region, with a team of approximately 3,300 employees and over 400 retail outlets.

Christine's retail outlets are mainly distributed in prime locations in the Yangtze River Delta region, including Shanghai, Jiangsu Province and Zhejiang Province.

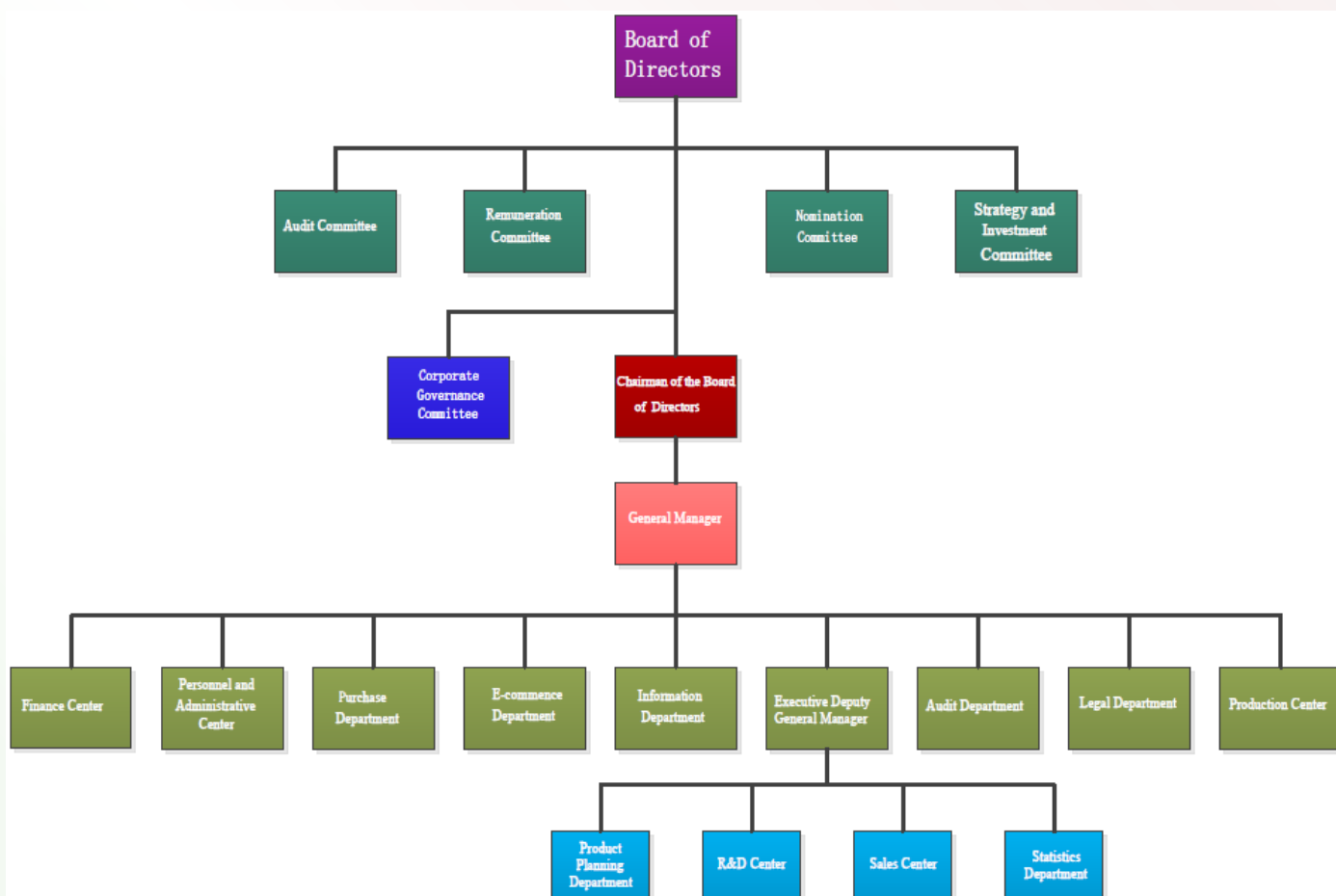
As of 31 December 2019, we had a total of over 476 retail stores forming a multichannel retail network. By operating through convenience stores, subway stores, flagship stores and European style fresh-bake stores, we attract various types of customers. We produced and sold more than 2,200 varieties of bread, cakes, moon cakes, pastries and various other bakery products. We also launch a variety of new products every month to meet different needs. Christine has five centralised bakery factories, which centralise material procurement and emphasise on safety,

nutrition and stability of the quality of our products. Besides introducing new varieties of bakery products, Christine also focuses on research and development and helps customers to "bring a healthy life home". Christine's operation team shares the same belief, i.e., social responsibility is our corporate responsibility. Under its motto of "devotion makes superior quality", the Company is committed to producing healthy, reliable and satisfactory products for customers.



Corporate Governance

In accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and relevant applicable laws and regulations, the board of directors (the “Board of Directors”) of Christine International Holdings Limited is committed to establishing efficient internal corporate governance practices and procedures so as to create an environment for the solid sustainable growth of the Company and to enhance shareholders’ confidence and protect their interests. The Board of Directors has established the audit committee, the remuneration committee, the nomination committee and the strategy and investment committee. As of 31 December 2019, the Board of Directors comprise 11 members, including 5 executive directors, 3 non-executive directors and 3 independent non-executive directors. The Board of Directors maintains a balanced structure and adopts a diversity policy. In identifying and selecting candidates for members of the Board of Directors, the nomination committee will take into account all the traits of a candidate, including but not limited to gender, age, cultural and educational background, professional qualifications, expertise, knowledge, and industry and regional experience so as to meet the business needs of the Group. With relevant expertise and rich experience in corporate and strategic planning, the directors can contribute to the development of the Group's business. The Board of Directors meets regularly four times a year, and is responsible for reviewing and approving the content of the Group's ESG Report.



Corporate Governance Structure of Christine

With a view to ensuring the legal and regulatory compliance of its operation and management, the security of its assets, and the truthfulness and completeness of its financial reports and related information, Christine has put in place risk management and internal control systems. Christine ensures the effectiveness and reasonableness of the risk management and internal control systems by setting up a monitoring and controlling framework, comprising the Board of Directors, the audit committee, the management and the internal audit department.

Board of Directors

- Overseeing the establishment, improvement and effective implementation of internal control;
- Defining corporate development strategies and important decisions, and setting an acceptable level of risk tolerance;
- Defining the duties and powers of all special committees and the management so as to provide support for the decision-making of the Board of Directors.

