



**WING ON COMPANY INTERNATIONAL LIMITED**

**永 安 國 際 有 限 公 司**

(Incorporated in Bermuda with limited liability)

(Stock code: 289)

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT**

**2021**

## Introduction

Wing On Company International Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) regard environmental, social and governance (“ESG”) practices as an integral part of its business objective. The Group is committed to integrating sustainability practices into its business operations and continues to contribute to the protection of environment and the community in which the Group operates.

The Group hereby presents our Environmental, Social and Governance Report (the “Report”) to update our ESG initiatives and accomplishments from 1 January 2021 to 31 December 2021 (the “Year”).

This Report covers the Group’s core operations in department stores and property investments which have substantial impact on our environmental and social performance. The scope of this Report covers our department store branches, corporate office, godown office, investment properties and property management office in Hong Kong and the department stores buying office in Guangzhou. There is no significant change in scope of this Report from that of our 2020 Environmental, Social and Governance Report published on 29 April 2021.

This Report is prepared in accordance with the reporting principles and the requirements of the Environmental, Social and Governance Reporting Guide (the “Guide”) set out in Appendix 27 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Throughout the Year, the Group complied with the disclosure requirements of the Guide. The index of the Guide is available at the end of this Report for the reader’s reference. For details of our corporate governance practices, please refer to the Corporate Governance Report in the Group’s 2021 Annual Report.

### ESG missions

The Group’s ESG missions are:

- to adhere to governance standards and conduct responsible business operating practices;
- to minimise our environmental impact and operate in an environmentally responsible manner;
- to foster a safe, healthy and caring working environment for our employees; and
- to provide good service and offer high quality merchandise to our retail customers.

The Group is committed to ensuring business sustainability while balancing financial feasibility approach to maximise the benefit of our stakeholders. The Group is also committed to enhancing the awareness and implementing practical ESG strategies to achieve the above-mentioned missions.

## Governance structure

The Board of Directors (the “Board”) has the overall responsibility for our ESG strategy and reporting. The Board is also responsible for evaluating and determining ESG related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. ESG related risks are managed in accordance with the Group’s Risk Management Policy. The Board has established a Risk Management Policy which sets out the Group’s risk management framework and processes, ranging from risk identification to risk reporting, for measuring, controlling, monitoring and reporting risks across the Group at all levels. The Risk Management Policy is overseen by management and the Board. Management has confirmed to the Board that such systems are effective. Details of the Group’s risk management approach can be found in the Corporate Governance Report in the Group’s 2021 Annual Report.

The Board is the highest governing body to oversee ESG issues. An ESG Committee (the “ESG Committee”) has been established to assist the Board to manage matters relating to ESG. The ESG Committee is responsible for formulating the Group’s policies and strategies on sustainability, evaluating and managing ESG risks and opportunities, setting ESG related goals and targets, implementing action plans, monitoring ESG initiatives and reviewing ESG performance and progress. The duties and authority of the ESG Committee are set out in its terms of reference. The ESG Committee is chaired by the Group’s Chief Accountant, who is also the Group’s Company Secretary, and comprises members of senior management of various departments within the Group. The ESG Committee meets at least three times a year. Through the Chairman of the ESG Committee, the ESG Committee reports and updates the Board on ESG relevant matters periodically for the Board’s approval and ultimate decision making.

## Stakeholder engagement

Stakeholder engagement enables the Group to understand the needs and expectations of its stakeholders. It helps the Group to identify material ESG issues and formulate ESG strategies to respond to stakeholders' concerns. Throughout the Year, the Group maintained proactive engagement and effective communication with major stakeholders through various communication channels as follows:

Major stakeholders	Communication channels
<ul style="list-style-type: none"><li>• Employees / Directors</li><li>• Customers / Tenants</li><li>• Suppliers / Business associates</li><li>• Shareholders</li><li>• Communities</li></ul>	<ul style="list-style-type: none"><li>• Training activities</li><li>• Staff's performance appraisals</li><li>• Internal newsletters</li><li>• Whistle-blowing systems</li><li>• Company website / Social media platforms / Mobile apps</li><li>• Customers' feedback channels (e. g. phone / email / fax / feedback form)</li><li>• Visits and meetings</li><li>• Suppliers' performance reviews</li><li>• Tendering and procurement processes</li><li>• Suppliers' self-assessment survey</li><li>• Annual General Meeting</li><li>• Financial reports / Announcements / Circulars</li><li>• Participation in charity events</li><li>• Donations and sponsorships</li></ul>

Please refer to the section headed "Materiality assessment" below for understanding the major stakeholders' expectations and relevant feedback concerning the Group's ESG issues.

## Materiality assessment

During the Year, the Group undertook a comprehensive materiality assessment to identify material ESG issues, which guides the Group to understand the key ESG issues that are important to the business of the Group and formulate a more focused ESG management strategy. The Group adopted the following approaches in carrying out the assessment.

### Step 1: Identification

Relevant ESG issues were identified by referring to the local reporting standards and business characteristics of the Group. 30 ESG issues were identified and classified under the four categories, namely:

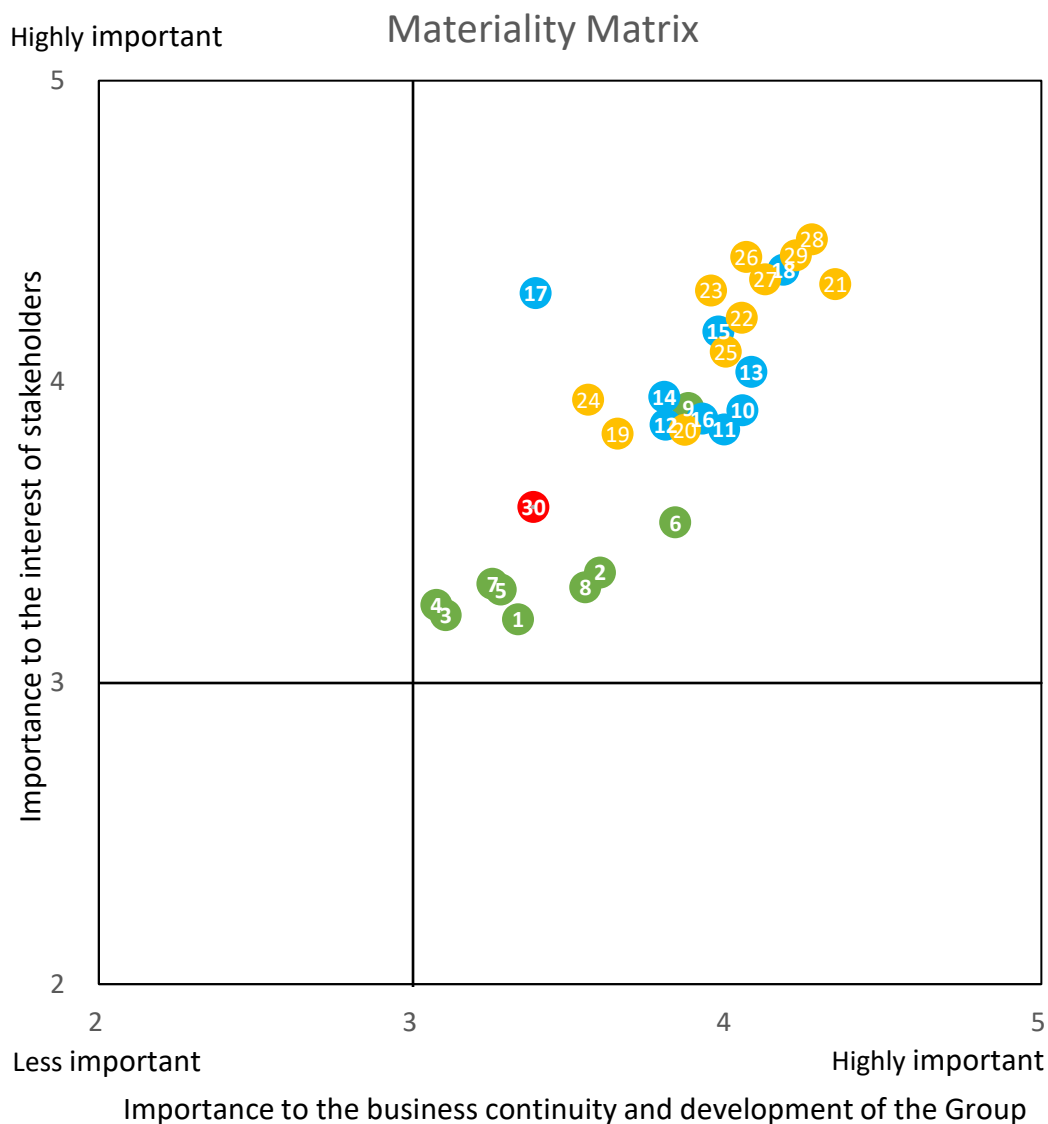
- Environmental
- Employment and labour practices
- Operating practices
- Community

