



Carrianna Group Holdings Company Limited
佳寧娜集團控股有限公司

(Incorporated in Bermuda with limited liability)

Environmental, Social and Governance Report **2020**

Stock Code : 00126

佳寧娜

CARRIANNA GROUP HOLDINGS COMPANY LIMITED ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020

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ABOUT OUR GROUP

Founded by our honorary chairman, Mr. Ma Kai Cheung and chairman, Mr. Ma Kai Yum, **Carrianna Group Holdings Company Limited** (the “Company”) and its subsidiaries (collectively the “Group”) has been gradually expanding its business scope and geographical coverage throughout the years. Currently, the Group is engaged in property investment and development, food production, restaurant and hotel operation.

Property Investment and Development

The Group commenced its property investment and development business in China in 1990s. Leveraging its solid foundation, the Group now focuses its property investment and development in the Guangdong-Hong Kong-Macau Greater Bay Area. Construction of the 13-storey high-grade commercial building situated at the vibrant central district of the Guangzhou South high-speed train station is scheduled to complete in the fourth quarter of 2020, while Dongguan Home Town, a property project comprising shopping mall and furniture and building material centre, is already opened for business. Together with Shenzhen Carrianna Friendship Square and Shenzhen Imperial Palace, the Group will continue to expand its commercial buildings and office towers portfolio in order to tap the potential arising from the economic development of the Greater Bay Area.

In Hong Kong, the Group owns 50% interest in each of the two re-development projects situated at 223-225A Haitan Street and 300-306 Castle Peak Road, Sham Shui Po, respectively, with buildable gross floor areas of 42,500 sq.ft. and 42,400 sq.ft., respectively. The Group also acquired a shop and an industrial property during the year ended 31 March 2020 (“Reporting Period”) to enlarge its investment properties portfolio in Hong Kong.

Hotel, Restaurant and Food Operations

The food and restaurant business is another core business of the Group. We currently operate a number of restaurant and bakery brands in Hong Kong and the Mainland, spanning across six cities, including Carrianna (traditional Chao Zhou cuisine restaurants), Shunyi (Shunde cuisine restaurants), Delicious (味皇), Gustation (嚙味), Gusto (樂天廚房) and Rasa Pesta (嚙聚) (Hong Kong-style “Cha Chaan Teng” restaurants), King Noodle (麵皇) (northern China style noodle shops), Empery Bakery (馥軒), Pak Lok Bakery (百樂麵包) and V28 Bakery.

We operate three food processing factories located in Hainan, Kunming and Shenzhen, and have built a new food factory in Hainan with a site area of 29,968 sq.m. and a total floor area of 58,114 sq.m. With this new Hainan food factory, the production capacity of our well-known Carrianna mooncakes will be significantly increased. To diversify our food business, the factory will also produce bread, packaged Hainan-style food and Chinese-style dry meat products in future. We currently also operate two hotels in the Mainland, namely Foshan Carrianna Hotel and Yiyang Carrianna International Hotel.

Mission and Vision of the Group

The Group constantly works to improve the way we run business. While we strive to achieve better results financially and maximise returns for our shareholders, we are also committed to the idea of “making change for good”. We aim at improving how we support our people and community, preserve our planet, and increasing the quality of our products and services for our customers.

Our long-standing success stems from our dedication to operate in an ethical, caring, and socially and environmentally responsible manner. It is our responsibility as a good corporate citizen to always act with integrity and respect, we seek to connect with both internal and external stakeholders, and integrate their needs into our operations for the betterment of society.

While we strive for better returns for shareholders, we always uphold the philosophy of “Giving back to the Community”, and use the sustainable development approach to put persistent effort in aspects of product safety, supply chain management, environmental protection and energy conservation, staff growth and community affairs, understand the concerns of stakeholders and try our best to balance their interests.

Quality. We believe that a remarkable and reputable branding is crucial to the sustainable development of an enterprise. The prolonged widespread trust of Carrianna’s brand is attributable to our meticulous efforts and sheer persistence on products and services qualities.

Integrity. The Company has several decades of development history, continuously maintained solid relationships with our customers, suppliers and other business partners, mainly because of our persistence in integrity.

Green Operations. Given the increasing awareness of the society on environmental protection, we never ignore the possible impact of the operation processes on the environment. Through continuously improving our energy saving and environmental protection policies, raising environmental protection awareness of our staff, and recycling and reusing the wastes generated from our business operation under practicable circumstances, we reduce the negative impact of our operations on the environment.

People-oriented. The growth of an enterprise relies on the support from its staff. We advocate equal and harmonious working environment, constantly improve the system of personnel training and promotion, so as to provide the employees with comprehensive learning opportunities and more rooms for development. We also highly emphasise the employees’ safety and health in workplace.