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Audit Committee

- Supervising the implementation of the Company's internal audit system and internal control assessment;
- Examining and verifying the Company's financial information and its disclosure;
- Fully grasping the work scope of internal control and inspection by internal and external auditors and, if necessary, communicating with external auditors on major issues.



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Internal Audit Department

- Monitoring and checking the effectiveness of internal control;
- Reporting internal control deficiencies identified during supervision and inspection in accordance with the internal audit procedures.

Management

- Properly designing, implementing and supervising risk management and monitoring internal control systems and ensuring effective implementation thereof;
- Responding to and following up on the findings of internal or external auditors on internal control in a timely manner;
- Ensuring the effectiveness of the risk management and internal control systems.

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Sustainability Strategy

The Board of Directors is responsible for formulating the sustainability strategy and plan of the Group, which can help establish a good corporate image; the corporate governance committee and the senior management of the Group are responsible for formulating specific governance measures for corporate sustainability and overseeing the implementation of subordinate organisations; and the heads of the centers, departments and subsidiaries of the Group are responsible for implementing these measures as planned.

During the reporting period, Christine further interpreted and defined the strategic objectives of sustainable development:



1

Green development is the main embodiment of Christine's commitment to environmental responsibility. The Group is committed to investing in energy conservation and emissions reduction and actively promotes its own green and healthy development, regarding building an environment-friendly business as one of its strategic goals of sustainability.

2

We have always adhered to the principles of “prioritising safety, emphasizing prevention and managing comprehensively” and strictly complied with the requirements of the Production Safety Law of the People's Republic of China and the Interim Provisions of the People's Republic of China on Identification and Handling of Potential Safety Hazards in Workplace. Safety is an integral part of Christine's business philosophy, and the Company keeps improving its safety management mechanism from the aspects of safety technology, safety training and safety management.

3

Putting people first is the main embodiment of Christine's commitment to its responsibility for staff. Our current success wouldn't have been possible without the hard work of our staff. We are committed to providing staff with a working environment of equal opportunity to stimulate their potential and promote the growth of corporate value.

4

Quality products are the main embodiment of Christine's commitment to product responsibility. The Group has been committed to offering quality products and services to customers, which makes us stand out from many competitors in the bakery industry. In respect of supply chain responsibility, we cooperate with reputable suppliers and provide reliable high-quality services in an honest and clean manner. Promoting the establishment of a green supply chain is of great strategic significance to the sustainability of the Group.

5

Building harmonious communities is the main embodiment of Christine's commitment to social responsibility. Always adhering to the concept of harmonious development characterised by “serving the country, benefiting the society, seeking win-win outcome and growing together”, the Group is actively involved in community development and charity activities.

Brand Ideology & Persistence

Gratitude

Gratitude allows us to care for and cherish those around us, to realise that even everyday life can be wonderful and exciting.



Happiness

Happiness has a flavour. People only taste this when they are awake, and only when they have a clear mind can they love with their heart.

Experience

Experiencing the journey of life is our pathway to growth. Without going through the ups and downs, you will not dream of a home full of warmth, and you will never realise or treasure the value of life.



Dream

On a joyful day, the taste of warmth and happiness spreads throughout your heart. For this dream, Christine has strived for 28 years and we are grateful for your companionship along the way.

Brand ♦ Story

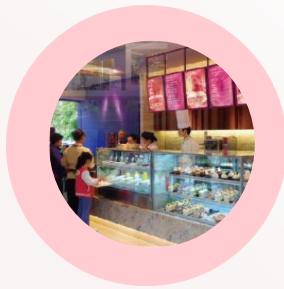
There is a gratitude, for which we convey our gratefulness from heart with hands and guard the life-long happiness with promise.

The taste of happiness is from Christine.



To date, all of Christine's products are traceable.

Brand ♦ Persistence



From the upstream procedure such as the procurement of raw materials to the production, distribution, sales, and ultimately to the hands of consumers, all processes have detailed records forming a “reliable supply chain”.

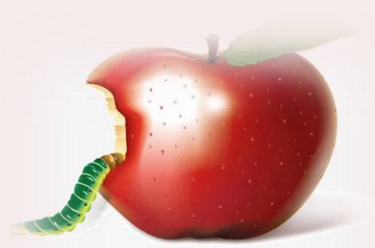


We adhere to the Company's ideology that “There is no product that cannot be sold. There is only quality that cannot be sold”.

Upholding Integrity

We have developed and strictly implemented the audit and whistleblowing policies, and engaged independent auditors to conduct external audits on the Company, in a bid to prevent and control the occurrence of fraud and unethical practices through internal and external audits.

We undertake to abide by the laws and regulations on business operations. In order to combat corruption, we have not only strengthened the control of business processes, but also put in place a whistleblowing policy whereby a dedicated whistleblowing mailbox has been made available. Any stakeholder has the right to report to the Company any suspected violation of national laws, regulations and policies, and the internal rules of the Company, and the internal audit team will investigate any such suspected violation and continuously monitors whether there are any fraudulent or unethical practices by the Company's internal employees or external suppliers. Meantime, the Company strictly keeps confidential the information of whistleblowers to ensure that they will not be subjected to any form of illegal retaliation or discrimination.



防微杜渐
清正廉明



[贪污一时，枯萎一世]
倡导廉洁清风，构建和谐清远

During the reporting period, the Group did not find any violation of relevant laws and regulations or corrupt or fraudulent practice. As our business develops, we will further improve our anti-corruption system and continuously strengthen and intensify supervision, so as to provide effective protection for the Group's sustainable development.

Enhanced Information Disclosure

The quality of our information disclosure directly affects investors' perception of the Company. The Group keeps improving its information disclosure system and the quality of disclosure, and ensures the timeliness, accuracy and completeness of information disclosure, as well as enriching the contents of information disclosure and improving the readability of information disclosed via visualization such as graphs and diagrams.

Law-based Operation

The Group will continue to increase its regulatory compliance efforts, improve its compliance framework and enhance its compliance management, in a bid to build an integrated compliance management system to ensure full regulatory compliance in terms of corporate governance, internal rules and business transactions, safeguard the Company's ability to continue as a going concern, and be responsible to shareholders and investors.

Environmental Management

Energy Conservation and Emissions Reduction

Energy Intensity

Environmental Responsibility

02



Environmental Management

The rapid development of economy and society has brought about environmental issues such as resource depletion, environmental pollution and climate change. Christine has always adhered to sustainable development and incorporated the idea of going green into every link of its business chain, striving for a green, harmonious and beautiful ecological environment.