### Step 2: Prioritization

Internal (employees and directors) and external (customers, tenants, suppliers, business associates, and shareholders) stakeholders were selected to be surveyed based on their influence and dependence on the Group. They were invited to participate in a questionnaire survey to rate the 30 ESG issues and provide comments whether any additional ESG issues should be considered. They were asked to rate the 30 ESG issues from the perspectives of “Importance to the interest of stakeholders” and “Importance to the business continuity and development of the Group” perspectives, using a Likert scale with choices ranging from 1 “Very low importance” to 5 “Very high importance”. A total of 996 valid responses were received. The average scores of the 30 ESG issues were used to plot the materiality matrix.

### Step 3: Validation

The results of the materiality matrix (as presented below) were reviewed and validated by the ESG Committee and the Board.



#### Environmental

- 1. Emissions of greenhouse gas and other significant gases
- 2. Energy consumption and efficiency
- 3. Water consumption and waste water treatment
- 4. Hazardous, non-hazardous waste generation and treatment
- 5. Set targets on gas emissions, energy, water and waste
- 6. Packaging material consumption
- 7. Impact on environment and natural resources
- 8. Impact of climate change on business operations
- 9. Compliance of environmental regulations

#### Employment and labour practices

- 10. Employee attraction, retention and succession planning
- 11. Remuneration, welfare and benefits
- 12. Work-life balance
- 13. Employer-employee relationship
- 14. Employee diversity, equal opportunity and non-discrimination
- 15. Occupational health and safety
- 16. Training and career development
- 17. Prevention of child labour or forced labour
- 18. Compliance of employment regulations

#### Operating practices

- 19. Geographical locations of suppliers, support of local suppliers
- 20. Supply chain management
- 21. Product quality, health and safety
- 22. Customer service and complaints handling
- 23. Customer health and safety
- 24. Procurement of eco-friendly products and services
- 25. Responsible marketing, advertising and labeling
- 26. Protection of consumer privacy
- 27. Protection of intellectual property rights
- 28. Business ethics and anti-corruption
- 29. Legal compliance in operation practices

#### Community

- 30. Charity and volunteer service

The most important ESG issues lie within the upper right quadrant in the materiality matrix. Taking into account the business characteristics of the Group, as well as the likelihood and extent of impact of the ESG issues on the Group and stakeholders, the Group identified 15 ESG issues as having high importance. Most of the issues are related to “Employment and Labour Practices” and “Operating Practices” categories. They will be discussed in the respective sections of this Report.

Categories	Issues
Environmental	<ul style="list-style-type: none"> <li>• Compliance of environmental regulations</li> </ul>
Employment and labour practices	<ul style="list-style-type: none"> <li>• Employee attraction, retention and succession planning</li> <li>• Remuneration, welfare and benefits</li> <li>• Employer-employee relationship</li> <li>• Employee diversity, equal opportunity and non-discrimination</li> <li>• Occupational health and safety</li> <li>• Compliance of employment regulations</li> </ul>
Operating practices	<ul style="list-style-type: none"> <li>• Product quality, health and safety</li> <li>• Customer service and complaints handling</li> <li>• Customer health and safety</li> <li>• Responsible marketing, advertising and labelling</li> <li>• Protection of consumer privacy</li> <li>• Protection of intellectual property rights</li> <li>• Business ethics and anti-corruption</li> <li>• Legal compliance in operation practices</li> </ul>

## Environmental

The Group identified emissions of greenhouse gas and generation of non-hazardous waste from its operations as posing an adverse impact to the environment. The major sources of the Group's greenhouse gas emissions came from energy consumption (through the use of electricity and fuel) and disposal and treatment of paper waste (through breakdown of organic matter in landfills), which accounted for 99.9% of the Group's greenhouse gas emissions. Other sources include water usage and air travel for business purposes. The non-hazardous waste of the Group was mainly generated from disposal and treatment of paper waste and disposal of electrical appliances and accessories.

The Group's business mainly consists of department stores operation and property investment operation. Due to its business nature, the Group generated an insignificant amount of hazardous waste during the Year. The Group is not engaged in water intensive industries and therefore water consumption is not considerable. The discharges into water and land is immaterial. The air emissions of nitrogen oxides, sulphur oxides and particulate matter mainly came from emissions from the Group's vehicles.

To ensure legal compliance and minimise our environmental impact, the Group has established various policies covering its commitments, initiatives and targets to meet environmental regulatory requirements, reduce emissions, enhance resources efficiency and manage waste. During the Year, the Group was not aware of any incidents of non-compliance with laws and regulations that had a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

The Group has set an environmental target to gradually reduce its gas emissions and resources consumption by 5% across its operations by 2024, with the relevant emission and consumption data in 2019 as the baseline.

Aspects	2019 baseline figures
Greenhouse gas emissions	12,319 tCO <sub>2</sub> e
Air emissions	Nitrogen Oxides 405,096 g Sulphur Oxides 608 g Particulate Matter 28,030 g
Electricity consumed	18,958 Mwh
Fuel consumed	403 Mwh
Water usage	23,025 m <sup>3</sup>
Paper consumed	10.3 tonnes



Although we consider the above gas emissions and resources consumption levels as being relatively immaterial, we will continue to enhance the environmental awareness of our employees through trainings and participation of environmental events. Instead of setting a year-by-year reduction target, the Group aims at setting a medium-term operational environmental target for achieving long-term value in sustainability by progressively tightening the target. The Group will work closely with all employees and enhance collaboration, with a view to achieving its long-term ESG goals. These policies and measures are for the benefit of the Group and to ensure the sustainability of its business, the efficient use of resources (including energy) and minimise its impact on the environment and natural resources. We will review the targets as and when considered appropriate.

A range of reduction measures were implemented to achieve the targets and minimise our environmental impact. Certain policies and measures were implemented in prior years and were continued to be undertaken during the Year. These measures are summarised below.

#### Electricity

- Replaced the aged chiller plants at the Wing On Kowloon Centre.
- Progressively replaced the aged air handling units installed in the Sheung Wan Main Store.
- Replaced the ventilation fan system and closely monitored the air-conditioning system at the godown office.
- Progressively converted fluorescent tubes to LED lights at the godown office.
- Adopted energy saving lighting fixtures at the corporate office and the property management office.
- Implemented a 5-day work week in the department stores office and property management office.
- Installed centralised multi-functional printers, instead of multiple standalone printers to handle all printing and scanning requests.
- Signed up for the “Charter on External Lighting” launched by the Environment Bureau to switch off external lighting from 11pm or midnight to 7am to reduce light pollution and electricity consumption.