Devotion. As a responsible corporation, we encourage our staff to participate actively in the community events, organise volunteer activities and undertake charity works, carry out practical actions to help the vulnerable groups in order to fulfil the corporate social responsibility and bring positive momentum to the community.

MESSAGE FROM THE BOARD

We thank you for your continued support for Carrianna Group, especially amidst the unprecedented challenges brought on by the global outbreak of the novel coronavirus disease (COVID-19).

Since the turn of year, the world has been hit by the outbreak of COVID-19. While governments across the world imposed strict lockdown measures in an effort to contain the spread of COVID-19, such measures resulted in a slowdown or even suspension of economic activities. There were encouraging signs that the pandemic was levelling off before various countries saw upticks in infection cases. While public health experts have called on states to social-distancing measures, we expect the economy will take some time to recover.

While the pandemic has put governments and companies across the world in test, such hardships do not impede our steadfast pursuit of improvement in our corporate social responsibility effort. First and foremost, protecting the health and well-being of our employees, customers and workers of our suppliers remains our highest priority and we are doing our best to promptly respond to the COVID-19 crisis. We have taken a suite of measures to prevent the spread of the disease at workplace, including flexible working hours and locations, provision of protective and sanitising tools, adopting temperature checks and other hygienic and precautionary practices. For safeguarding our customers, we ensure that our restaurants and hotels strictly follow all social distancing rules imposed by the local governments. We also communicate with our suppliers and offer assistance to them when necessary.

The Group's restaurant, food and hotel businesses had been severely affected since the outbreak of COVID-19; however, we endeavour to minimise the impacts of the pandemic from a business management perspective.

Furthermore, in light of the imminent changes in the Environmental, Social and Governance Reporting Guide (the "ESG Guide"), we take this opportunity to re-examine our internal disclosure procedures and ESG strategies. We plan to reinforce our ESG performance measurement and educate employees in a wider scale on the risks associated with ESG disclosures. In future, an enhanced internal and external stakeholder communication will be carried out to gain their insights to improve our sustainability governance and refine our ESG reporting practice.

We would like to express our sincere gratitude to all our stakeholders again for their unyielding support to the growth of our Group. As proud as we are of our accomplishments and success as a company, we acknowledge that we are required to make positive impact and join hands with our community to rise to the challenges that our world is facing. We are dedicated to continuous improvement and consistent delivery for all of our stakeholders.

ABOUT THIS REPORT

This report was prepared for an overview of the Group on environmental, social and governance aspects (the “ESG Report”). The ESG Report has been published in accordance with the ESG Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities on the Main Board (the “Main Board”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the “comply or explain” provisions contained therein.

Unless otherwise stated, the ESG Report covers the overall performances, risks, strategies, measures and commitments of the Group in four areas, namely, working environment, environmental protection, operation practices and community investment for the year ended 31 March 2020. The contents of this ESG Report were prepared based on the principle of materiality, quantitative, balance and consistency.

During the Reporting Period, the Group was principally engaged in (i) restaurant, food and hotel, and (ii) property investment and development in the People’s Republic of China (the “PRC”) and Hong Kong. The head office in Hong Kong is also responsible for related compliance issues for listing of the Company on the Main Board. Our overall approach, strategy, priorities and objectives of ESG management remained largely the same as those of previous year. As identified by our materiality assessment and supported by the reporting principle of balance, the ESG Report mainly sets forth the aforesaid businesses.

All the information in the ESG Report comes from official documents or statistical reports of the Group. Underpinned by the quantitative and consistency principles, key performance indicators (“KPI”) with comparative data are presented in this ESG Report to provide a measurable and comparable evaluation and validation of our ESG management initiatives. The Board has reviewed and approved this ESG Report.

For information about the corporate governance structure of the Group and other related information, please refer to the Corporate Governance Report on page 15 to 29 of the annual report of the Company published on 23 July 2020.

Stakeholders’ Feedback

In addition to reporting our achievements in this ESG Report, we welcome all stakeholders’ feedback on our environmental, social and governance policies and performance. Please share your valuable views with us through the followings:

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Telephone:	(852) 2426 1021
Email:	info@carrianna.com

ENVIRONMENTAL PROTECTION

Environmental protection is a core value that the Group upholds its commitment to sustainability. Fulfilling this mission requires a lot of effort in areas including conserving natural resources and reducing carbon emission as we grow our business. We maintain an environmental management system which is designed to raise and monitor our environmental standard, minimise our environmental footprint and help us improve environmental compliance.

During the Reporting Period, the Group had no incident of non-compliance with environmental protection laws and regulations that have a significant impact on the Group relating to exhaust and greenhouse gas emissions, discharge of sewage into water and land, and generation of hazardous and non-hazardous wastes. The Group also confirmed that, during the Reporting Period, there was no penalty imposed by relevant government authorities arising from non-compliance with the aforesaid laws and regulations in the course of our operation.