Christine has adopted a unified management model for energy and resources consumed and emissions generated in the course of business operations, and has formulated resource and emission management rules. In addition, the Group also encourages its subsidiaries to seek ISO9001 quality management system certification and ISO14001 environmental management system certification. Based on the statistical results and the actual circumstances of each production plant, Christine conducts a detailed analysis and accordingly works out the targets and plans for energy saving and emissions reduction for the subsequent period.

Energy Conservation and Emissions Reduction

We are committed to investing in energy conservation and emissions reduction, implementing multiple improvement measures for energy conservation and emissions reduction, with a focus on the management of sewage, carbon emissions, and other wastes. Combining strict management with positive guidance, we make intensive efforts to carry forward the building of an environment-friendly business.

The wastes generated by the Christine's production enterprises mainly include sewage and non-hazardous solid wastes. The Group generates a very small amount of hazardous wastes in its production and operation activities. Compared with 2018, the total volume of sewage discharged increased by 19.61% in 2019, mainly due to the different sewage coefficients adopted for the two years. The volume of sewage discharged in 2018 was calculated using the sewage discharge coefficient of the pastry industry, and the volume of sewage discharged in 2019 was calculated by multiplying the water consumed by the coefficient of 0.9 as required by the competent environmental protection authority.

Table of Total Emissions

Emissions (Unit)	2019	2018	Year-on-year change between 2019 and 2018
Total volume of sewage (Ton)	132,942.80	111,145.20	19.61%
Average volume of sewage for finished goods (Kilogram/unit)	1.65	1.38	19.57%
Total hazardous solid wastes generated (Ton)	0.5	0.6	-16.67%
Average volume of hazardous solid wastes generated for finished goods (Gram/unit)	0.0062	0.0074	-16.22%
Total non-hazardous solid wastes generated (Ton)	118.66	131.58	-9.82%
Average volume of non-hazardous solid wastes generated for finished goods (Gram/unit)	2.29	1.63	40.09%

Water Treatment Management

The Group has been actively promoting the implementation of water conservation projects such as “condensed water recycling” to achieve circular use of food manufacturing wastewater. On the principles of “reduction at source, control in the process and treatment at the end”, we have continually improved the recycling rate of manufacturing wastewater in the factories and reduced the consumption of tap water.

1

Water Recovery Device



2

Sewage Treatment Facility



Exhaust Gas Management

Meanwhile, all exhaust gases generated by the Company in production activities are discharged after being filtered by activated carbon absorption devices with an absorption rate of up to 90%. All of production wastewater is discharged after being treated in the oil separator, regulation tank, anoxic tank, aerobic tank and sedimentation tank. Sewage and pollutants are discharged in accordance with the Integrated Wastewater Discharge Standards (GB8978-1996) of China.

3

Activated Carbon Treatment Device



Waste Oil Management

The Group endeavours to minimise wastes generated during production process. During the reporting period, the non-hazardous solid wastes produced in factories were mainly waste edible grease and raw and auxiliary materials which could not be used for production.

The Group has put in place the Waste Oil Management System, the Waste Control and Management System and other management measures for strict standardization of waste disposal procedures, explicitly requiring factories to prohibit the delivery of wastes to any waste collection and disposal plant not recognised by the city appearance and environmental sanitation management authority for treatment, so as to ensure that all wastes generated will be properly disposed by duly established organisations.

4

Fume Treatment Device



Solid Waste Management

The Company strictly monitors the disposal of solid wastes generated during production process, and requires all wastes be placed at special storage locations with safety signs. The Company selects external waste disposal plants with relevant qualifications in strict accordance with national standards, and strictly monitors the disposal of wastes by such plants.

In accordance with the relevant provisions of national laws and regulations, we uphold the principle of recycling and comprehensive utilisation to avoid secondary pollution, and use reusable plastic devices to collect wastes.

5

Waste Sorting



Energy Intensity

Christine has constantly strengthened publicity and education on energy conservation and consumption reduction, and actively carried out special training on environmental protection and regular emergency response drills. By organising expert lectures and putting up special bulletin boards on environmental protection, we have stepped up efforts to publicise the new Environmental Protection Law and relevant rules and regulations, striving to enhance the legal sense and environmental awareness among managers and workers. During the reporting period, the Group has taken various effective measures to enhance energy conservation and emissions reduction and ensure secure and stable water supply.

Emissions reduction measures of Christine

	Regular inspection was performed on compressed air and water pipelines of production equipment in factories to prevent leakage.
	Factories strengthened the process management of workshop cleaning, reduced the use of running water in cleaning, strictly controlled the opening hours of staff dormitories and bathrooms, and banned the washing of clothes and other items in bathrooms.
	The Group thoroughly promoted paperless office practices to reduce the use of paper.
	Regular inspection and repair were conducted at our factories for steam pipelines and insulating layers of heat supply pipelines to prevent heat loss.
	Factories consolidated the existing resources of refrigerated storage to ensure that refrigerated logistics storage was used once a week to reduce electricity consumption
	The use of hot water in daily activities was reduced, and hot water systems at areas where hot water was not needed were closed in summer to reduce the use of natural gas

List of Total Energy Consumption:

Energy Type (Unit)	2019	2018	Year-on-year change between 2019 and 2018
Total water consumption (Ton)	216,776.00	233,831.00	-7.29%
Average water consumption for finished goods (Kilogram/unit)	3.77	2.90	30.00%
Total electricity consumption (kWh)	14,009,656.00	15,681,055.00	-10.66%
Average electricity consumption for finished goods (kWh/unit)	0.24	0.19	26.32%
Total natural gas consumption (Cubic meter)	569,447.00	629,826.00	-9.59%
Average natural gas consumption for finished goods (Cubic meter/unit)	0.0099	0.0078	26.92%
Total diesel fuel consumption for transportation (Ton)	208.70	107.37	94.37%
Average diesel fuel consumption for transportation for finished goods (Gram/unit)	3.63	1.33	172.93%
Total greenhouse gas emissions (Ton)	8,453.34	9,176.07	-7.88%
Average greenhouse gas emissions for finished goods (Kilogram/unit)	0.15	0.12	25.00%

The Group actively advocates the idea of saving resources and jointly building green cities. Therefore we have redesigned product packaging, making it more attractive and environment-friendly, in a bid to minimise the use of plastic packaging materials. In 2019, the Group used a total of 968.41 tons of paper cartons, accounting for 71.71% of the total packaging materials used for the year. The Group used a total of 1,350.39 tons of packaging materials in 2019, down 5.37% as compared with 2018, but its use of packaging materials per unit of products increased by 32.58% as compared with 2018. The increase in use of packaging materials per unit of products was due to the fact that our factories produced products in smaller sizes or of less weight as per the specifications specified in some orders from customers and used the customised packaging films we previously purchased to pack these products so as not to waste such packaging films.