### Fuel

- Regularly reviewed the usage of the staff shuttle bus service to improve utilisation.
- Regularly reviewed the delivery routes of the truck fleet to optimise delivery and fuel efficiency.
- Encouraged employees to travel by high-speed rail instead of private vehicles when undertaking business travel in Mainland China.
- Installed GPS tracking system on trucks to monitor driving behaviour and manage fuel consumption.
- The truck fleet comprised Euro V-compliant vehicles to reduce exhaust emissions.
- The car park of the Wing On Centre was equipped with charging stations for electric vehicles to promote low carbon transportation.

### Paper

- Implemented an online leave management system to process leave applications.
- Preset targets to reduce paper consumption. Individual operating units which failed to achieve the preset target were required to provide explanations.
- Increased the use of electronic marketing channels, such as “Wing On Rewards Mobile App”, eDM, SMS, QR code, company website, social media platforms and in-store digital advertising displays to disseminate promotion news and reduce promotion materials printing.
- Implemented a new enterprise resource planning system in our department stores operation. It allowed users to send electronic purchase orders to suppliers via email, use data to create the desired reports, and reduce and consolidate the types of pre-defined regular reports. The amount of physical paper work was reduced.

### Non-hazardous waste management

- Engaged a contractor to recycle shredded paper.
- Handed over obsolete computers and equipment to qualified recyclers and charity groups.
- Returned empty toner cartridges to suppliers for recycling.
- Reused carton boxes for customer delivery orders and internal merchandise transfers.

### Green activities

- Participated in the “Lai See Reuse and Recycle Program” organised by Greeners Action to collect used red packets in good condition. They were handed over to sheltered workshops to be sorted and distributed to the public for reusing in the next Chinese New Year. This was the third year the Group sponsored the program. With the active support of customers and staff, the amount of red packets collected reached 250kg (2020: 70kg).

### Certifications and awards

- The Group's investment properties received the Hong Kong Green Organisation Certification awarded by the Environmental Campaign Committee, Environmental Protection Department and major chambers of commerce in Hong Kong. The award recognises participating organisations' efforts to adopt environmental practices in different aspects.
- ISO 14001 Environmental Management System was implemented to manage the Group's investment properties, which was intended to assist the Group in managing its environmental responsibilities in a systematic manner that contributes to the environmental pillar of sustainability. ISO 14001 is a well-recognised international standard which identifies environmental objectives and targets, as well as evaluates environmental performance for continuous improvement.

During the Year, electricity consumption of the Group decreased by 269 Mwh (or 1.5%). This was a combined result of the above mentioned electricity control initiatives. Water consumption of the Group is mainly for sanitary purposes and therefore water consumption is not considerable. Water consumption of the Group decreased by 2,265 m<sup>3</sup> (or 9.8%) during the Year. All business trips were halted during the Year due to travel restrictions and lockdowns imposed during the global COVID-19 pandemic.

On the contrary, fuel consumption and paper waste disposal increased by 10 Mwh (or 2.7%) and 3.1 tonnes (or 31.3%) respectively during the Year. The increase in fuel consumption was due to more transportation for merchandise sourcing handled by our department stores buying office in Guangzhou. The increase in paper waste disposal was attributed to the suspension of the recycling of shredded paper which arose from facility problems in the second half of the Year.

Due to the reduction in electricity consumption, water consumption and air travel, the total greenhouse gas emissions decreased by 18.3% during the Year. The greenhouse gas emissions intensity of the Group (being a measure of the amount of greenhouse gas emissions per HK\$1 million of revenue generated) decreased by 12.8% during the Year.

The air emissions of nitrogen oxides, sulphur oxides and particulate matter slightly increased by 0.2%, 2.7% and 1.9%, respectively. These pollutants were generated by our vehicles. The overall increase in transportation for merchandise sourcing by our department stores buying office in Guangzhou increased the emissions.

The following tables summarise the Group's environmental performance <sup>(Note 1)</sup>:

**Greenhouse gas emissions** <sup>(Notes 2 & 3)</sup> **(with resources consumption and non-hazardous waste disposal figures):**

	2021	2020	Year-on-year variance (%)
<b>Scope 1 - Direct emissions and removals</b>			
<b>Fuel consumed</b> <sup>(Note 4)</sup>			
(in Mwh) <sup>(Note 5)</sup>	381	371	+2.7%
(in tCO <sub>2</sub> e)	93	91	+2.2%
Intensity per HK\$1m revenue <sup>(Note 6)</sup>			
(in Mwh) <sup>(Note 5)</sup>	0.349	0.318	+9.7%
(in tCO <sub>2</sub> e)	0.085	0.078	+9.0%
<b>Scope 2 - Energy indirect emissions</b>			
<b>Electricity consumed</b> <sup>(Note 7)</sup>			
(in Mwh)	17,475	17,744	-1.5%
(in tCO <sub>2</sub> e)	9,385	11,499	-18.4%
Intensity per HK\$1m revenue <sup>(Note 6)</sup>			
(in Mwh)	15.99	15.23	+5.0%
(in tCO <sub>2</sub> e)	8.59	9.87	-13.0%
<b>Scope 3 - Other indirect emissions</b>			
<b>Paper consumed</b> <sup>(Note 8)</sup>			
(in tonnes)	8.8	9.6	-8.3%
(in tCO <sub>2</sub> e)	42	46	-8.7%
Greenhouse gas avoided by recycling waste paper <sup>(Note 8)</sup>			
(in tonnes)	15.6	19.5	-20.0%
(in tCO <sub>2</sub> e)	75	94	-20.2%
<b>Paper waste disposal</b> <sup>(Note 8)</sup>			
(in tonnes)	-6.8	-9.9	+31.3%
(in tCO <sub>2</sub> e)	-33	-48	+31.3%
Intensity per HK\$1m revenue <sup>(Note 6)</sup>			
(in tonnes)	-0.006	-0.008	+25.0%
(in tCO <sub>2</sub> e)	-0.030	-0.041	+26.8%
<b>Water usage</b> <sup>(Notes 9 &amp; 10)</sup>			
(in m <sup>3</sup> )	20,897	23,162	-9.8%
(in tCO <sub>2</sub> e)	13	14	-7.1%
Intensity per HK\$1m revenue <sup>(Note 6)</sup>			
(in m <sup>3</sup> )	19.12	19.88	-3.8%
(in tCO <sub>2</sub> e)	0.01189	0.01202	-1.1%
<b>Air travel by staff</b> <sup>(Note 11)</sup>			
(in km)	0	171,831	-100.0%
(in tCO <sub>2</sub> e)	0	14	-100.0%
Intensity per HK\$1m revenue <sup>(Note 6)</sup>			
(in km)	0	147.5	-100.0%
(in tCO <sub>2</sub> e)	0	0.012	-100.0%
<b>Total emissions (direct and indirect) and removals</b>			
<b>Scope 1 &amp; 2</b>			
Greenhouse gas emissions (in tCO <sub>2</sub> e)	9,478	11,590	-18.2%
Intensity per HK\$1m revenue (in tCO <sub>2</sub> e)	8.675	9.948	-12.8%
<b>Scope 1, 2 &amp; 3</b>			
Greenhouse gas emissions (in tCO <sub>2</sub> e)	9,458	11,570	-18.3%
Intensity per HK\$1m revenue (in tCO <sub>2</sub> e)	8.66	9.93	-12.8%

Notes:

