



# 顺客隆

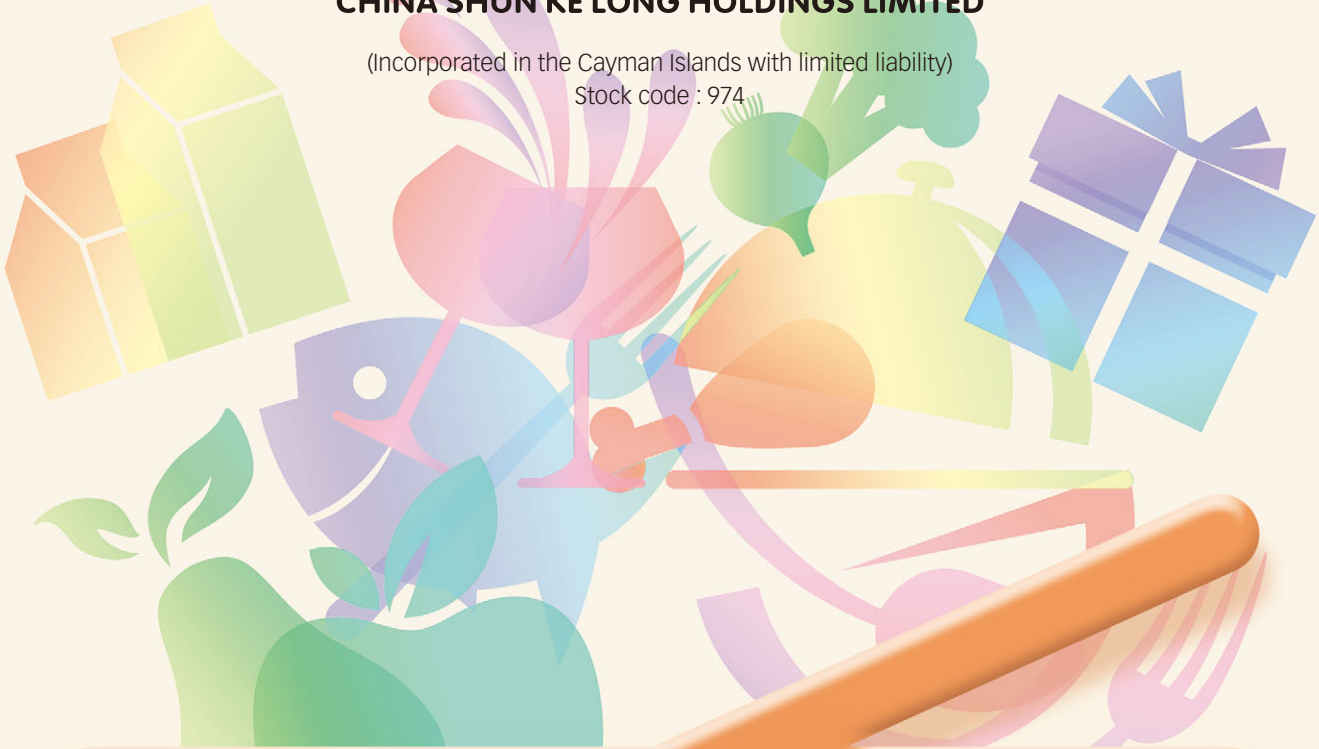
Simple kind life

## 中國順客隆控股有限公司

CHINA SHUN KE LONG HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code : 974



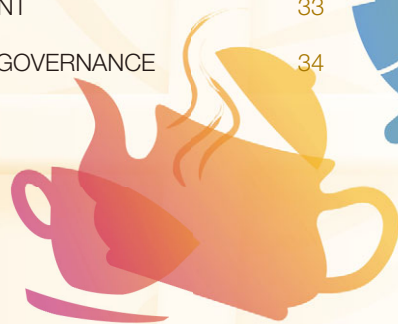
**ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2021**