EMISSIONS

The Group complies with relevant regulations promulgated by the government and applicable to the Group, including the Air Pollution Control Ordinance (空氣污染管制條例), Water Pollution Control Ordinance (水污染管制條例), Waste Disposal Ordinance (廢物處置條例), the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法), Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise (中華人民共和國環境噪聲污染防治法), Law of the People's Republic of China on Appraising of Environment Impacts (中華人民共和國環境影響評價法), Environmental Protection Tax Law of the People's Republic of China (中華人民共和國環境保護稅法), Regulations of Environment Protection in Construction Projects (建設項目環境保護管理條例), Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (中華人民共和國固體廢物污染環境防治法) and Decision of the State Council on Several Issues Concerning Environmental Protection (國務院關於環境保護若干問題的決定).

Air Pollution – Greenhouse Gas

In the course of daily operations, save for the greenhouse gas emissions generated when vehicles consume fuel, the Group does not generate any other direct greenhouse gas emissions. The Group's indirect emission of greenhouse gas was mainly from the consumption of electricity power and fuel of offices and vehicles. The Group considers that such greenhouse gas emission level is normal.

Despite this, we are still working to reduce our carbon emissions by keeping record of consumption level for each business, closely monitoring emission level, and ensure the proper functioning of all machinery and equipment in order to prevent excess emission of exhaust gas caused by malfunction of machines.

As for the real estate construction projects of the Group, we will only engage construction contractors with good environmental protection and safety record, which are required to strictly abide by all current environmental protection and safety regulations regarding the use of construction materials and construction methods, etc.

Hazardous and Non-hazardous Waste Treatment

Handling processes for all waste generated from production and daily operations of the Group are in strict compliance with internal guidelines. Recycling and reusing of waste are encouraged under feasible circumstances.

Food waste and construction materials are the major types of waste for our restaurant and property operations. Food waste is collected and handled by local enforcement bodies. For construction materials used in property projects, including steel, bricks and concrete, etc., some of them are recycled and reused for site levelling works, sub-base layers, landfill of basin and other works. All construction waste will be stockpiled together during the construction process and disposed by municipal administrative department.

Summary of emissions data:

<i>For the year ended 31 March 2020</i>		
<i>Type of emission</i>	<i>Unit</i>	<i>Quantity</i>
Carbon dioxide		
- Scope 1 – Direct emissions – Combustion of fuels in stationary and mobile sources	kg of carbon dioxide equivalent	3,379,977
- Scope 2 – Indirect emissions – electricity consumption	kg of carbon dioxide equivalent	13,670,022
- Scope 3 – Other indirect emissions – paper consumption and sewage discharge	kg of carbon dioxide equivalent	373,579
Exhaust		
- Nitrogen oxide (NOx)	g	2,230,368
- Sulphur oxide (SOx)	g	1,987
- Particulate matter (PM)	g	129,200
Others – Food waste	tonne	846

<i>For the year ended 31 March 2019*</i>		
<i>Type of emission</i>	<i>Unit</i>	<i>Quantity</i>
Carbon dioxide		
- Scope 1 – Direct emissions – Combustion of fuels in stationary and mobile sources	kg of carbon dioxide equivalent	3,834,376
- Scope 2 – Indirect emissions – electricity consumption	kg of carbon dioxide equivalent	13,889,714
- Scope 3 – Other indirect emissions – paper consumption and sewage discharge	kg of carbon dioxide equivalent	422,904
Exhaust		
- Nitrogen oxide (NOx)	g	2,305,324
- Sulphur oxide (SOx)	g	2,116
- Particulate matter (PM)	g	137,811
Others - Food waste	tonne	1,021

**Certain figures have been reassessed to conform with this year's presentation*

Disclosures of the key performance indicators (KPI) of the Group in Aspect A1 of the ESG Guide are summarised as follows:

KPI A1.1	The types of emissions and emissions data (if applicable) are set forth in the above data highlights.
KPI A1.2	Emissions of greenhouse gases in total are set forth in the above paragraphs. Greenhouse gases (including sulphur dioxide and carbon monoxide) generated in the course of daily operations did not exceed the highest levels permitted by relevant laws.
KPI A1.3	No hazardous waste is generated in the course of daily operations.
KPI A1.4	There was no applicable data for total non-hazardous waste.
KPI A1.5	Measures to reduce emissions and results achieved can be referred to the above paragraphs.
KPI A1.6	Methods of treating waste and measures to reduce emissions are set forth in the paragraph above headed <i>Hazardous and Non-hazardous Waste Treatment</i> .



**New Hainan food factory
- Wastewater treatment facility**

USE OF RESOURCES

In addressing global environmental issues, such as climate change and over-consumption of natural resources, the Group has stepped up its efforts in ensuring an efficient use of resources. In accordance with the Energy Conservation Law of the People's Republic of China (中華人民共和國節約能源法) and other applicable laws, regulations and industrial standards for energy use, consumption levels for each of our business units are under strict supervision. Employees are required to follow our measures to improve energy and water usage efficiency. These green measures include replacing equipment with higher-efficiency ones, recycling and reuse, saving energy by switching off idling equipment and so on. During the Reporting Period, the Group's consumption of resources was within reasonable level.