The statistics of packaging materials used:

Type of Packaging Materials (Unit)	2019	2018	Year-on-year change between 2019 and 2018
Plastic packaging film (Ton)	202.90	216.44	-6.26%
Plastic packaging box (Ton)	171.15	176.96	-3.28%
Foam box (Ton)	7.94	9.68	-17.98%
Packaging paper carton (Ton)	968.41	1,023.99	-5.43%
Total (Ton)	1,350.40	1,427.07	-5.37%
Average usage of packaging materials (Gram/unit)	23.48	17.71	32.58%

Environmental Responsibility

The Group bans the use of all prohibited substances listed in national laws and regulations that may adversely affect human health and the environment during our food production processes. Meanwhile, we continue to explore operation models that are more environment-friendly and strive to reduce environmental impact, maintain ecological balance and create green value during the whole service cycle.

Christine has adopted a unified management model for energy and resources consumed and emissions generated in the course of business operations, and has formulated resource and emission management rules. The Group encourages its subsidiaries to seek ISO9001 quality management system certification and ISO14001 environmental management system certification. Based on the statistical results and the actual circumstances of each production plant, Christine conducts a detailed analysis and accordingly works out the targets and plans for energy saving and emission reduction for the subsequent period.

We will continue to improve production processes and upgrade facilities to avoid misuse and waste of natural resources. In addition, we have established an emergency response mechanism for handling environmental incidents. If any incident occurs, the task force will quickly respond and reduce the damage of the incident to the environment.

In addition to existing national and provincial-level environmental protection regulations and standards, we also take the initiative to issue an environmental protection proposal to employees of subsidiaries, suppliers and partners, calling for joint efforts to improve the quality of the environment.



Safety Management

Production Safety

Safety Training

Emergency Drills

03



Safety Management

Production Safety

The Group has been adhering to the policy of “prioritising safety, emphasising prevention and managing comprehensively” and strictly complying with the requirements of laws and regulations such as the Production Safety Law of the People’s Republic of China and the Interim Provisions of the People’s Republic of China on the Identification and Handling of Potential Safety Hazards in Workplace.

In order to promote the standardised management of the Company’s safety-related work and safeguard the life safety of all employees, Christine has formulated the Regulations on Production Safety Management by Objectives, so as to enable all departments and workshops to carry out their safety-related work under specific objectives, code of conduct and assessment standards as well as on defined reward and punishment basis.



We have been carrying through the policy of “prioritising safety, emphasising prevention and managing comprehensively”, adhering to the principle of “managing production based on safety management” and carrying out production in compliance with the safety requirements, thus realising safe and well-managed production. We make unremitting efforts to identify and defuse potential safety hazards as well as prevent and control risks, and regard them as the foundation work for production safety. In addition, we establish and improve the systems for identification and defusion of potential safety hazards, prevention and control of risks as well as filing and monitoring.



Safety Training

In 2019, the Company organised a number of safety training sessions, including annual safety training, safety warning education training as well as fire-fighting and first-aid trainings.



In February 2019, Ji Yuan De Factory organised all its employees to conduct all-round trainings on food safety, production safety, personal safety, equipment safety, etc.



Emergency Drills

In order to prevent emergencies and accidents such as fire and explosion and minimize casualties and economic losses, the Company has developed comprehensive contingency plan and contingency plans for various emergencies, carried out various emergency drills and training activities such as flood prevention drills and fire emergency evacuation drills, to examine the ability of employees to handle emergencies, improve the Company's emergency response management level, and identify the issues in the contingency plans.



Care for Staff

Staff Overview

Staff Rights and Interests

Staff Benefits

Staff Training

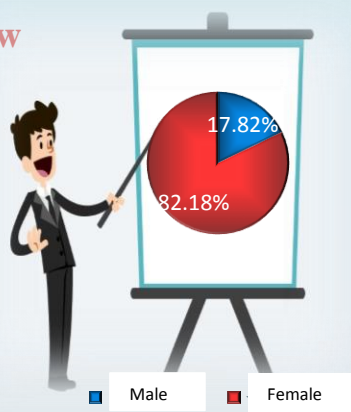
Labour Standards

04



Care for Staff

Staff Overview



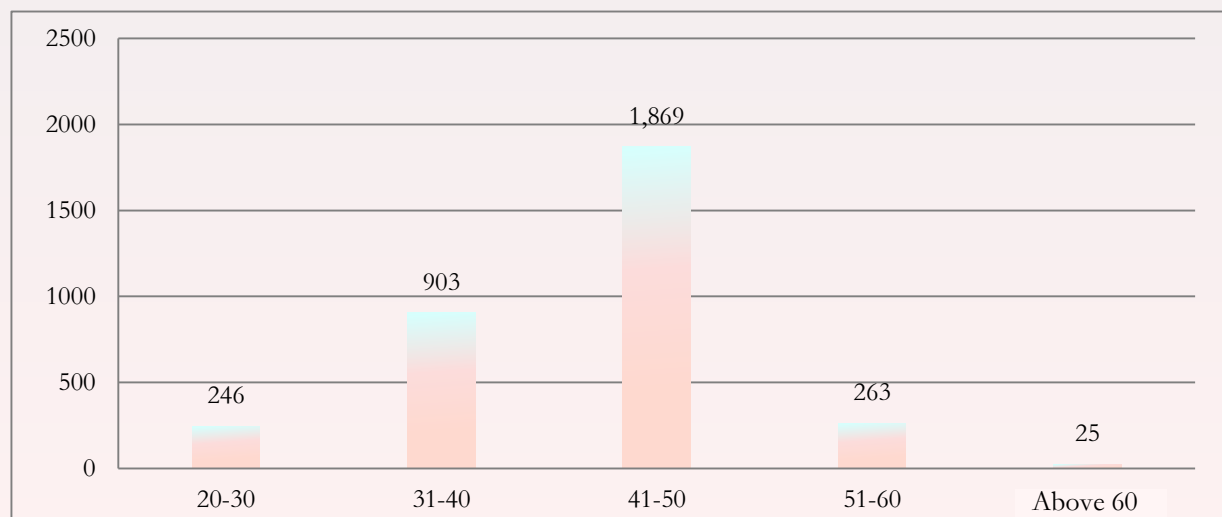
In 2019, Christine had 3,306 employees, most of which are female. In particular, 2,717 were female employees, accounting for 82.18%, and 589 were male employees, accounting for 17.82%.