## CONTENTS

CONTENTS	1
ABOUT THIS REPORT	2
INTRODUCTION	3
STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT	4
ESG GOVERNANCE	8
A. ENVIRONMENTAL ASPECTS	10
A1. EMISSIONS	10
A2. USE OF RESOURCES	14
A3. THE ENVIRONMENT AND NATURAL RESOURCES	16
A4. CLIMATE CHANGE	16
B. SOCIAL ASPECTS	24
B1. EMPLOYMENT	24
B2. HEALTH AND SAFETY	26
B3. DEVELOPMENT AND TRAINING	27
B4. LABOUR STANDARDS	29
B5. SUPPLY CHAIN MANAGEMENT	30
B6. PRODUCT RESPONSIBILITY	30
B7. ANTI-CORRUPTION	32
B8. COMMUNITY INVESTMENT	33
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING INDEX	34





## ABOUT THIS REPORT

China Shun Ke Long Holdings Limited (the “Company”), together with its subsidiaries (the “Group”), is pleased to present this Environmental, Social and Governance Report 2021 (the “Report”) to provide an overview of the Group’s management of environmental, social and governance issues in relation to the Group’s operations. This Report is prepared by the Group with the professional assistance of APAC Compliance Consultancy and Internal Control Services Limited.

### PREPARATION BASIS AND SCOPE

This Report is prepared in accordance with Appendix 27 “Environmental, Social and Governance Reporting Guide” (the “ESG Reporting Guide”) to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and has complied with the “comply or explain” provision in the ESG Reporting Guide.

This Report generally covers the Group’s principal businesses and operational activities of retail distribution and wholesale distribution channels in Guangdong province of the People’s Republic of China (the “PRC”) and the Macau Special Administrative Region (“Macau”), as well as the Group’s office in Hong Kong. With the aim to optimise and improve the disclosure requirements in the Report, the Group has taken initiatives to formulate policies, record relevant data, and implement and monitor measures. This Report shall be published both in Chinese and English on the website of the Company and the Stock Exchange. Should there be any discrepancy between the Chinese and the English versions, the English version shall prevail.

### REPORTING PERIOD

This Report demonstrates our sustainability initiatives during the reporting period from 1 January 2021 to 31 December 2021 (“FY2021” or the “Reporting Period”).

### CONTACT INFORMATION

The Group welcomes any feedback on this Report for our sustainability initiatives. Please provide your suggestions or share your views to the Group by email at [ir@skl.com.cn](mailto:ir@skl.com.cn).

## INTRODUCTION

This Report summaries the environmental, social and governance (“ESG”) initiatives, plans and performances of the Group, and demonstrates our commitment to sustainable development.

The Company is an investment holding company, and the Group is a supermarket chain store operator with geographical focus in Guangdong province of the PRC. During FY2021, the Group maintains both retail and wholesale distribution channels. As at 31 December 2021, the Group had a total of 68 retail outlets located in Foshan, Zhaoqing, Zhuhai, Guangzhou and Macau. In regards to general wholesale, the Group maintained sole and exclusive distribution rights for 23 brands in Foshan, Jiangmen and Zhaoqing.

During the Reporting Period, the Group has developed the marketing strategy of “retail + wholesale + bulk trade + online and offline integration + social marketing”; integrated technology with retail services online and offline in order to tackle the negative impacts caused by the outbreak of coronavirus disease (“COVID-19”) pandemic and to keep up with the new global trend of retail e-commerce. Currently, the Group has developed its own online platform “SKL Select” and strengthened cooperation with Taoxianda, Ele.me, JD Home and other e-commerce platforms to improve its delivery capacity. In order to further expand the integrated wholesale business, the Group has established the “Yu Bang Hang Bargain Wholesale and Retail Outlet” to further develop its wholesale business. Through adopting the model of “penetration into end customers through lower distribution channels”, we aimed to enlarge our customer base from wholesale customers to end business customers and to reduce the number of levels within distribution channels. Moreover, the Group has successfully established the model outlets of “Shun Ke Long Fresh Hubs”, a community-base fresh produce business format with a number of model outlets opened for now.

The Group believes sustainability is a key to achieve continuous success. Therefore, we have integrated this key concept into our business strategy. In order to pursue a successful and sustainable business model, the Group recognises the importance of integrating ESG aspects into our risk management system. We adhere to the ESG management direction in accordance with sustainable development concepts and are committed to deal with ESG affairs effectively and responsibly.



## STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

### STAKEHOLDER ENGAGEMENT

The Group understands that the success of the Group's business depends on the support from its key stakeholders, who (a) have invested or will invest in the Group; (b) have the ability to influence the operational outcomes within the Group; and (c) are interested in or affected by or have the potential to be affected by the impact of the Group's activities, products, services and relationships. It allows the Group to understand risks and opportunities. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

The stakeholders are prioritised from time to time in view of the Group's roles and duties, strategic plan and business initiatives. The Group engages with its stakeholders to develop mutually beneficial relationships, to seek their views on its business proposals and initiatives as well as to promote sustainability in the marketplace, workplace, community and environment.

The Group acknowledges the importance of intelligence gained from the stakeholders' insights, inquiries and continuous interest in the Group's business activities. The Group has identified key stakeholders that are important to our business and established various channels for communication. The following table provides an overview of the Group's key stakeholders, and various methods of communication that are used to reach, listen and respond.

We truly value the opinions of our stakeholders in sustaining our businesses and ESG strategies. We will continue to increase the involvement of the stakeholders via constructive conversation to maintain long term prosperity. The stakeholder's expectations have been taken into consideration by utilising diversified engagement methods and communication channels as shown below.

Stakeholders	Expectations	Engagement channels
Government	<ul style="list-style-type: none"><li>• Compliance with the applicable laws and regulations</li><li>• Proper tax payment</li></ul>	<ul style="list-style-type: none"><li>• Annual reports, interim reports and announcements</li><li>• Company website</li><li>• Field inspections</li></ul>
Shareholders and investors	<ul style="list-style-type: none"><li>• Low risk</li><li>• Return on the investment</li><li>• Information disclosure and transparency</li><li>• Protection of interests and fair treatment of shareholders</li></ul>	<ul style="list-style-type: none"><li>• Annual general meetings and other shareholder meetings</li><li>• Annual reports, interim reports and announcements</li><li>• Company website</li><li>• Meetings with investors and analysts</li></ul>
Employees	<ul style="list-style-type: none"><li>• Safeguard the rights and interests of employees</li><li>• Working environment</li><li>• Career development opportunities</li><li>• Health and safety</li></ul>	<ul style="list-style-type: none"><li>• Trainings, seminars, briefing sessions</li><li>• Channels for employees' feedback (forms, suggestion boxes, etc.)</li><li>• Intranet and emails</li><li>• Performance appraisals</li></ul>

## STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT



Stakeholders	Expectations	Engagement channels
Customers	<ul style="list-style-type: none"> <li>• Safe and high-quality products</li> <li>• Stable relationship</li> <li>• Information transparency</li> <li>• Integrity</li> <li>• Business ethics</li> <li>• Customer information and privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>• Annual reports, interim reports and announcements</li> <li>• Company website</li> <li>• Email and customer service hotline</li> <li>• Regular meetings</li> </ul>
Suppliers and partners	<ul style="list-style-type: none"> <li>• Long-term partnership</li> <li>• Honest cooperation</li> <li>• Fairness and openness</li> <li>• Information resources sharing</li> <li>• Risk reduction</li> </ul>	<ul style="list-style-type: none"> <li>• Business meetings and phone calls</li> <li>• Regular meetings</li> <li>• Reviews and assessments</li> </ul>
Financial institutions	<ul style="list-style-type: none"> <li>• Compliance with the applicable laws and regulations</li> <li>• Disclosure of information</li> </ul>	<ul style="list-style-type: none"> <li>• Consultation</li> <li>• Information disclosure</li> <li>• Annual reports, interim reports and announcements</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Information transparency</li> </ul>	<ul style="list-style-type: none"> <li>• Company website</li> <li>• Interviews</li> </ul>
Public and communities	<ul style="list-style-type: none"> <li>• Community involvement</li> <li>• Social responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>• Annual reports, interim reports and announcements</li> <li>• suggestion boxes</li> </ul>

Through general communication with the stakeholders, the Group understands the expectations and concerns from the stakeholders. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the resulting impact.