Resources consumed in the offices are mainly from document photocopying and printing. The Group promotes "paperless office" by encouraging the use of email and electronic documents among employees. Meanwhile, we also implement paper conservation measures, encourage staff to demonstrate a green habit in daily operation, such as applying double-sided printing and photocopying, recycling and reuse of wastepaper, in order to control the consumption of paper and toner and reduce waste.

Summary of resource consumption data:

<i>Type of resource consumption</i>	<i>Unit</i>	<i>For the year ended 31 March 2020</i>	<i>Quantity For the year ended 31 March 2019</i>
Electricity	kilowatt hour	19,850,100	20,142,375
Gasoline – vehicle	litre	126,273	143,810
Gas	megajoule	56,057,121	63,898,515
Water	tonne	489,744	552,981
Paper	kg	6,408	7,462
Plastic	tonne	106	118
Metal box	tonne	704	722
Corrugated box	tonne	161	181

Disclosures of the KPIs of the Group in Aspect A2 of the ESG Guide are summarised as follows:

KPI A2.1	Direct and/or indirect energy consumption by type and intensity has been set forth in the summary of data above.
KPI A2.2	Water consumption in total has been set forth in the summary of data above.
KPI A2.3	Description of energy use efficiency initiatives has been set forth in the paragraph above.
KPI A2.4	The Group does not have any issues in acquiring appropriate water sources that is fit for purpose, and believes that the water consumption is at a reasonable level. Water efficiency initiatives have been set forth in the paragraph above.
KPI A2.5	Types and data of packaging materials used for finished products have been set forth in the summary of data above.

ENVIRONMENT AND NATURAL RESOURCES

Enhancing Environmental Protection Awareness

We are taking a holistic approach to environmental stewardship. Besides our measures to reduce emissions and conserve energy and resources, we believe stronger awareness and governance regarding environmental protection, including daily operation and business decision making at the Board's level. We actively promote environmental protection awareness among the staff, and the Group has been, from time to time, reviewing internal codes, issuing internal environmental protection guidance and tips, and sharing relevant environmental protection information in relation to green office.

In June 2019, six restaurants/shops of our Group were awarded Charter on External Lighting Platinum Award by the Environment Bureau of the Hong Kong SAR Government as an appreciation of our support to the Charter and fulfilling the pledge to switch off external lighting during the pre-set time. It shows our support for minimising light nuisance and energy wastage arising from external lighting, and building a better environment for Hong Kong.

Valuing Biodiversity and Eliminating Deforestation

Biodiversity can increase ecosystem productivity, all types of species, no matter how small, play an important role in the ecosystem. Hence, we value conservation of biodiversity and strive to make our food ingredients sustainable. We intend to enhance our food sourcing sustainability commitments as we will undertake comprehensive study in areas such as limiting usage of HPCIA in our chicken, beef sustainability, seafood from sustainable fishery labelled by MSC (Marine Stewardship Council), ground and whole bean coffee sourcing through Rainforest Alliance and other certification schemes, etc.

We understand that forest protection and conservation play a vital role in climate change mitigation and biodiversity protection. Food sourcing sustainability is also key to eliminate deforestation. Through continuous improvement, we aspire to, ultimately, achieve a complete traceability across the entire commodities supply chain. Other initiatives include the use of fiber-based packaging, use of recycled wood and other materials, increasing production and resource efficiency, landfill waste reduction and waste recycling, support for landscape restoration, and so on.

Disclosures of the KPIs of the Group in Aspect A3 of the ESG Guide are summarised as follows:

KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them have been set forth in the paragraph above.
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COMBATING CLIMATE CHANGE

As a responsible company, we recognise that climate change has become a critical threat to our planet Earth, and potentially creates major impact on our community and operation. Hence, we continue to step up our efforts in combating climate change and limiting global warming.

In terms of physical risks to business, extreme weather events, which occur more frequently in recent years, can lead to the paralysing of transportation and road systems, supply shortage of water or other resources, which result in suspension or hindrance of business operation. In addition, as countries around the world continue to act on climate change, we believe companies are exposed to the future changes in regulations, technologies requirements and market response, such as new greenhouse gas emission limit, stricter laws to hold companies accountable for damaging environmental effects, requirement to adopt renewable energy. All of these might bring extra operating costs and wide-scale of changes in operational structure.

In light of these risks, we proactively address the climate change in various disciplines. We reinforce our internal governance by reviewing our environmental policies from time to time, so that we can identify environment-threatening issues and improve with greener measures. Close communication with our suppliers is maintained and work together to develop contingency solutions in case of supply chain disruption or other issues. We also keep a watchful eye on any changes in relevant regulations that have a significant bearing on our operation and environmental policies, while acquiring new knowledge and technology that are instrumental to our green initiatives.