1. All data is provided and verified by respective department heads.
2. Greenhouse gas emissions were generated from the Group's department stores operation and property investment operation in Hong Kong.
3. Greenhouse gas emissions data is presented in tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) and the calculation methodology is based on the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong" issued by the Electrical and Mechanical Services Department and the Environmental Protection Department.
4. Fuel consumption included fuel used by delivery trucks and vehicles.
5. The consumption data is presented in megawatt hour (Mwh). This is calculated in accordance with "How to prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange. Previously published data for 2020 is restated to follow the above reporting guidance.
6. The Group's revenue from Hong Kong operations is used as the denominator to calculate greenhouse gas emissions intensity. The Group's revenue from Hong Kong operations for 2020 and 2021 was approximately HK\$1,165 million and HK\$1,093 million respectively.
7. Emissions relating to electricity consumption are based on the latest emission factors provided by the two Hong Kong power companies, i.e. Hongkong Electric Company Limited and CLP Power Hong Kong Limited. For the Group's department stores buying office in Guangzhou, the emission factor is based on the "2019 年度減排項目中國區域電網基準線排放因子 (2019 Emission Factors for purchased electricity in Mainland China)" published by the Ministry of Ecology and Environment of the People's Republic of China.
8. Emissions relating to paper waste disposal is equal to emissions from paper consumption minus emissions avoided from recycling waste paper. Paper consumption refers to paper used for copying and printing, while the amount of recycled waste paper refers to the paper recorded in recycling vendor invoices.
9. Emissions relating to water consumption are based on the latest emission factors provided by the Hong Kong Water Supplies Department and the Drainage Services Department.
10. The water consumption data mainly covered the common area of property investment operation in Hong Kong.
11. Emissions relating to air travel by staff are based on the "International Civil Aviation Organization Carbon Emissions Calculator", provided on the website of the International Civil Aviation Organization.

**Air emissions** (Notes 1, 2 & 3):

	2021	2020	Year-on-year variance (%)
Nitrogen Oxides (in g)	397,465	396,760	+0.2%
Sulphur Oxides (in g)	574	559	+2.7%
Particulate Matter (in g)	29,090	28,548	+1.9%

Notes:

1. All data is provided and verified by respective department heads.
2. Air emissions were generated from the Group's delivery trucks and vehicles.
3. Air emissions are calculated in accordance with "How to prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

## Department stores operation

Our shopping bags are made of Forest Stewardship Council certified paper, which guarantees the forest materials used to produce the shopping bags come from responsible sources. To reduce the distribution of shopping bags, we always encourage customers to bring their own reusable bags. Where shopping bags are used, bags of appropriate size and appropriate quantity are provided to avoid excessive packaging. During the Year, shopping bag consumption decreased by 9.1% compared with 2020. This was mainly attributed to the declining business of the department stores due to the outbreak of COVID-19 pandemic. Shopping bag consumption intensity (being a measure of the amount of shopping bags consumed per HK\$1 million of revenue generated) was the same as compared with 2020.

### **Shopping bags consumed** (Notes 1, 2 & 3):

	<b>2021 Tonnes</b>	<b>2020 Tonnes</b>	<b>Year-on-year variance (%)</b>
Shopping bags consumed	90	99	-9.1%
Intensity per HK\$1m revenue (Note 4)	0.14	0.14	0%

Notes:

1. All data is provided and verified by respective department heads.
2. The amount of shopping bags consumed related to the Group's department stores operation only.
3. The consumption data is presented in tonnes. This is calculated in accordance with "How to prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange. Previously published data for 2020 is restated to follow the above reporting guidance.
4. The Group's revenue from department stores operation is used as the denominator to calculate shopping bag consumption intensity. The Group's revenue from department stores operation for 2020 and 2021 was approximately HK\$708 million and HK\$659 million respectively.

### Property investment operation

The Group's commercial investment properties located in Melbourne, Australia have been rated according to the National Australian Built Environment Rating System ("NABERS"). NABERS is an Australian national rating system that measures the environmental performance of Australian buildings. NABERS converts performance information, such as utility bills, into easy to understand star rating scales from one to six stars. During the rating period of 1 December 2020 to 30 November 2021, the Group's Melbourne properties achieved a 5-star (good performance without buying green power and without any major upgrades) rating on NABERS 6 star scale in terms of energy and greenhouse gas emissions and environmental impact. A 2.5 to 3 star rating represents average performance and a 6 star rating demonstrates market leading performance. The rating showed an improvement when compared with the last assessment for the rating period of 1 December 2019 to 30 November 2020. Building occupancy was low during the COVID-19 pandemic compulsory lockdown periods. To save electricity consumption, the use of lifts and mechanical systems was minimised, variable air volume units were re-tuned and E&M facilities were maintained regularly. They were part of the factors that contributed to the 5 stars rating.

The total associated greenhouse gas emissions (from direct emissions attributable to fuel consumption, indirect emissions attributable to energy consumption and other indirect emissions) amounted to 2,821 tCO<sub>2e</sub> or 0.053 tCO<sub>2e</sub> per square metre of net lettable area. The emissions reduced substantially as compared with the last assessment which amounted to 3,160 tCO<sub>2e</sub> or 0.058 tCO<sub>2e</sub> per square metre of net lettable area for the rating period of 1 December 2019 to 30 November 2020. During the most recent rating period, the leasing office of the properties comprised 6 staff, who were responsible for all leasing, accounting and administrative matters. The services (such as air-conditioning, water treatment, electrical, lifts, recycling, waste, etc.) were outsourced to reputable professional service providers who provide a high standard of services to tenants, and hence, other detailed resources consumption data is not available.

The Group's investment property located in Houston, United States of America, is a non-core property in our investment property portfolio. We have also engaged a reputable professional property management company to provide all services to the building's tenants and therefore no relevant data is available for the purpose of this Report.

### Environment and natural resources

The activities of both the department stores operation and the property investment operation of the Group do not have a particularly significant impact on the environment and natural resources in the daily operation. Nevertheless, the Group is committed to sustainability by seeking to reduce the environmental impact of its operations by adopting various green measures including but not limited those set out in pages 8 to 10 of this Report. The Group will continue to reduce emissions and wastes in order to minimise its impacts on the environment.

## Climate change

Extreme weather events are becoming more severe and frequent, which pose increasing risks to the world, such as causing disruptions to business operations and in turn posing adverse effects to the macro economy. In view of the threat posed by climate change, the Group carried out an internal assessment during the Year to evaluate its impact to our business operations. Having analysed the assessment results, the Group considered the risks and impact identified were not significant to the Group's operations. Nevertheless, the Group has implemented climate resilient measures. The potential risks and opportunities of climate change to the Group, their corresponding operational and financial impact on the Group and our mitigation measures adopted are set out below:

### Department stores operation

Risks / Opportunities	Impact	Measures
<b>Physical risks:</b> <ul style="list-style-type: none"> <li>• Rising temperature</li> <li>• Extreme weather events (e.g. super typhoons, floods, extreme temperature fluctuations)</li> </ul>	<b>Operational:</b> <ul style="list-style-type: none"> <li>• Reduced capacity and decreased productivity due to potential risks to employees' safety, healthy and attendance at the place of work.</li> <li>• Temporary closure of stores and offices and suspension of service provided.</li> </ul> <b>Financial:</b> <ul style="list-style-type: none"> <li>• Disrupt supply chain. Supply shortage reduces merchandise assortment. Shipment delays miss best-selling times and stack up inventory.</li> <li>• Unstable weather makes it difficult to predict sales. Affect open-to-buy planning and inventory management.</li> <li>• Shorten selling period of winter merchandise. Affect revenue generated.</li> </ul>	<b>Operational:</b> <ul style="list-style-type: none"> <li>• Operational policies, communication channels and manpower contingent plans in place.</li> <li>• Strengthen the development and support of on-line shopping.</li> </ul> <b>Financial:</b> <ul style="list-style-type: none"> <li>• Diversify supplier base and expand global sourcing network.</li> <li>• Monitor purchase orders versus climate/weather and review budget control. Reserve budget for see-now-buy-now collection.</li> <li>• Reduce order quantities of winter merchandise. Increase the proportion of non-season and all-weather merchandise.</li> </ul>
<b>Opportunities:</b> <ul style="list-style-type: none"> <li>• Customers demand for eco-friendly merchandise</li> </ul>	<b>Financial:</b> <ul style="list-style-type: none"> <li>• Revenue generated from eco-friendly merchandise.</li> <li>• Reputational benefits brought by the Group's contribution to environmental protection.</li> </ul>	<b>Financial:</b> <ul style="list-style-type: none"> <li>• Source merchandise and recruit counters selling merchandise with eco-friendly features.</li> </ul>