### MATERIALITY ASSESSMENT

The Group has adopted the principle of materiality in the ESG reporting by understanding the key ESG issues that are important to the business of the Group. All the key ESG issues and key performance indicators (“KPI”s) are reported in the Report according to recommendations of the ESG Reporting Guide (Appendix 27 of the Listing Rules) and the Global Reporting Initiative Guidelines. The Group has evaluated the materiality and importance in ESG aspects through the following steps:

#### Step 1: Identification – Industry Benchmarking

- Relevant ESG areas were identified through the review of relevant ESG reports of the local and international industry peers.
- The materiality of each ESG area was determined based on the importance of each ESG area to the Group through internal discussion of the management and the recommendation of the ESG Reporting Guide (Appendix 27 of the Listing Rules).

# STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

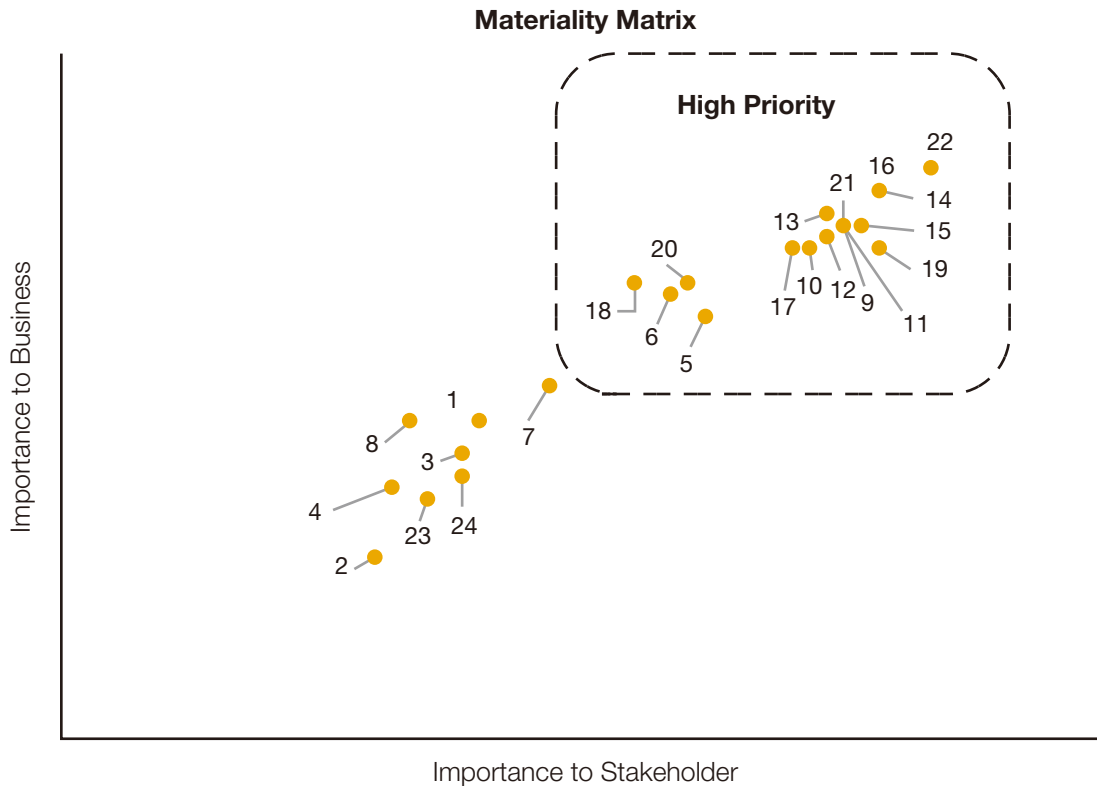
## Step 2: Prioritisation – Stakeholder Engagement

- The Group discussed with its key stakeholders on key ESG areas identified above to ensure all key aspects were covered.

## Step 3: Validation – Determining Material Issues

- Based on the discussion with the key stakeholders and internal discussion among the management, the Group’s management ensured that all the key and material ESG areas, which were important to the business development, were reported and in compliance with ESG Reporting Guide.