The Group is currently mapping out its plan on reducing carbon footprint by pursuing best operational practices and enhancing supply chain management. Our plan to minimise our environmental impact covers water stewardship, waste management, as well as energy and carbon reduction.

SOCIAL ASPECT

EMPLOYMENT AND LABOUR PRACTICES

EMPLOYMENT

Summary of employment data:

	Unit	As at 31 March 2020	As at 31 March 2019
Total number of staff	Number of staff	1,740	2,196
By gender			
- Male	Percentage	46	45
- Female		54	55
By age			
- below 30		22	27
- 30-39		23	22
- 40-49	Percentage	26	25
- 50-59		22	19
- 60 or above		7	7

Employment, Remuneration and Benefit Policies

We employ approximately 1,700 (2019: 2,200) employees in and outside Hong Kong. They are critical to maintaining our business competitiveness. We strive to provide them with the working environment where they find respect and satisfaction. We give our staff opportunities to learn, grow and succeed at work, and integrate such philosophy into our human resources policies.

The Group complies with the Hong Kong Employment Ordinance (僱傭條例), Minimum Wage Ordinance (最低工資條例), Employees' Compensation Ordinance (僱員補償條例), Mandatory Provident Fund Scheme Ordinance (強制性公積金計劃條例), Labour Law of the People's Republic of China (中華人民共和國勞動法), Labour Contract Law of the People's Republic of China (中華人民共和國勞動合同法) and other relevant labour laws and regulations, as well as industry standards. From recruitment, probation, promotion, reward and disciplinary actions, welfare and benefits are all conducted in a fair and just manner. All staff upon joining are given a set of Employee Handbook, which sets out the company policies on employee benefits and code of conduct, and provides clear guidelines for their work ethics and morality norms.

We strictly observe the national social protection policy and regularly pay for social insurance, pension, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance and housing provident fund, etc. for our staff. Meanwhile, the Group has formulated a comprehensive Employee Benefit Scheme according to the Labour Law of the People's Republic of China and other relevant regulations, as well as the industry where our operations are carried out. Such scheme outlines the policies for paid annual leave, paid marital leave, sick leave, maternity leave, leave of absence and other holidays. Each employee is entitled to statutory holidays stipulated by the national law.

We offer competitive remunerations, strive to improve our fair remuneration incentive scheme, and link up remuneration and promotion with the competence and performance of our staff. Each department rewards staff of outstanding performance with the “Excellent Staff” title, provides reasonable promotion opportunities and bonus according to their business contributions, research and inventions.

We are devoted to giving our staff a comfortable working and living environment and continuously improving employee benefits. Staff can enjoy work meal, meal subsidies, subsidy based on length of service, and holiday gifts. For hotel staff who have difficulties, dormitory is arranged.

During the Reporting Period, the Group had 31 (2019: 43) industrial accidents in which 16 (2019: 12) staff were injured at work, all were of a low degree of work-related minor injuries, and had no incidents breaching any employment-related laws and regulations which would give significant impact on the Group.

Equal Opportunity and Diversity Policy

We value talents, consider employees as our most valuable and core assets, uphold the concept of fairness, impartiality and openness in employment, recruit good talents to provide talent reserves for our Group’s restaurant, hotel and property businesses, so as to strengthen our competitiveness for business development.

We comply with the Discrimination Ordinances (歧視條例), the Law on the Protection of Women’s Rights and Interests (婦女權益保障法), the Employment Promotion Law (就業促進法) and other applicable laws and regulations. We prohibit any discrimination of nationality, age, gender, religion, disability, marital status or any other forms, adopt calibre, performance and other qualities as the criteria for recruitment, promotion and salary increment. We ensure our employees can thrive in a working environment where we champion diversity and inclusion.

We encourage internal staff self-recommendation or recruitment of good talents from the society. By a fair and merit-based standardised recruitment principle, good talents suitable for the job positions are selected. Therefore, we have gathered a group of talents of experienced expertise in marketing, engineering, logistics, property development and so on, thereby providing continuous impetus for corporate long-term development.

Dismissal Policy

The Group complies with the guidance under relevant employment law. If terminating the employment of staff is required, we will follow the standard procedures to handle and make reasonable compensation to the dismissed employees. The relevant provisions on termination of the employment are set out in the employment contracts of every staff.

HEALTH AND SAFETY

The Group has always been mindful of occupational health and safety, which are integral parts of a broader environment and workforce sustainability strategy. Through various initiatives, including implementation of company-wide safety standards, we are committed to reducing the risk of harm to our people, and helping them to remain safe, healthy, engaged and productive.