Total workforce by gender and rank:

Rank	Male	Female	Total
Senior management	10	11	21
Middle management	18	36	54
General staff	561	2,670	3,231
Total	589	2,717	3,306

The Company's employees were mainly aged from 31 to 50, totalling 2,772. In particular, 27.31% of the employees were aged from 31 to 40, 56.53% aged from 41 to 50, 7.44% aged from 20 to 30, 7.96% aged from 51 to 60, and 0.76% aged above 60, indicating that young and middle-aged people are the main workforce of the Company and play an important role in our production and operation.

Total workforce by age:



Total workforce by age and rank:

Rank	20-30	31-40	41-50	51-60	Above 60	Total
Senior management	0	2	10	7	2	21
Middle management	1	8	34	10	1	54
General staff	245	893	1,825	246	22	3,231
Total	246	903	1,869	263	25	3,306

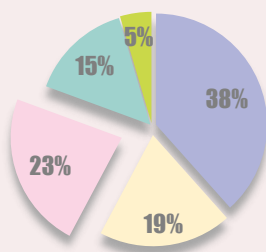
Total workforce by region and rank

Rank	Shanghai	Eastern China (excluding Shanghai)	Other regions	Total
Senior management	11	10	0	21
Middle management	22	32	0	54
General staff	1,516	1,715	0	3,231
Total	1,549	1,757	0	3,306

Our staff mainly consists of production staff at factories and sales personnel at retail stores, among which female staff account for a higher ratio. The turnover of female staff is more apparent and has contributed to a higher overall turnover rate of the Company. In 2019, 1,508 employees departed, of which 1,245 were female, accounting for 82.56% of the total departures. In 2019, 469 new employees joined us, which was far less than the departures, resulting in a significant turnover of employees of the Company.

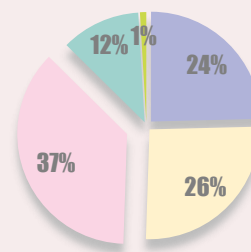
Turnover of male employees by age

■ 20-30 ■ 31-40 ■ 41-50 ■ 51-60 ■ Above 60



Turnover of female employees by age

■ 20-30 ■ 31-40 ■ 41-50 ■ 51-60 ■ Above 60



Staff Rights and Interests

The Group has set up a human resource management center to manage recruitment, promotion, remuneration and welfare, dismissal and other related processes. We have developed a detailed Staff Handbook, which contains clear provisions on equal employment, dismissal, prohibition of child and forced labour, remuneration and benefits, etc. We also ensure the fairness and impartiality of the entire recruitment process through stringent review and approval procedures.

The Group strictly abides by national and local laws and regulations in terms of working hours and leave/vacation arrangements, so that employees can enjoy leaves/vacations they deserve from hard work to maintain good physical and mental health.

Christine cannot grow without the unity and cooperation of its employees. We have put in place a sound promotion mechanism to reward staff who have contributed to the success of the Company; we are committed to creating a harmonious workplace so that employees can joyfully devote themselves to work; we also make every effort to advocate equal employment and ensure that employees are not discriminated against on the grounds of race, nationality, skin colour, religious belief, physical disability, gender, social group or marital status.

Working Environment



Staff Activities



On 20 June 2019, Long Wu Factory organised employees to carry out team building activities, which consisted of five games and set up one award for the winning team. The event mainly aimed to enhance team collaboration, mutual communication and teamwork among the employees, and also reflected the leadership, execution and understanding of the management.

Staff Benefits

Contributions to social insurance schemes		<p>We value the health and safety of our staff, perform occupational health management for staff in strict accordance with the Labour Law of the PRC, the Regulations on Work-related Injury Insurance and other relevant national laws and regulations, and make contributions to basic social insurance schemes covering pensions, medical care, unemployment, work-related injuries, and maternity for staff according to the relevant laws.</p>
Health check-up for employees		<p>Each year, we provide free health check-up for employees, and extra specialised occupational health check-up for employees working at posts exposed to occupational hazards, in an effort to ensure that employees meet with the relevant requirements and stay healthy. We also offer training programs on occupational disease prevention for our employees, promote the use of labour protection equipment, and enhance their awareness of occupational health.</p>
Production safety		<p>We have formulated and strictly implemented the precaution measures and regulations on production safety, post responsibility system and operation rules, in a bid to ensure that health and safety management is institutionalised, operation process is standardised, and responsibilities are well-defined. We clearly define the safety responsibilities of personnel at all levels through systems and processes, making functional departments and personnel at all levels are responsible for production safety within the scope of their respective work. During the reporting period, no employee was injured at work in the Group and its factories.</p>



Staff Training

The Group has constantly implemented the employment approach of "selection, employment, development, promotion and retention", providing all kinds of professional skills and management training to develop junior staff into middle and senior managers, helping them achieve promotion with ever-growing quality and capability.

In 2019, 2,868 hours of training were provided by the Group through different forms of internal and external training, involving 956 participants in total and covering employees various levels. The trainings mainly covered the Company's organisational strategy and corporate culture, employees' basic working skills, employees' business knowledge, orientation to new employees, and other areas.

Employees, in particular talented employees, are the backbone of corporate development. The Company cannot succeed without the efforts of employees while an employee cannot succeed without the success of the Company. The Group always adheres to the talent development concept of "enabling employees to grow and develop with the Company". Accordingly, the Group continues to improve its occupational education and training system, creates equal development opportunities for employees, and regards training as the driving force for enhancing the quality and career development of employees.



Talent development



Employee training

Training of employees by rank :

Rank	In-service employees	No. of participants	Average training percentage	Total training hours	Average training hours completed per employee
Middle and senior management	75	15	20%	45	3
General staff	3,231	941	29%	2,823	3
Total	3,306	956	29%	2,868	3

Training of employees by gender :

Gender	In-service employees	No. of participants	Average training percentage	Total training hours	Average training hours completed per employee
Male	589	199	34%	597	3
Female	2,717	757	28%	2,271	3
Total	3,306	956	29%	2,868	3

Labour Standards

The Group strictly abides by the Labour Contract Law of the PRC and other laws, regulations and policies regarding human resources by adhering to equal employment, putting in place a fair, democratic, competitive and merit-based selection and employment mechanism, and entering into employment contracts with employees in accordance with the law which clearly provide for rights and obligations. The Company has also formulated a sound human resources management system, which has clear requirements on no use of child or forced labour and the termination of employment contracts. We prohibit all forms of employment discrimination and there are no child labour, forced labour and other violations. We fully respect the differences among employees from different backgrounds, regions and cultures.