The Group’s management and staff in major functions are involved in preparation of the ESG Report to assist the Group in reviewing its operations, identifying the relevant ESG issues and assessing the importance of those relevant matters to our business and stakeholders. We have compiled a survey in accordance with the identified material ESG issues to collect information from relevant departments, business units and stakeholders of the Group. The following matrix is a summary of the Group’s material ESG issues.



# STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT



## ESG Issues

### ***Environmental protection and green operations***

1. Greenhouse gas emissions
2. Air pollutant emissions
3. Water Consumption
4. Recycling and renewable energy
5. Energy conservation measures
6. Use of packaging material
7. Waste handling
8. Green procurement

### ***Corporate governance***

9. Anti-corruption and anti-fraud
10. Corporate social responsibility
11. Supplier management
12. Supplier environmental and social risk management

### ***Product and service responsibility***

13. Reliable products and services
14. Compliance of products and services
15. Advertising and labelling
16. Customer satisfaction and compliant handling

### ***Employment***

17. Labour relationship and communications
18. Anti-discrimination and equal rights
19. Occupational health and safety
20. Employee welfare and benefits
21. Training and career development
22. Child and forced labour

### ***Community***

23. Volunteering
24. Charitable donations

During the Reporting Period, the Group confirmed that it has established appropriate and effective management policies and internal control systems for the ESG issues and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.





## ESG GOVERNANCE

The Group conducts a top-down management approach regarding its ESG issues. The board of directors (the “Board”) of the Company oversees the Group’s overall ESG direction and sets out ESG strategy for the Group. The Board is also responsible for ensuring the effectiveness of the Group’s ESG risk management and internal control mechanism.

In order to carry out a systematic management of the Group’s ESG issues, the Group has established a ESG Committee (the “ESG Committee”). The ESG Committee is responsible for collecting relevant ESG information for the preparation of the ESG Report. It reports to the Board on a regular basis; assists in identifying and assessing the Group’s ESG risks; and evaluates the effectiveness of the Group’s ESG internal control mechanism. The ESG Committee also examines and evaluates the Group’s ESG performance in different aspects such as environment, labour standards, and product responsibility.

The Board acknowledges its responsibility for ensuring the integrity of the Report. The Report addresses all relevant material issues and fairly presents the Group’s ESG performance in a transparent manner. The Board confirms that it has reviewed and approved the Report.

### BOARD’S OVERSIGHT OF ESG ISSUES

#### Board’s overall vision and strategy in managing ESG issues

The Board of the Company has a primary role in overseeing the Group’s sustainability issues. During FY2021, the Board and the ESG Committee spent significant time in evaluating the impact of ESG-related risks on our operations and formulating relevant policy in dealing with the risks. The oversight of the Board is to ensure the management to have all right tools and resources to oversee the ESG issues in the context of strategy and long-term value creation.

#### ESG Committee

To demonstrate our commitment to transparency and accountability, our Group has established an ESG Committee, which has clear terms of reference that set out the powers delegated by the Board. We highly value the opinions of each stakeholder and treat them as the cornerstone for the development of the Group. The ESG Committee currently consists of executive director, deputy CEO, chief financial officer and company secretary of the Company.

The ESG Committee is primarily responsible for reviewing and supervising the ESG process and ESG risk management of the Group. Various ESG issues are reviewed and discussed by the ESG Committee via meetings, which hold annually or occasionally. During FY2021, the ESG Committee and the management reviewed the ESG governance and different ESG issues.

## ESG GOVERNANCE

### BOARD'S ESG MANAGEMENT APPROACH AND STRATEGY FOR MATERIAL ESG-RELATED ISSUES

In order to better understand the opinions and expectations of different stakeholders on our ESG issues, materiality assessment is conducted each year. We ensure various platforms and channels of communication are used to reach, listen and respond to our key stakeholders. Through general communication with the stakeholders, the Group understands their expectations and concerns. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the resulting impact.