The Group strictly complies with Construction Law of the People's Republic of China (中華人民共和國建築法), The Regulations on the Work Safety Management of Construction Projects (建設工程安全生產管理條例), Regulation on Work Safety Licenses (安全生產許可證條例), the Occupational Safety and Health Ordinance (職業安全及健康條例) and other relevant laws and regulations. We have strengthened health and safety control and employee safety protection system, provided safety handbook for different business operations, which covers the preventive measures and procedures for emergencies.

We equip our staff with safety and protective gears, including safety helmets, safety belts, insulated safety shoes, protective goggles and particulate respirators, provide targeted training of special equipment to help staff understand the correct usage of protective gears. All labour protective gears comply with the Safety Helmet (安全帽) (GB2811), Safety Belt (安全帶) (GB6095), Modular Technical Requirements for Protective Footwear (防護鞋通用技術條件) (GB 12623-90), and other relevant national standards required for labour protection equipment.

Meanwhile, even with a solid health and safety record, there is always room for improvement in terms of occupational safety. We believe improving and prioritising our education efforts are essential to lowering our lost-time injury and illness rates. Therefore, the Group regularly conducts fire safety training to raise employees' awareness of fire protection and operating procedures; and keeps a detailed record of the staff training hours and content of the training. The Group regularly and periodically checks, repairs, tests and maintains fire prevention facilities. Especially on important holidays, such as Chinese New Year, New Year's Day, Labour Day and National Day are chosen for targeted publicity, including evacuation signs and emergency lighting are in place; exits are clear; passages for fire trucks are not blocked, junk items are not piled up; firefighting equipment and alarms are fully functional, etc.



For inflammable and explosive items, we have set up a stringent inflammable and explosive items control system, ensured that they are stored in facilities with comprehensive fire safety equipment, placed visible labels and signs, stored them separately in fixed amounts, and carried out regular checks and maintenance of fire safety measures in storage facilities.

During the Reporting Period, the Group had no significant incidents of safety and work-related injury, had no incidents in relation to safe working environment and protection of staff from occupational hazards; and had not identified any incidents which violate health and safety laws and regulations.

DEVELOPMENT AND TRAINING

Our business success is based on the knowledge and commitment of our employees to a large extent. As an employer, we provide our employees with attractive conditions and wide-ranging individual development opportunities as we are devoted to building a competent workforce and developing future management talents and leaders.

Professional training, the conveying of corporate values and creating open dialogue are key to our training methodologies and programs. We aim at fostering employees' career growth by helping our employees acquire job-related skills and leadership qualities. Our training programs include pre-employment training, English training, job-transfer training, management training etc.

New staff are given orientation training and on-the-job training to help them familiarise with our protocols and systems and understand the needs for their respective positions and business operations. On-the-job staff can accommodate their needs at different career stages through cross-department training or specialised training. We also provide mid-level to senior management and key staff with management training or overseas study opportunities, and continuous learning courses, with a view to enhancing competitiveness of our management and progressing with the time.



Internal training session organized for our staff



External training course joined with other organisations

In addition, we encourage continuous education and set up a learning room in our office. Our employees can access content that is suitable for their development needs. If the job requires, it is allowed to apply for purchasing relevant professional reference books.

During the Reporting Period, the total time of the training arranged and funded by the Group and participated by the Group's staff amounted to 5,711(2019: 6,894) hours.

We promote a harmonious and friendly working environment, encourage supervisors to maintain close communication with their staff, and colleagues treat each other with earnestness, thereby improving the working atmosphere. This can be seen from the regular and periodic birthday parties and staff functions for different festivals and special days organised by the personnel departments of our various business units.

We have set up an Internal Communication and Complaint mechanism which conducts an anonymous survey for staff satisfaction, and looks into serious issues and concerns of staff. By these, we hope to understand the career development goals of our staff so that we can develop more effective training and development programs, as well as offer appropriate promotion or job rotation opportunities.

The Group encourages the Directors and senior management to participate in the training on the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and corporate governance, so as to continuously improve the internal control and corporate governance level of the Company, and we also encourage accounting and company secretarial staff to conduct periodic updates on relevant professional knowledge.

Summary of training data:

	Unit	For the year ended 31 March 2020	For the year ended 31 March 2019
Total participating staff	Number of staff- counts	2,590	2,584
By gender	Total number of training hours		
- Male		2,822	3,897
- Female		2,889	2,997

LABOUR STANDARDS

The Group strictly complies with the Employment Ordinance (僱傭條例) (Chapter 57 of the Laws of Hong Kong) and the Regulation on Labour Security Supervision (勞動保障監察條例) issued by the State Council of the PRC and other relevant laws and regulations to stamp out child labour and forced labour. We do not tolerate any form of forced labour, including coerced, bonded, indentured or child labour; nor do we allow any form of slavery and human trafficking. We adopt a strict and meticulous recruitment process as our human resources department requires candidates to provide valid identity documents for verification.