Quality Responsibility

Supply Chain Management

Product Quality

Service Quality

Store Management

05



Quality Responsibility

Supply Chain Management

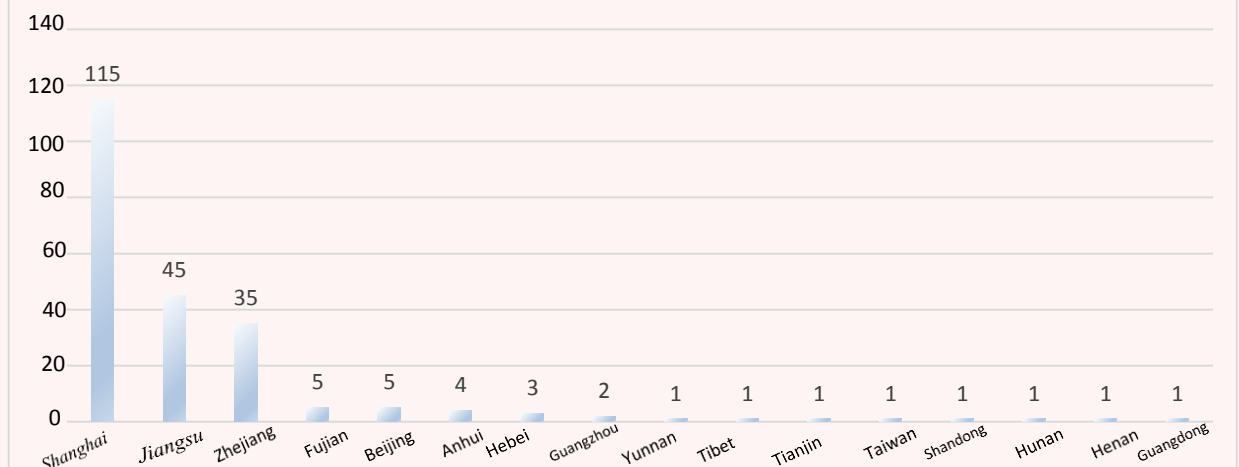
As one of the first foreign invested bakery enterprises entering the PRC market, Christine has been developing through producing and selling bakery products since 1993. We have a large number of retail outlets in prime locations in Shanghai, Jiangsu Province and Zhejiang Province, which has cemented a solid foundation for our robust growth in the Yangtze River Delta region. We have established a comprehensive logistics distribution system in the region. At present, we are gradually expanding our brand influence through the combination of online sales and offline stores, and have won the recognition of consumers with excellent services and quality.

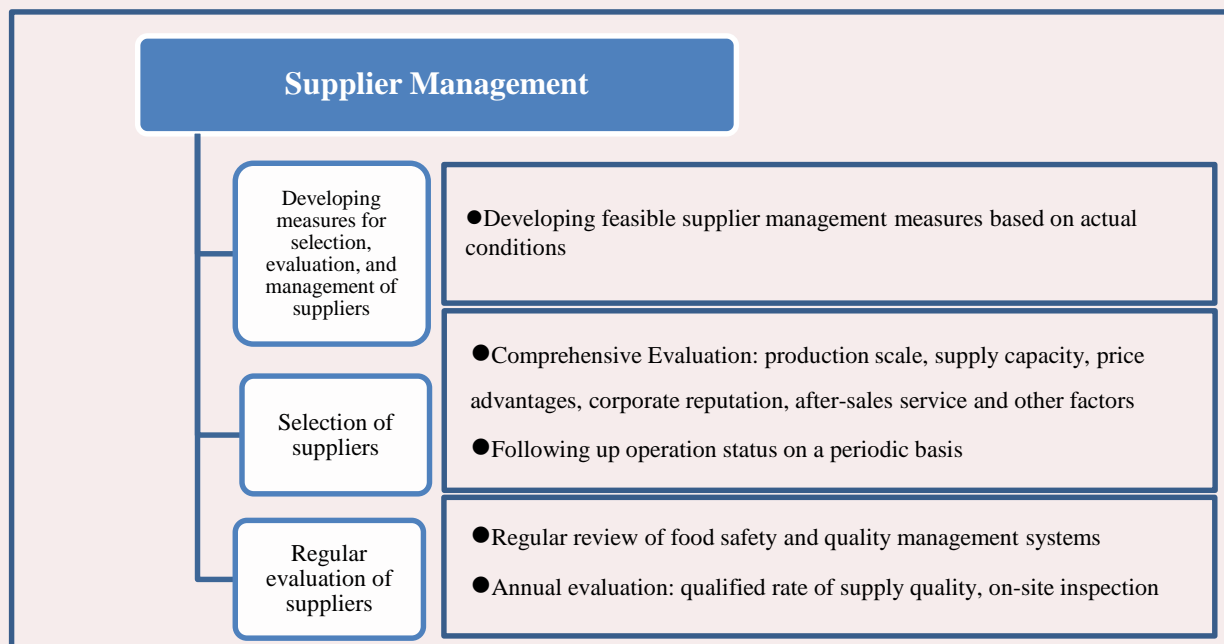
We are always committed to offering healthy products and quality services to customers, and our long-term commitment has enabled us to maintain a solid presence in the bakery industry for over 27 years. We also cooperate with creditable suppliers and provide reliable and high-quality services in a fair and honest manner, thereby becoming one of the leading brands in China's bakery industry.



In order to better optimise our supply chain management, ensure strict control of food ingredients from the source and provide consumers with fresher and healthier bakery products, we have established a list of qualified suppliers to strengthen the screening of suppliers and standardise the inspection mechanism for the access and elimination of suppliers. In 2019, Christine had a total of 222 qualified suppliers. Promoting the establishment of a green supply chain is of great strategic significance for the sustainability of the Group. We control our business processes including material procurement and service procurement by following our established procedures to protect the Group and related parties from any economic loss or brand influence.

Number of suppliers (by geographical region)





The Group has formulated management measures for selection and evaluation of suppliers, which define the supplier selection principles, selection process, daily management, evaluation methods, etc. We assess qualified suppliers according to their production scale, supply capacity, price advantage, quality assurance, corporate reputation, after-sales service and other factors, and confirm whether the supplier is in normal operation through regular tracking of suppliers' business information and re-assess the suppliers with abnormal operation conditions. At the same time, the Company regularly checks the supply and quality of raw materials of suppliers. For the suppliers failed to meet the Company's supply time and quality requirements, the Company will, based on the severity, determine whether to require them to rectify within a specified period or directly remove them from the list of qualified suppliers.