Property investment operation

Risks / Opportunities	Impact	Measures
<b>Physical risks:</b> <ul style="list-style-type: none"> <li>• Rising temperature</li> <li>• Extreme weather events (e.g. super typhoons, floods, extreme temperature fluctuations)</li> <li>• Rising sea levels</li> <li>• Acid rain</li> </ul>	<b>Operational:</b> <ul style="list-style-type: none"> <li>• Risk of water flooding.</li> <li>• Damage building facilities and structures.</li> <li>• Affect outdoor building works.</li> <li>• Hasten the spread of disease across the globe, enhance spread of virus and bacteria.</li> <li>• Endanger the health and safety of building personnel and users.</li> </ul> <b>Financial:</b> <ul style="list-style-type: none"> <li>• Increased operational demand on building facilities and systems.</li> <li>• Increased water and power consumption and increased operating expenses.</li> <li>• Increased expenses on repair, maintenance and replacement work.</li> <li>• Increased insurance premium.</li> </ul>	<ul style="list-style-type: none"> <li>• Arrange regular repair, maintenance and replacement work for building facilities and fixtures.</li> <li>• Perform periodic energy audit to formulate improvement plans.</li> <li>• Install equipment and perform drills to prevent flooding.</li> <li>• Implement a building automation system to enhance responses to change in environmental and emergency conditions.</li> <li>• Formulate plans and contingency measures for extreme weather events and pandemic conditions.</li> <li>• Implement improvement plans to show determination to reduce risks to reduce insurance premium.</li> </ul>
<b>Opportunities:</b> <ul style="list-style-type: none"> <li>• Quality tenants demand for properties adapt to climate change</li> <li>• Change the building operation mode from manual to automation</li> </ul>	<b>Financial:</b> <ul style="list-style-type: none"> <li>• Attract quality tenants and increased rental values of properties.</li> <li>• Better operational management and reduced operating cost.</li> </ul>	

To better understand the potential impact of climate change on the business operations of the Group's Australian properties, the Group engaged a third-party consultant to conduct a scenario-based climate risk assessment. Physical risks such as rising temperatures / solar radiation, floods / hail, bushfires and drought were identified as risks which could cause damage, injuries and operational disruptions. Except for the risk of flooding at one property site which was identified as high priority, all risks identified were classified as low and medium priority. Transition risks such as changes in policies and regulations, market expectations, insurance and financing were identified as risks which could increase operating costs and affect business. To manage the climate change risks, the Group will consider and implement mitigation measures in operational management and improve building facilities and systems design.

## Social

### Employment and labour practices

The Group considers its employees as one of its most important assets. A strong, dedicated and stable workforce is the foundation for the Group's long term success. The Group is committed to providing a safe, healthy and caring working environment for our employees.

#### (a) Employment

Human resources policies and practices in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods and other benefits and welfare have been established to comply with local laws and regulations. As an equal opportunity employer, diversity and anti-discrimination policies have been developed and followed in all aspects of human resources management. All employment decisions are determined according to individual qualifications, experiences and competence. During the Year, the Group was not aware of any incidents of non-compliance with laws and regulations that had a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

To attract and retain talent in the competitive labour market, the Group provides employees with competitive remuneration packages above the regulatory minimum level and benefits including extra monthly rest day for frontline employees, 5-day work week for back office employees, birthday leave for full time employees, medical insurance, group life insurance, education allowances and performance bonuses. Special time off provisions for family reasons, such as marriage, son and daughter marriage and compassionate leaves are provided so that employees can achieve Work-life balance.

Facing an aging workforce and talent competition in labour market, succession planning is vital in future staff planning to ensure smooth business operations. The Group always assesses critical positions at all levels which required succession and replacement, as well as the skills and knowledge associated with those positions. Competitive remuneration packages are provided to retain key employees. High-potential employees are identified, mentored, trained, and developed, so that they are ready to advance to replace retired / resigned senior staff through internal recruitment. The Group will also look for the right candidate from external market to contribute additional skills and knowledge to the Group.

The Group values and attaches importance to employer and employee relationship. In addition to compliance with all applicable laws and regulations relating to employment practices to prevent potential labour disputes, the Group provides equal opportunity workplace, competitive remuneration packages and other supportive benefits to employees. The Group also engages in proactive dialogue with employees to maintain harmonious relationship. Due to the COVID-19 pandemic, many communications, meetings and trainings were held through online platforms. To show appreciation for our employees' contribution, "Employee Appreciation Program" was launched during the Year. Front-line staff from the department stores operation with outstanding performance were shortlisted and awarded.

During the Year, the Group's department stores operation segment received awards relating to human resources, which encouraged the Group's implementation and promotion of employee-friendly management culture. The Group passed the assessment of the "ERB Manpower Developer Award Scheme" held by the Employees Retraining Board and was awarded the status of "Manpower Developer" to recognise its achievement in manpower training and development. The Group was awarded the "Happy Company" label under the "Happiness-at-Work Promotional Scheme" organised by the Promoting Happiness Index Foundation and the Hong Kong Productivity Council to commend the Group for building a happy workplace culture. The Group was also a signatory of "Good Employer Charter" organised by the Labour Department and is committed to the adoption of employee-oriented human resources management culture in workplace.

As at 31 December 2021, the Group had a total of 646 employees, including permanent, temporary and part-time staff employed by the department stores operation and property investment operation. 596 were permanent staff and 50 were temporary and part-time staff from Hong Kong, and 6 were permanent staff from Australia. Most of the employees were based in Hong Kong.

(b) Health and safety

The Group has established and promoted occupational safety policies, guidelines and work procedures which comply with the Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong) and the Occupational Safety and Health Regulation (Cap. 509A of the Laws of Hong Kong) to all levels of employees.

In order to provide a safe working/shopping environment to protect the safety and health of our employees and retail customers, a variety of measures and policies were adopted. Regular maintenance is conducted on all facilities, electrical & mechanical and fire service installations. Renovation guidelines are provided to counters to ensure their compliance with the Group's standard and relevant legal requirements. Safety officer is responsible for inspecting premises regularly to identify and rectify potential hazards. Certified first-aider is appointed on-site to give immediate attention to injuries and sudden illness. Regular fire drills are carried out to enhance employees' responsiveness to emergency incidents. Warning signs, such as slippery floor, extreme heat and sharp objects are displayed to alert potential dangers and risks.

To arouse employees' awareness of work-related musculoskeletal disorder and eye health at work, the Group prepared a series of online learning video classes covering stretching and eye care exercises in the workplace. To support the mental wellbeing of our employees, the Group also shared information and tips to release emotional distress.

During the Year, the number of reported work injury cases was similar to the previous year. However, the number of lost working days due to work injury increased. The Group will continue to strengthen the awareness of occupational safety of employees through various training courses, workshops and activities.

During the Year, the Group was not aware of any incidents of non-compliance with laws and regulations that had a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.

To safeguard the health of employees during the outbreak of COVID-19, the Group implemented various precautionary measures and policies. Apart from enhancing cleaning and disinfection in the workplace, all employees were given face masks and were required to observe personal hygiene. All employees and visitors were required to wear face masks and undergo temperature checks. Visitors had to submit health declaration form before entering all business and office locations of the Group. Many meetings and trainings were held online to avoid large crowds and gatherings. The Group had issued guidelines on quarantine periods, medical surveillance and testing requirements under different circumstances, and qualified employees were entitled to paid quarantine leave. To encourage employees to get vaccinated and give them sufficient time to recover, paid vaccination leave were offered as incentive.