The Group will conduct investigations, punish or dismiss the staff concerned immediately when any violation behaviour is being discovered. The Group will further improve the labour system against violation behaviours as and when appropriate.

During the Reporting Period, there was no child labour and forced labour in the Group.

OPERATING PRACTICES

SUPPLY CHAIN MANAGEMENT

The Group has been known for its quality of service and product delivery, which relies heavily on our effective supply chain management. We procure only from reliable suppliers and business partners with good reputation, high ethical and professional standards. We vet any potential and existing suppliers including performing background research, assessing potential and underlying risks in terms of service or product delivery, environmental protection and legal compliance. During the Reporting Period, most of our suppliers were based in China and Hong Kong.

As part of our responsible and sustainable procurement, we carefully source our materials and food ingredients without critically endangering the biodiversity and ecology, such as seafood, organic vegetables, paper, tea, coffee and meat, etc.

Procurement Policy

We built up a well-developed and comprehensive procurement and tender mechanism, based on production capability, product quality, supply stability of the suppliers, strictly assess and control, carry out quality sample-check, make tracking record for product quality, so as to maintain a high level of management of the supply chain.

Code of Conduct

Our suppliers are required to work in a responsible manner, and comply with all laws, international treaties and contractual responsibilities. We insist that our suppliers must implement an employment policy that is fair, humane and non-discriminatory to their employees, and we work together to achieve a better balance in protecting our environment. They are also required to observe the Group's code of conduct. We maintain close communications with suppliers, convey clearly to them our standards in terms of law compliance, labour, work safety and health, and environmental protection.

PRODUCT RESPONSIBILITY

Product Quality

Product safety and quality are our important core. We believe that maintaining product safety and quality are indispensable for building strong brands and reputation, which is a significant factor to the success of the Group's operations. As such, we have formulated the Food Safety System to regulate the food storage, work environment and equipment cleanliness, thus guaranteeing food safety. We ensure that we comply with the Food Safety Ordinance (食品安全條例), Public Health & Municipal Services Ordinance (公眾衛生及市政條例), Food Safety Law of the People's Republic of China (中華人民共和國食品安全法).

The Group ensures the products comply with quality requirements based on quality inspection mechanism. All employees are required to follow internal guidelines and handbooks to execute each procedure.

Our Group was awarded in China the “Hainan Food Industry Classic Brand 2017” (2017 年度海南食品行業老品牌) and “Quality Reliable Brand of Mooncakes 2017-2019” (2017-2019 年度優質誠信品牌月餅) by the Hainan Food Safety Association (海南食品安全協會). We also have registered seven patents for our specialty knowledge and standard in mooncake packaging.

This year, the construction of our new production facility in Hainan was completed and it has already commenced production. It is the largest in scale, highest degree of automation food production facility ever built and invested in the Mainland by the Group.



Two of our “Delicious” group restaurants comply with the assessment criteria of the Quality Tourism Services Scheme of the Hong Kong Tourism Board and are authorised to use the Certification Mark upon “Restaurants” Category.

During the Reporting Period, we received no complaints or claims from our customers related to the quality issues of the Group’s products.

Protection of Intellectual Property

The Group builds up and protects its intellectual property rights and has registered various brands and trademarks in Hong Kong and China. Meanwhile, we also respect the intellectual property of our business partners and other companies. During the Reporting Period, we are not aware of any instances of non-compliance with laws and regulations in relations to intellectual property that have a significant bearing on the performance of the Group, including Patent Law of the People’s Republic of China (中華人民共和國專利法), Trademark Law of the People’s Republic of China (中華人民共和國商標法).

佳寧娜

佳寧娜

V28
bakery
room

Emperry
Bakery

嚕味
GUSTO

味皇餐室

喇沙 LAKSA

順意
SHUNDE CUISINE
順德家鄉菜

KING NOODLES

Gusto 樂天廚房

Communication with Customers

We strive to provide customers with competitive products and services, and ensure that they enjoy the rights they are entitled to by the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (中華人民共和國消費者權益保護法) and other applicable laws and regulations. We stress the importance of clients' needs and regularly collect their opinions as the foundation of future improvement.

Privacy Policy

We hardly gain access to personal information of our customers or confidential data of enterprises in the course of daily operations. Nevertheless, we stress the high importance of customers' privacy. All personal data the Group collected, such as employee information and personal data of property buyers, will be kept strictly confidential. Personal data of our customers and staff will not be used for marketing purposes if without authorisation. Any illegal acts of unauthorised use and revealing of personal information are prohibited. We ensure that we comply with the Personal Data (Privacy) Ordinance.