### BOARD REVIEW PROGRESS AGAINST ESG-RELATED GOALS AND TARGETS

Progress of target implementation and the performance of the goals and targets should be closely reviewed from time to time. Rectification may be needed if the progress falls short of expectation. Effective communication about the goals and target process with key stakeholders such as employees is essential, as this enables them to be engaged in the implementation process, and makes them part of the change that the company aspires to achieve.

Setting strategic goals for the coming three to five years enables the Group to develop a realistic roadmap and focus on results in achieving the visions.

Setting targets requires the ESG Committee to carefully examine the attainability of the targets which should be weighed against the company's ambitions and goals. During FY2021, our Group set targets on a practical basis.

### A. ENVIRONMENTAL ASPECTS

#### A1. Emissions

The Group is mainly involved in retail operations. Hence, its business activities do not have significant impact on the environment or natural resources. In spite of this, The Group is committed to ensuring the long-term sustainability in the environment and our community. We acknowledge our responsibilities in handling the potential environmental impacts brought about by our business operations. We recognise our obligations in environmental consideration and always bring up any matter of environmental concern in our decision-making processes.

To create a sustainable business, the Group has implemented an environmental system which was accredited with ISO 14001:2015 Environmental Management System (“EMS”). The Group has also adopted relevant environmental policies which apply the emission mitigation principles and the waste management principles of “Reduce, Reuse, Recycle and Replace” (“4R Principles”). The objectives of such policies are to minimise the adverse environmental impacts, and ensure that the emissions or wastes being generated are conducted in an environmentally responsible manner. We have also embraced our responsibility to create an environmentally sustainable business by implementing measures that promote energy conservation, waste reduction and any other green initiatives across our services. We are committed to raising our employees’ awareness on environmental protection and compliance with the relevant environmental laws and regulations.

During the Reporting Period, the Group was not aware of any material non-compliance with environmental related laws and regulations in relation to exhaust gas and greenhouse gas (“GHG”) emissions, water and land discharge, and the generation of hazardous and non-hazardous wastes that would have a significant impact on the Group. Such laws and regulations include but are not limited to the Environmental Protection Law of the PRC, the Water Pollution Prevention and Control Law of the PRC, the Air Pollution Control Ordinance of Hong Kong, and the Environmental Law of Macau.

#### ***Emissions Control***

##### *Air Pollutant Emissions*

The Group’s major sources of exhaust gas emissions are originated from diesel and petrol consumed by vehicles. In response to the above sources, we have actively taken the following emission reduction measures to minimise and control the impacts on air emitted from such sources:

- Conduct regular vehicle inspection and maintenance to maintain vehicle efficiency;
- Plan routes ahead of time to avoid route repetition and optimise fuel consumption;
- Remind employees to turn off engines for idling vehicles; and
- Actively adopt measures to reduce emissions, and relevant measures will be described in “Greenhouse Gas Emissions” under this aspect.

## ESG GOVERNANCE

Air pollutant emissions control is essential to mitigate environmental impacts and to protect the health of employees. As the Group is mainly involved in general retail outlet operation, the amount of air pollutant emissions is insignificant. Our air pollutant emissions are generated from the vehicles for transportation of production and goods from our suppliers to our retail outlets, as well as delivery of products to our customers who purchased via online sales. The increase in air pollutant emissions in FY2021 was mainly attributable to the increased vehicle with associated refrigeration facilities used for fresh food delivery of our increasing fresh food retail outlets during FY2021. Furthermore, the Group targets to reduce the emissions of air pollutant by 5% by 2025.

The details of air pollutant emissions for the Reporting Period were as follows:

Type of air pollutants	Unit	2021	2020 <sup>1</sup>
Nitrogen oxides (NO <sub>x</sub> )	kg	1,925.46	1,655.73
Sulphur oxides (SO <sub>x</sub> )	kg	32.90	34.39
Particulate matter (PM)	kg	110.92	91.87

### *Greenhouse Gas Emissions*

The major sources of the Group's GHG emissions are generated from diesel and petrol consumption by vehicles (Scope 1) and purchased electricity (Scope 2). We have adopted the following measures to reduce GHG emissions during operation:

- Actively adopt vehicular emission reduction measures which are described in "Air Pollutant Emissions" under this aspect; and
- Actively adopt measures for environmental protection, energy conservation, and water-saving which are described in "Use of Resources" in aspect A2.