In addition, the Group will engage professional agencies to review the operating status of factories' food safety system and quality management system each year. At the end of each year, the purchase department will conduct an annual evaluation of the suppliers based on suppliers' quality qualification rates and other factors. In respect of the suppliers of major food raw materials, the Company will make evaluation of the suppliers for 13 items including factory environment, cleaning and disinfection, equipment maintenance through on-site inspection every year, and follow up the issues identified in the inspection to ensure the reliability of food raw materials. By combining pre- and post-control measures through supplier selection and supplier evaluation, the Group has not only provided re-assurance for supply chain management, but also ensured the Company's commitment to fulfilling corporate social responsibilities.

Product Quality

We strictly complied with all the relevant laws and regulations relating to food safety in the food industry, including the Food Safety Law. The Group also obtained ISO9001 Quality Management System Certification and ISO22000 Food Safety Management System Certification to ensure that product quality meets consumer demands. Our attitude towards products of seeking excellence has determined that no product sold or shipped has ever been recalled due to reasons of safety and health issues.

We attach importance to the inspection of raw materials and the supervision and management of production processes. We have established a detailed, targeted operation process for different types of raw materials to ensure the quality and environment-friendliness of raw materials. The quality control department arranges quality inspectors to conduct on-site quality inspection on a daily basis. Random inspection mainly focuses on production processes and teams that are likely to violate the production standards according to the statistics compiled by the quality department, so as to ensure that the production steps and equipment operation status have complied with the relevant quality standards.

Normally, food quality assurance covers seven aspects including raw material procurement, food production and processing, food packaging, food inspection, food storage, food transport and food sales. The final quality of food depends on the output quality of different processes and their coordination. The Group has established a sound quality management system and continues to enhance management control in all aspects for all-time food safety.



Process of food quality assurance

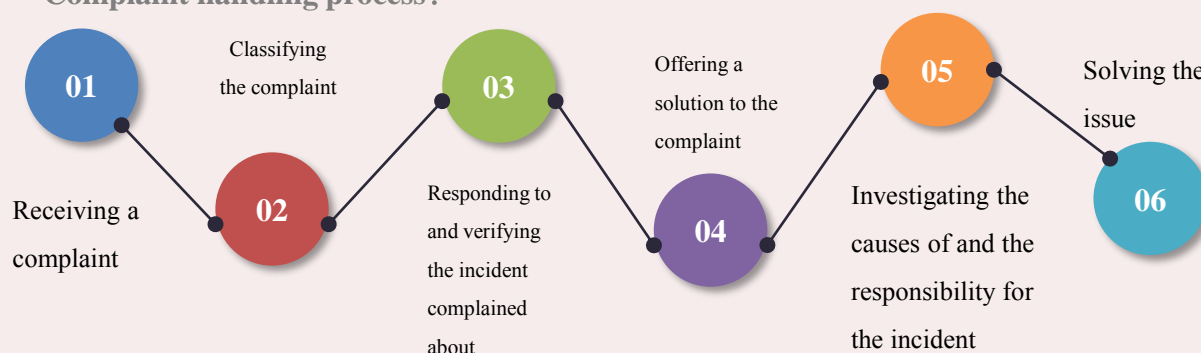
Service Quality

01	According to the Law on Protection of the Rights and Interests of Consumers, we have formulated and strictly implemented internal rules and regulations to clarify the staff's authority and procedures to use customer information for various posts and clearly specify the management responsibilities of customer information, to prevent leakage of personal information of consumers and comprehensively protect customer information security.
02	We focus on the protection of intellectual property rights of the Company, and apply for relevant patents in a timely manner for other unique contents such as the relevant manufacturing process, shape, pattern, color and sound developed by the Company, and sign confidentiality agreements with relevant employees in the research and development and manufacturing of products. In addition, we acquire other copyrighted third-party products through proper channels and mark the property rights for all commercial purposes to prevent the Company from infringing others' intellectual property rights.
03	We attach importance to the experience and feelings of all our customers. In addition to strict control of product quality, we are more committed to listening to customers, optimising products according to customer opinions, and making targeted improvement plans.

Complaint Management

We have set up a special department to handle complaints and strive to solve complaints in the most efficient way, so as to provide customers with a good after-sales experience. For product quality complaints, shop assistants will immediately report the case to relevant departments after receiving the complaint. If the quality complaint is found to be substantiated after joint investigation by the factory, customer service center at the headquarters and the quality management department, shop assistants will immediately recall the defective product and compensate the customers according to the relevant regulations. The Company will subsequently recall and destroy this batch of defective products in an all-round way; for service-related complaints, we conduct random unannounced visits to the store upon receiving the complaints, punish the unqualified employees in accordance with the Articles of Association and require such employees to receive training for the second time. During the year, we received a total of 139 complaints, of which 95 cases were related to product quality issues, and the remaining 44 cases were service-related complaints.

Complaint handling process :



Customer Satisfaction Survey

Through customer surveys, we hope to have a better understanding of the needs and satisfaction level of customers for Christine products, and formulate targeted improvement plans based on the results of customer surveys, so as to produce better products for customers and improve the Company's performance. In 2019, Christine conducted customer satisfaction surveys in Shanghai, Kunshan, Suzhou, Nanjing, Wuxi and other regions, with 137 participants and a total score of 5,122.



We conducted questionnaire surveys on “Customers’ feedback on our products”, “Where do the customers frequently purchase bread or cakes”, “What is our customers’ first choice among our products”, etc..

Based on the results of the customer surveys in 2019, we conclude that Christine needs to increase the coverage of its stores, actively promote the innovation of store appearance, accelerate the research and development of new products, carry out promotional activities, give back to the regular customers, learn from and adopt the good advantages of other peers, increase our popularity among consumers, and enhance the trust and satisfaction of customers.

We have been committed to building a sound product return system and customer feedback channels to protect the rights and interests of consumers. We believe that only by making our customers feel valued and experience the comfort of shopping can we attract them to spend in our stores for the second time, thereby establishing stable customer loyalty.

Store Management

In order to better manage our stores and ensure that the product quality and service quality of the stores meet the Group's requirements, the Group has developed the "Standard for Inspection of Stores by Supervisors", which stipulates that the supervisors shall carry out inspections as planned according to the number of stores under their management, and reasonably adjust the frequency of inspections based on the operation needs of the stores to avoid formalisation and ossification; the inspection of product quality management standards of stores includes environmental hygiene, shelf life, appearance, temperature control of cold chain products and ISO form filling; the inspection of service quality of stores includes the appearances of employees, etiquette, standardisation of sales process, and implementation of service standards.