To better protect our frontline staff and customers in department store branches, we cleaned and sanitised the facilities and premises more frequently and regularly. We also inspected air-conditioning systems and disinfected air filters on regular basis. Customers were required to check their temperature at store entrances and wear masks at all times in the stores. Those with flu-like symptoms and who were undergoing home or mandatory quarantine were not allowed to enter into the stores. Hand sanitizer dispensers were installed in the stores. “LeaveHomeSafe” QR code and e-payment methods were available for customer’s use. Different epidemic prevention supplies, including medical masks, protective gears and hand-sanitizer etc., were provided to all frontline staff. During the Year, all our department store branches were certified by the Hong Kong Quality Assurance Agency as fulfilling the requirements of the “Anti-Epidemic Hygiene Measures Certification Scheme”. This certification recognises the participating organisations’ efforts in adopting appropriate hygiene measures to combat the COVID-19 pandemic.

### (c) Development and training

To fully develop our employees' knowledge and skills and facilitate them to pursue lifelong self-development, the Group provides them with various training activities.

All new employees are required to undergo an orientation session to understand the Group's core values, business goals, as well as code of conduct. On-board training is also provided to help them to adapt to the operations of the Group. Different types of online learning video classes covering topics of various skills, such as customer service, emotional selling, supervision, time management, positive feedback, briefing and communication were also provided to all employees.

The Group encouraged all employees to attend different webinars and online conferences to acquire up-to-date skills and knowledge to keep abreast of their responsibilities and perform their jobs. During the Year, employees from all levels attended a wide spectrum of external training classes relating to legislative / regulatory updates, self-management, digital marketing, team management and human resources management.

### (d) Labour standards

Child labour and forced labour are strictly prohibited in all business operations of the Group. The Human Resources Division of the Group verifies all job applicants' identity prudently, including but not limited to their age, to guarantee eligibility for employment. The Group also ensures that employees are given rest days and are compensated for any voluntary overtime work as required by local regulators. If the use of child or forced labour in the Group's operations is discovered, the Group will immediately terminate the employment contract and investigate if further action is required. During the Year, the Group was not aware of any incidents of non-compliance with laws and regulations that had a significant impact on the Group relating to preventing child labour and forced labour.

## Operating practices

### (a) Supply chain management

The Group expects our suppliers to continuously improve their performance in environmental and social areas. The Group has developed a Supplier Code of Conduct for its department stores and property investment operation which outlines our expectations of suppliers in the areas of legal compliance, labour and human rights, health and safety, environmental protection and ethical conduct. The Group gives preference to suppliers currently working towards responsible and sustainable operation.

All active suppliers of the Group's department stores operation and property investment operation are required to conduct a self-assessment questionnaire periodically. The questionnaire evaluates the suppliers regarding the status of their policies, control systems and regulatory compliance relating to environmental conservation, occupational health and safety, employment practices and business ethics. The survey results of the Year are listed below:

		Department stores operation*	Property investment operation
No. of response / Response rate		693 / 63%	13 / 87%
Percentage of respondents that have complied with relevant laws and regulations		100%	100%
Percentage of respondents that have policies and control systems in all environmental and social responsibility areas	Yes	50%	77%
	No	4%	0%

\*Covers suppliers of own sourcing merchandise, concession and consignment counters.

We seek to make our procurement process responsible, fair and impartial. For the Group's property investment operation, all approved contractors are vetted to ensure they possess the professional qualifications and meet our requirements. Contractors of major building works are selected via a tendering procedure. For the Group's department stores operation, performance of suppliers is evaluated periodically. Such periodic evaluation takes into account factors like the supplier's business performance, number of customer complaints received and legal compliance in the previous year. The evaluation allows us to review the performance of our suppliers, and based on such results, to select quality and suitable vendors to optimise our merchandise mix and services.

The Group expects its suppliers to adopt and implement effective measures for providing an ethical and employee-friendly working environment. Nonetheless, the Group is alert to any negative or undesirable reports on other information about its merchandise suppliers relating to environmental and social risks. In the event of such information, the Group will discuss and evaluate internally whether such supplier should be terminated. Before making any procurement decision, the Group will assess the relevant merchandise suppliers to prevent any environmental and social risks along the supply chain.

The outbreak of COVID-19 disrupted transportation and business activities which caused logistics movement restrictions and supply chain disruptions. The Group employed alternative sourcing strategies to maintain a stable supply of merchandise. The Group also closely monitored the adverse impact of COVID-19 on our business associates.

During the Year, the majority of our merchandise suppliers to the Group's department stores operation were located in Hong Kong and European countries and all suppliers to the Group's property investment operation were located in Hong Kong.

#### Number of suppliers by geographical regions

	Department stores operation*	Property investment operation
Hong Kong	462 (64%)	15 (100%)
Europe	207 (29%)	
Asia (Excludes Hong Kong)	45 (6%)	
America	8 (1%)	
Others	2 (0.3%)	
Total	724	15

\* Covers suppliers of own sourcing merchandise.

To support our commitment to green procurement, the Group has established a Green Procurement Policy to guide employees to purchase office supplies and services with minimal adverse impact on the environment and human health. Preference is given to environmental preferably alternatives, such as using Forest Steward Council certified paper to print envelopes, letter papers and most of the marketing promotional materials. To encourage customers towards sustainable consumption, we offer eco-friendly merchandise in our department stores, such as merchandise with natural / recycled materials, resources efficiency attributes and green packaging. As we anticipate that there will be more consumers care about the environment when making purchases, we will continue expanding our sourcing of eco-friendly merchandise to satisfy their needs.



## (b) Product responsibility

Quality and safety are always our top priority. To ensure reliable merchandise is offered in our department stores, policies and guidelines are adopted for merchandise sourcing. For example, the Group requests suppliers to submit quality and safety registration certificates and laboratory reports for their merchandise as required under the relevant regulations. The Group also performs quality inspection on private labels merchandise or requests factories to submit pre-production and shipping samples. Moreover, label checks are carried out on particular merchandise. Upon becoming aware of any confirmed or potential issues associated with health, safety or label non-compliance of our merchandise from sources such as suppliers, customers, government departments and/or the media, we withdraw such merchandise from the department stores immediately. We generally accept merchandise returns from customers and we may (where appropriate) work with relevant suppliers to resolve issues. Merchandise is then returned to department stores only when the issues are resolved with the suppliers. During the Year, there was only 1 incident involving 84 pieces of merchandise sold subject to recalls for food safety concerns. Recall percentage was 0.001%.

The Group's department stores operation value every comment from our customers and proactively reach out to our customers through various channels, such as feedback forms, our website and social media platforms to collect comments and enquiries. To ensure customer feedback is properly channeled and addressed, all feedback is reviewed by designated departments and all complaints are investigated and promptly followed up to resolve disputes. During the Year, a total of 508 customer compliments and 27 customer complaints were received regarding the department stores' merchandise and services respectively. All of these complaints were settled with the customers amicably. In the previous year, there were 337 customer compliments and 46 customer complaints. Compared with the previous year, the number of compliments increased by 51% and the number of complaints decreased by 41%. The improvement over the last year reflected our continuous effort to enhance service quality.

For our property investment operation, the Group has engaged reputable professional property management company to provide services to tenants and visitors. ISO 9001 standard is adopted in the management of customer service and complaint handling. Tenant satisfaction survey is conducted regularly to identify improvement for service quality. Overall satisfaction rate of the Year achieved at 82%. During the Year, 2 written complaints were received from tenants regarding building's facilities. All cases were settled.

The Group complies with the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) and the Trade Descriptions Ordinance (Cap. 362 of the Laws of Hong Kong), and respects and protects intellectual property rights.