Advertising and Labelling

The Group engages no large-scale advertisement for our products and services, but we still prepare advertising materials or carry out different promotional campaigns for respective products and services of certain business operations to entice customers. These promotional materials and campaigns comply with the Advertisement Law of the People's Republic of China (中華人民共和國廣告法), the Interim Measures for the Administration of Internet Advertisement (互聯網廣告管理暫行辦法), Food & Drugs (Composition & Labelling) Regulations (食物及藥物(成分組合及標籤)規例), Trade Marks Ordinance (商標條例), Trade Descriptions Ordinance (商品說明條例) and other applicable laws and regulations in relation to advertising and labelling, contain no exaggeration or untruth, so as to ensure that consumers are provided with sufficient information to make informed choices.

During the Reporting Period, the Group has complied with all relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters.

ANTI-CORRUPTION

An operating environment with honesty and integrity is vital to the long-term development and business reputation of a company. All employees of the Group shall strictly adhere to the staff code and are prohibited from abusing their power for personal gains, receiving rebates without authorisation, corruption, embezzling funds, taking bribes and other illegal acts. We will seek legal recourse according to the national laws and regulations if any illegal acts are found. We strive to eliminate the undesirable trend of corruption and bribery and protect our reputation.

To ensure that we have sound corporate governance, we have set up an audit committee and hire external legal advisor and auditors to review our financial reports and statutory disclosures and offer their views. We also provide information and training of corporate governance to our directors and staff.

During the Reporting Period, the Group complied with the Prevention of Bribery Ordinance (防止賄賂條例), the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (打擊洗錢及恐怖分子資金籌集條例), the Criminal Law of the People's Republic of China (中華人民共和國刑法) and the Anti-Money Laundering Law of the People's Republic of China (中華人民共和國反洗錢法), and other applicable anti-corruption laws and regulations. The Group had not identified any corruption or fraud incidents, nor any concluded or ongoing legal cases brought against the Group concerning corruption. The Group will review the implementation of respective systems periodically and devote more resources to improve the mechanism if necessary.

Whistle-Blowing Policy

We encourage our employees to report anonymously any inappropriate behaviour and will take all possible measures to protect the identity of the informers. We will carry out internal investigations on the allegations and furnish the results to management for the next actions, and cooperate with law enforcement bodies.

COMMUNITY

COMMUNITY INVESTMENT

With our deep roots in China and Hong Kong, we are dedicated to enhancing our communities to thrive. It is essential that we give back to different communities to help them fight their distinct challenges. We engage and invest in the local communities by cooperating with charity and other non-government organisations. Through donations and other cultural, educational and volunteering initiatives, we are committed to offering support and delivering care to the underprivileged and people in need, embracing the local culture, enhancing the development of the younger generations. We uphold the Group's values as a caring company and empower people to use their spheres of influence to make a positive impact on community. For this, one of our Group companies, Delicious Group Dining Services Limited, has registered with the Social Welfare Department of the Hong Kong Government as a Volunteer Participating Organisation.

During the year, we organised donations to the family of staff with difficulties, and arranged visits to welfare institutions and elderly homes during the Chinese New Year, Mid-Autumn Festival and other important festivals to share our love and care.



West Kowloon, Hong Kong
– Donations to community



Shenzhen
– Mooncake donations to community



Foshan Carrianna Hotel
– Donations to community



Training for our voluntary social workers

The Group also contributed cash donation of approximately HK\$6,937,000 (2019: HK\$534,000) in total for charity and public welfare purposes. The Group will continue to cooperate with more organisations and institutions, and provide them with more support and make greater contributions to society.



The new TAKE TAKE service platform to help Hong Kong people living in Shenzhen



Pandemic care-delivering event in Shenzhen



Mid-Autumn Festival moon-cake community event at West Kowloon, Hong Kong



Pandemic free bread deliveries activity by our Profit Smart colleagues



Mid-Autumn Festival visit and lanterns donation by our Profit Smart sub-group



We joined the Walk for Millions organized by the Community Chest

INDEX OF “ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE” BY THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject Areas	Content	Section in the ESG Report
A. Environmental		
A1 Emissions		
General Disclosure	Information on the policies and 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.	Environment – 1. Emissions
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environment – 2. Use of Resources
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environment – 3. The Environment and Natural Resources
A4 Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environment – 4. Climate Change
B. Social		
<i>Employment and Labour Practices</i>		
B1 Employment		
General Disclosure	Information on the policies and 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.	Employment and Labour Practices – 1. Employment
B2 Health and Safety		
General Disclosure	Information on the policies and 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.	Employment and Labour Practices – 2. Health and Safety
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work; and description of training activities.	Employment and Labour Practices – 3. Development and Training
B4 Labour Standards		
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment and Labour Practices – 4. Labour Standards
<i>Operating Practices</i>		
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Operating Practices – Supply Chain Management
B6 Product Responsibility		
General Disclosure	Information on the policies and 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.	Operating Practices – Product Responsibility
B7 Anti-corruption		
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Operating Practices – Anti-corruption
<i>Community</i>		
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.	Community – Community Investment