The supervisors shall fill in the "Form for Store Inspection by the Supervisors" and "Message Pad for Store Inspection" and submit the "Form for Store Inspection by the Supervisors" for the previous week to the regional manager before each Tuesday. The managers shall check the form and set up accounts for inspection by the Company; cross-inspections will be organised among various regions from time to time, the results of which will be reported in a timely manner to strengthen the supervision of the stores; adhering to the principles of fairness, objectiveness and reasonableness in the process of store inspection, the supervisors shall focus on providing guidance and experience to solve issues, and strive to nip the issues in the bud, thus ensuring the quality of products and services to the satisfaction of customers.

Each year, the Company provides training for staff directly engaged in food sales on knowledge about product quality and food safety to enhance their awareness of food safety. The requirements on personal health and hygiene in terms of food safety will be explained to new employees during their basic training, so as to strengthen their awareness of food hygiene quality.



Community Responsibility

The Group has always been adhering to the concept of harmonious development characterised by “serving the country, benefiting the society, seeking win-win outcome and growing together”, giving full consideration and effectively responding to the appeals of stakeholders. We attach importance to the establishment of a harmonious and inclusive corporate and community relationship in the local community. We encourage our employees to make contributions to the community and proactively participate in the activities of community to understand the needs of the community. We also encourage all units of the Group to take part in charitable, volunteer and open day activities to further strengthen communication and contact with communities and establish an admirable corporate image.

During the reporting period, we cooperated with various non-governmental organisations, charitable organisations and social organisations to contribute to the communities through voluntary blood donation, care for nursing homes and other ways.

Christine’s operation team shares the same belief, i.e., social responsibility is our corporate responsibility. Under its motto of “devotion makes superior quality”, the Company is committed to producing healthy, reliable and satisfactory products for customers. Gratitude is the essence of Christine’s corporate culture. “Being grateful to the society and giving back to the society” are the shared goals of all Christine people. Christine has become one of the leading advocates of the gratitude culture.



Index to the Environmental, Social and Governance Reporting Guide of HKEX

Aspect	General Disclosures & Key Performance Indicators	Our Feedback
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 nonhazardous waste.	Environmental Management– Energy Conservation and Emissions Reduction
Key Performance Indicator A1.1	Types of emissions and respective emissions data.	Environmental Management– Energy Conservation and Emissions Reduction
Key Performance Indicator A1.2	Greenhouse gas emissions in total (in tons) and, where appropriate, intensity (e.g., per unit of production, per facility).	Environmental Management– Energy Intensity
Key Performance Indicator A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production, per facility).	It was not disclosed since minimal hazardous waste was produced in the production and operation of the Company
Key Performance Indicator A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production, per facility).	Environmental Management– Energy Conservation and Emissions Reduction
Key Performance Indicator A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Management– Energy Conservation and Emissions Reduction, Energy Intensity
Key Performance Indicator A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Management– Energy Conservation and Emissions Reduction
A2	Use of Resources	
General Disclosure	Policies on effective use of resources, including energy, water and other raw materials. Resources can be used in production, storage, transportation, buildings, electronic equipment, etc.	Environmental Management– Energy Intensity
Key Performance Indicator A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production, per facility).	Environmental Management– Energy Intensity
Key Performance Indicator A2.2	Water consumption in total and intensity (e.g., per unit of production, per facility).	Environmental Management– Energy Intensity
Key Performance Indicator A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental Management– Energy Intensity
Key Performance Indicator A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environmental Management– Energy Intensity
Key Performance Indicator A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Environmental Management– Energy Intensity
A3:	Environmental and natural resources	
General Disclosure	Policies for mitigating the significant impact caused by issuers on the environment and natural resources.	Environmental Management– Environmental Responsibility
Key Performance Indicator A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Management– Environmental Responsibility

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Aspect	General Disclosures & Key Performance Indicators	Sections
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.	Care for Staff–Staff Overview, Staff Rights and Interests
Key Performance Indicator B1.1	Total workforce by gender, employment type, age group and geographical region.	Care for Staff–Staff Overview, Staff Rights and Interests
Key Performance Indicator B1.2	Employee turnover rate by gender, age group and geographical region.	Care for Staff–Staff Overview, Staff Rights and Interests
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.	Care for Staff–Health and Safety of Employees
Key Performance Indicator B2.1	Number and rate of work-related fatalities.	During the reporting period, no such incidents occurred in the production and operation of the Company
Key Performance Indicator B2.2	Lost days due to work injury.	Care for Staff–Health and Safety of Employees
Key Performance Indicator B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Care for Staff–Health and Safety of Employees
B3	Development and Training	
General Disclosure	Policies regarding the improvement of knowledge and skills of employees in performing their duties; description of training activities. Training refers to occupational training and may include internal and external programs at the cost of the employer.	Care for Staff–Talent Development and Training
Key Performance Indicator B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle managements).	Care for Staff–Talent Development and Training
Key Performance Indicator B3.2	The average training hours completed per employee by gender and employee category.	Care for Staff–Talent Development and Training
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.	Care for Staff–Labour Standards
Key Performance Indicator B4.1	Description of measures to review employment practices to avoid child and forced labour.	Care for Staff–Labour Standards
Key Performance Indicator B4.2	Description of steps taken to eliminate such practices when discovered.	Care for Staff–Labour Standards

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Aspect	General Disclosures & Key Performance Indicators	Sections
B. Social		
B5	Supply Chain Management	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Quality Responsibility–Supply Chain Management
Key Performance Indicator B5.1	Number of suppliers by geographical region.	Quality Responsibility–Supply Chain Management
Key Performance Indicator B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Quality Responsibility–Supply Chain Management
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.	Quality Responsibility–Product Quality
Key Performance Indicator B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Quality Responsibility–Product Quality
Key Performance Indicator B6.2	Number of products and service related complaints received and how they are dealt with.	Quality Responsibility–Service Quality
Key Performance Indicator B6.3	Description of practices relating to observing and protecting intellectual property rights.	Quality Responsibility–Service Quality
Key Performance Indicator B6.4	Description of quality assurance process and recall procedures.	Quality Responsibility–Product Quality
Key Performance Indicator B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Quality Responsibility–Service Quality
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.	About Us –Upholding Integrity
Key Performance Indicator B7.1	Number of concluded legal cases regarding corrupt practices brought against issuers or its employees during the reporting period and the outcomes of the cases.	About Us –Upholding Integrity
Key Performance Indicator B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	About Us –Upholding Integrity
B8	Community Investment	
General Disclosure	Policies regarding understanding the needs of the communities where it operates through engagement and ensuring that its business activities will accommodate community interests.	Community Responsibility
Key Performance Indicator B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Responsibility
Key Performance Indicator B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Responsibility

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