In addition to the above measures, the Group also propagates environmental protection messages to our employees by issuing environmental communication newsletters and posting notices and posters with green information in offices to raise their awareness and promote the best practices of environmental management. The slight decrease in total GHG emissions in FY2021 was mainly due to the effective implementation of energy saving policies on electricity usage reduction during FY2021. Furthermore, the Group targets to reduce GHG emissions by 5% by 2025.

<sup>1</sup> The data for 2020 has been restated due to an updated calculation model.

The details of GHG emissions for the Reporting Period were as follows:

Type of GHG emissions <sup>2</sup>	Unit	2021	2020 <sup>3</sup>
Scope 1 <sup>4</sup>	tonnes of CO <sub>2</sub> e	323.79	323.78
Scope 2 <sup>5</sup>	tonnes of CO <sub>2</sub> e	18,000.34	18,425.79
Total GHG emissions	tonnes of CO <sub>2</sub> e	18,324.13	18,749.57
GHG emissions intensity	tonnes of CO <sub>2</sub> e/employee	15.91	14.48
GHG emissions intensity	tonnes of CO <sub>2</sub> e/million revenue	24.70	21.08

### ***Sewage Discharge***

As the sewage of the Group is discharged into the municipal sewage pipe network to the regional water purification plant, the water consumed by the Group is considered as the sewage discharged. The data on water consumption is included in “Water Consumption” in aspect A2.

### ***Waste Management***

#### *Hazardous Wastes*

Despite the Group did not generate hazardous wastes during the Reporting Period, the Group has established guidelines governing the management and disposal of hazardous wastes. If there are any hazardous wastes produced, the Group is required to engage a qualified chemical waste collector to handle such wastes, which is complied with the relevant environmental regulations and rules.

#### *Non-hazardous Wastes*

The Group adheres to the principle of waste management and is committed to handling and disposing of all wastes generated by our business activities through abiding by the 4R Principles. The Group has formulated the Waste Disposal Policy which is formally documented in the Food Safety Management System. All of our waste management measures and practices comply with relevant environmental laws and regulations.

The non-hazardous wastes generated by our business activities are mainly paper. To minimise the disposal of paper boxes that are used as packaging materials by our suppliers, the Group actively recycles the paper boxes and extends their service life for different purposes. Apart from recycling those paper boxes for

<sup>2</sup> The calculation of the GHG emissions is based on the “Corporate Accounting and Reporting Standard” from GHG Protocol published by World Resources Institute and World Business Council for Sustainable Development.

<sup>3</sup> The data for 2020 has been restated due to an updated calculation model.

<sup>4</sup> Direct emissions from sources that are owned or controlled by the Group.

<sup>5</sup> Indirect emissions from the generation of purchased electricity consumed by the Group.

## ESG GOVERNANCE



packaging, we will also provide them for our customers to pack their products. We continue to place great effort in educating our employees on the importance of reducing waste production by adopting the following environmentally friendly initiatives to reduce non-hazardous wastes during our business operations:

- Set duplex printing as the default mode for most network printers;
- Print or copy only the pages needed;
- Reuse envelopes, folders and carton in office;
- Utilise electronic means for office daily communication;
- Promote double-sided printing and photocopying;
- Separate the single-sided paper and double-sided paper neatly for better recycling; and
- Use the back of old single-sided documents for printing or as draft paper.

The increases in the amount of non-hazardous waste generated and recycled in FY2021 were mainly attributable to the increased use of paper boxes packaging material by our suppliers during FY2021. Furthermore, the Group has set a comprehensive target by 6% reduction in non-hazardous wastes generation by 2025.

The details of non-hazardous wastes generated and recycled by the Group for the Reporting Period were as follows:

Type of non-hazardous wastes	Unit	2021	2020 <sup>6</sup>
Paper consumption	tonnes	240.13	209.86
Paper consumption intensity	tonnes/employee	0.21	0.18
Paper consumption intensity	tonnes/million revenue	0.32	0.24
Paper recycled	tonnes	236.12	206.40
Paper recycled intensity	tonnes/employee	0.21	0.16
Paper recycled intensity	tonnes/million revenue	0.32	0.23

<sup>6</sup> The data of 2020 has been restated for comparative purpose.