The Group has policies and guidelines to regulate access, storage and disposal of personal data, which all relevant employees have to sign to confirm their understanding and compliance. Should there be a need to use customers' personal information for direct marketing, we would obtain prior written consent from the customers.

To ensure our marketing practices are in full compliance with the Trade Descriptions Ordinance, guidelines have been developed to assist various departments in understanding the legislation. All advertising materials are reviewed by the designated departments before such materials are released or published.

The Group respects intellectual property rights of third parties. We prohibit the unauthorised use of computer software, music and photo images which may lead to infringement of copyright. We request suppliers to provide a signed declaration of non-infringement of any intellectual property rights of third party in respect of the merchandise supplied to the Group. In addition, authorised dealers have to present authorisation letters as proof of distribution rights. The Group protects its own intellectual property rights by undertaking relevant registration for its own created brands in its department stores operation.

During the Year, the Group was not aware of any incidents of non-compliance with laws and regulations that had a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

### (c) Anti-corruption

The Group is committed to upholding a high standard of integrity and ethics in the workplace and practising good corporate governance. A Code of Conduct, Whistleblowing Policy and related guidelines have been established and followed by all employees; these guidelines provide guidance on handling issues relating to conflict of interest, anti-corruption and whistleblowing to prevent bribery, extortion, fraud, money laundering and other malpractices in the Group. Official channels have been provided for employees to confidentially raise their concerns about any misconduct, malpractice or irregularity in the Group's business operations. The identity of the employee making the complaint or reporting will not be disclosed without the employee's consent. The whistleblowing procedures set out in the Whistleblowing Policy are implemented and monitored by the senior management of the Group. The Audit Committee will review the investigation of whistleblowing cases and make recommendations to the Board if appropriate. During the Year, the Group was not aware of any incidents of non-compliance with laws and regulations that had a significant impact on the Group relating to bribery, extortion, fraud and money laundering.

To promote integrity and anti-corruption awareness, a series of online learning video classes about integrity and honesty in the workplace were prepared for all employees, including directors, during the Year. These training materials were based on real cases provided by The Independent Commission Against Corruption of Hong Kong ("ICAC"). The video classes offered practical tips for employees in handling related issues and drew their attention to sensitive cases.

## Community investment

The Group cares about the community and commits to making contributions to society. The Human Resources and Marketing Division of the Group contact and communicate with different charitable organisations regularly to understand their needs. The Group does not have a specific focus area for its contributions to community investment and donations. The Group also encourages employees to participate in community services. However, due to the unstable situation of the COVID-19 pandemic, many community activities and volunteering services were cancelled. A total amount of HK\$17,300 was donated to different charitable organisations during the Year.

During the Year, the Group and its employees participated in the following community activities and events:

- Launch of a lucky draw to offer HK\$1.8 million worth prizes for fully vaccinated customers to support Hong Kong Government 's COVID-19 Vaccination Program
- Placement of donation boxes from different charitable organisations (such as TREATS, Christian Action and Yan Oi Tong) in department stores branches
- Lai See Reuse and Recycle Program of Greeners Action
- Love Teeth Day, Green Low Carbon Day and Skip Lunch Day of The Community Chest
- World Sight Day 2021 of Orbis

During the Year, the Group received awards from different organisations in recognition of its community contributions, including the Caring Company launched by The Hong Kong Council of Social Service and the Heart to Heart Company organised by The Hong Kong Federation of Youth Groups.

## Laws and Regulations

The Group's business operations strictly complied with all applicable ESG laws and regulations in Hong Kong. The following table lists the relevant ESG laws and regulations which have a significant impact on the Group's operations.

<p>Environmental</p> <ul style="list-style-type: none"><li>• Air Pollution Control Ordinance (Cap. 311)</li><li>• Waste Disposal Ordinance (Cap. 354)</li><li>• Building Energy Efficiency Ordinance (Cap. 610)</li><li>• The Environmental Levy Scheme on Plastic Shopping Bags under the Product Eco-Responsibility Ordinance (Cap. 603)</li><li>• Promotion of Recycling and Proper Disposal (Electrical Equipment and Electronic Equipment) (Amendment) Ordinance 2016 in relation to the Product Eco-Responsibility Ordinance (Cap. 603)</li></ul>
<p>Employment</p> <ul style="list-style-type: none"><li>• Employment Ordinance (Cap. 57)</li><li>• Discrimination Ordinances on Sex, Disability, Family Status and Race (Cap. 480, 487, 527 and 602)</li><li>• Occupational Safety and Health Ordinance (Cap. 509)</li><li>• Occupational Safety and Health Regulation (Cap. 509A)</li><li>• Employees' Compensation Ordinance (Cap. 282)</li><li>• Minimum Wage Ordinance (Cap. 608)</li><li>• Mandatory Provident Fund Schemes Ordinance (Cap. 485)</li></ul>
<p>Product Responsibility</p> <ul style="list-style-type: none"><li>• Sale of Goods Ordinance (Cap. 26)</li><li>• The Supply of Services (Implied Terms) Ordinance (Cap. 457)</li><li>• Food Safety Ordinance (Cap. 612)</li><li>• Food and Drugs (Composition and Labelling) Regulations (Cap. 132W)</li><li>• Consumer Goods Safety Ordinance (Cap. 456)</li><li>• Toys and Children's Products Safety Ordinance (Cap. 424)</li><li>• Electrical Products (Safety) Regulation (Cap. 406G): Declaration of Conformity</li><li>• Trade Descriptions Ordinance (Cap. 362)</li><li>• Competition Ordinance (Cap. 619)</li><li>• Personal Data (Privacy) Ordinance (Cap. 486)</li><li>• Copyright Ordinance (Cap. 528)</li><li>• Trade Marks Ordinance (Cap. 559)</li></ul>
<p>Anti-corruption</p> <ul style="list-style-type: none"><li>• Prevention of Bribery Ordinance (Cap. 201)</li></ul>

## The Stock Exchange's ESG Reporting Guide Index

A. Environmental		2021	2020 (The page references stated under this column refer to the pages in the Company's ESG Report 2020)
A1 Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental (Pages 7 to 14 and 28)	Environment (Pages 3 to 10 and 19)
KPI A1.1	The types of emissions and respective emission data.	Nitrogen Oxides: 397,465 g Sulphur Oxides: 574 g Particulate Matter: 29,090 g	Nitrogen Oxides: 396,760 g Sulphur Oxides: 559 g Particulate Matter: 28,548 g
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Scope 1: 93 tCO <sub>2</sub> e 0.085 tCO <sub>2</sub> e/HK\$1m revenue Scope 2: 9,385 tCO <sub>2</sub> e 8.59 tCO <sub>2</sub> e/HK\$1m revenue Scope 1 & 2: 9,478 tCO <sub>2</sub> e 8.675 tCO <sub>2</sub> e/HK\$1m revenue	Scope 1: 91 tCO <sub>2</sub> e 0.078 tCO <sub>2</sub> e/HK\$1m revenue Scope 2: 11,499 tCO <sub>2</sub> e 9.87 tCO <sub>2</sub> e/HK\$1m revenue Scope 1 & 2: 11,590 tCO <sub>2</sub> e 9.948 tCO <sub>2</sub> e/HK\$1m revenue
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Insignificant amount of hazardous waste was generated	14 pieces of uninterruptible power supply units for server
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Paper waste disposal: -6.8 tonnes, -0.006 tonne/HK\$1m revenue Electrical appliances/accessories for recycling: 135 pieces of computers and equipment 167 pieces of empty toner cartridges	Paper waste disposal: -9.9 tonnes, -0.008 tonne/HK\$1m revenue Electrical appliances/accessories for recycling: 146 pieces of computers and equipment 29 pieces of empty toner cartridges
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental (Pages 7 to 10)	Environment (Pages 3 to 10)
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental (Pages 7 and 9)	Environment (Pages 3 to 10)

A. Environmental		2021	2020
A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental (Pages 7 to 14)	Environment (Pages 3 to 10)
KPI 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 volume, per facility).	Fuel: 381 Mwh, 0.349 Mwh/HK\$1m revenue Electricity: 17,475 Mwh, 15.99 Mwh/HK\$1m revenue	Fuel: 371 Mwh, 0.318 Mwh/HK\$1m revenue Electricity: 17,744 Mwh, 15.23 Mwh/HK\$1m revenue
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	20,897 m <sup>3</sup> 19.12 m <sup>3</sup> /HK\$1m revenue	23,162 m <sup>3</sup> 19.88 m <sup>3</sup> /HK\$1m revenue
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental (Pages 7 to 10)	Environment (Pages 3 to 10)
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them .	Not applicable.  Sourcing water that is fit for purpose and water efficiency initiatives are not considered to be material issues in the Group's operations as the Group is not engaged in water intensive industries and water consumption is not considerable.	
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Department stores operation: Shopping bags 90 tonnes 0.14 tonnes /HK\$1m revenue	Department stores operation: Shopping bags 99 tonnes 0.14 tonnes /HK\$1m revenue
A3 The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental (Page 14)	Environment (Pages 3 to 10)
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental (Page 14)	Environment (Pages 3 to 10)

A. Environmental		2021	2020
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.	Environmental (Pages 15 to 16)	N/A
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environmental (Pages 15 to 16)	N/A



B. Social – Employment and Labour Practices (Notes 1, 2 & 5)		2021		2020	
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.	Employment (Pages 17, 18 and 28)		Employment (Pages 11, 12 and 19)	
KPI B1.1	Total workforce by gender. - All staff - Corporate manager	Male	Female	Male	Female
		25%	75%	26%	74%
		60%	40%	60%	40%
KPI B1.1 (Note 3)	Total workforce by employment type. - Permanent - Temporary & part-time	92%		90%	
		8%		10%	
KPI B1.1	Total workforce by age group. - Below 31 - 31 – 40 - 41 – 50 - 51 – 60 - 60 above	6%		6%	
		13%		14%	
		24%		26%	
		46%		45%	
		11%		9%	
KPI B1.1	Total workforce by geographical region. - Hong Kong - China	99%		99%	
		1%		1%	
KPI B1.2 (Note 4)	Employee turnover rate by gender.	Male	Female	(Restated)	
		17.43%	11.39%	Male	Female
				10.49%	5.31%
KPI B1.2 (Note 4)	Employee turnover rate by age group. - Below 31 - 31 – 40 - 41 – 50 - 51 – 60 - 60 above	17.26%		(Restated)	
		19.77%		13.33%	
		10.10%		10.41%	
		9.65%		6.65%	
		21.87%		3.82%	
				11.7%	
KPI B1.2 (Note 4)	Employee turnover rate by geographical region. - Hong Kong - China	13.01%		(Restated)	
		0%		6.53%	
				20%	

B. Social – Employment and Labour Practices		2021	2020
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 provision of a safe working environment and protecting employees from occupational hazards.	Health and Safety (Pages 19, 20 and 28)	Health and Safety (Pages 12, 13 and 19)
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	2021: Nil   2020: Nil   2019: Nil	
KPI B2.2 <sup>(Note6)</sup>	Lost days due to work injury.	25 cases, 410 lost days	21 cases, 373 lost days
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety (Pages 19 to 20)	Health and Safety (Pages 12 to 13)
B3 Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training (Page 21)	Development and Training (Pages 13 to 14)
KPI B3.1 <sup>(Note7)</sup>	Percentage of employees trained by gender.	Male 11%	Female 89%
KPI B3.1 <sup>(Note7)</sup>	Percentage of employees trained by employee category. - Corporate manager - General staff - Temporary & part-time	2.6% 79.6% 17.8%	1.3% 52.5% 46.2%
KPI B3.2 <sup>(Note7)</sup>	Average training hours completed per employee by gender.	Male 3.75 hours	Female 3.45 hours
KPI B3.2 <sup>(Note7)</sup>	Average training hours completed per employee by employee category (internal training). - Frontline staff (Frontline staff of department stores operation only)	4.01 hours	1.90 hours
KPI B3.2 <sup>(Note7)</sup>	Average training hours completed per employee by employee category (external training). - All levels - Corporate manager - General staff	1.26 hours 13.44 hours 0.86 hours	0.34 hours 3.59 hours 0.24 hours

B. Social – Employment and Labour Practices		2021	2020
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.	Labour Standards (Pages 21 and 28)	Labour Standards (Pages 14 and 19)
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards (Page 21)	Labour Standards (Page 14)
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards (Page 21)	Labour Standards (Page 14)

Notes:

1. All data is provided and verified by respective department heads.
2. All KPIs of employment and labour practices cover employees employed by the Group's department stores operation and property investment operation in Hong Kong, except for the KPI of average training hours completed per employee by employee category (internal training) which covers frontline staff of department stores operation only.
3. The total number of employees (permanent staff versus temporary and part-time staff) employed by the Group's department stores operation and property investment operation in Hong Kong as at 31 December of 2020 and 2021 was 752 (627:125) and 646 (596:50) respectively.
4. The employee turnover rate reflects the number of employees who leave employment with the Group voluntarily or due to dismissal, retirement or death in service during the reporting period. This is calculated in accordance with "How to prepare an ESG Report Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange. Previously published data for 2020 is restated to follow the above reporting guidance.
5. All KPIs of employment (except for total workforce by employment type) refer to permanent staff only, while all KPIs of health and safety, development and training, labour standards and total workforce by employment type refer to permanent, temporary and part-time staff.
6. Work injuries include incidents requiring sick leave.
7. Training includes all job-relevant internal and external training attended by employees.

B. Social – Operating Practices		2021	2020
B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Supply Chain Management (Pages 22 to 23)	Supply Chain Management (Page 15)
KPI B5.1	Number of suppliers by geographical region.	Department stores operation: Hong Kong 462 (64%) Europe 207 (29%) Asia (Excluding Hong Kong) 45 (6%) America 8 (1%) Others 2 (0.3%) Property investment operation: Hong Kong 15 (100%)	Department stores operation: Majority of our merchandise suppliers are located in Hong Kong and European countries
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management (Pages 22 to 23)	Supply Chain Management (Page 15)
KPI 5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management (Pages 22 to 23)	N/A
KPI 5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management (Page 23)	N/A
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, labeling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility (Pages 24, 25 and 28)	Product Responsibility (Pages 16, 17 and 19)
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Department stores operation: 1 incident Merchandise recalled: 84 pieces Recall percentage: 0.001%	Department stores operation: 4 incidents
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Department stores operation: 27 cases, 100% settled Property investment operation: 2 cases, 100% settled	Department stores operation: 46 cases, 100% settled

B. Social – Operating Practices		2021	2020
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility (Pages 24 to 25)	Product Responsibility (Page 17)
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility (Page 24)	Product Responsibility (Page 16)
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility (Pages 24 to 25)	Product Responsibility (Page 16)
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.	Anti-corruption (Pages 26 and 28)	Anti-corruption (Pages 17 and 19)
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Nil	Nil
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption (Page 26)	Anti-corruption (Page 17)
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption (Page 26)	N/A

B. Social – Community		2021	2020
B8 Community General Disclosure			
Investment	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 Investment (Page 27)	Community Investment (Page 18)
KPI B8.1	Focus areas of contribution.	Not applicable. The Group does not have focus areas of contribution.	
KPI B8.2	Resources contributed to the focus area.	Not applicable. The Group does not have focus areas of contribution.	

Hong Kong, 26 April 2022