## A2. Use of Resources

The Group promotes resource efficiency and eco-friendly measures to the Group's operations. The Group has established relevant policies and procedures in governing the efficient use of resources, aiming to achieve higher energy efficiency and reduce unnecessary use of resources.

### **Energy Management**

The Group aims to minimise environmental impacts in our operations by identifying and adopting appropriate measures. The Group has developed energy policies, measures and practices, for which they are formally documented in the Office Order Management Regulations to show our commitment on energy efficiency. All employees are required to adopt such measures and practices, including the purchase of energy-efficient products and services, and assume responsibility for the Group's overall energy efficiency.

The major source of energy consumed by the Group is purchased electricity consumed in daily operations as well as diesel and petrol consumed for vehicles. The Group strives to further reduce energy consumption by adopting the following energy-saving measures:

- Replace traditional light bulbs with electricity-saving light bulbs to ensure energy is being saved;
- Turn off all unnecessary lightings and use natural lightings as far as practicable;
- Clean electronic equipment (i.e., refrigerators and air-conditioners) regularly to maintain high efficiency;
- Turn office lights and other electronic devices off whenever and wherever unnecessary;
- Set the temperature of air-conditioners according to weather situations, and ensure that the temperature should not be set under 26°C in summer and over 22°C in winter; and
- Utilise office electronic communication means.

The slight increase of the total energy consumption in FY2021 was mainly attributable to the increased vehicle with associated refrigeration facilities used for fresh food delivery for our increasing fresh food retail outlets, despite of electricity reduction policy implementation during FY2021. Furthermore, the Group has set a total energy consumption reduction target by 5% by 2025.

For the Reporting Period, the details of energy consumption were as follows:

Type of energy	Unit	2021	2020
Purchased electricity	MWh	21,521.74	21,538.66
Petrol	MWh	661.74	570.75 <sup>7</sup>
Diesel	MWh	463.29	501.25 <sup>7</sup>
Total energy consumption	MWh	22,646.77	22,610.66
Energy consumption intensity	MWh/employee	19.66	17.46
Energy consumption intensity	MWh/million revenue	30.54	25.44

<sup>7</sup> The data of 2020 has been restated due to an updated calculation model.



### **Water Consumption**

The Group mainly consumes water for cleaning and sanitation. We have educated and encouraged all employees to develop the habit of water conservation. We have been strengthening our water-saving promotion, posting water saving reminders, and guiding employees to use water reasonably. The following are some measures we have implemented to improve the utilisation efficiency of water resources:

- Fix dripping taps immediately and avoid any leakage of the water supply system;
- Strengthen the inspection and maintenance on water tap, water pipelines and water storage;
- Carry out regular leakage tests on water taps, washers and other defects in the water supply system;
- Use water-saving equipment; and
- Advocate the virtue of preserving water and instill the concept of “Water Preservation” in employees.

During the Reporting Period, the slight decrease of water consumption was mainly attributable to the closure of some retail outlets in FY2021. Furthermore, The Group has set a reduction target of 5% in water consumption by 2025.

For the Reporting Period, the details of water consumption were as follows:

<b>Water consumption</b>	<b>Unit</b>	<b>2021</b>	<b>2020</b>
Water consumption	m <sup>3</sup>	110,827.00	119,619.00
Water consumption intensity	m <sup>3</sup> /employee	96.20	92.37
Water consumption intensity	m <sup>3</sup> /million revenue	149.44	134.59

### **Use of Packaging Material**

Due to the Group’s business nature, the main packaging material is plastic shopping bag for fresh food such as meat and fishes. Supplier-supplied paper boxes are not included in this aspect and have been summarized in “Non-Hazardous Wastes” in aspect A1. To reduce the consumption of plastic shopping bags, we have actively encouraged our customers to put the fresh food into plastic shopping bags as fewer as they can. The increase consumption of plastic shopping bags in FY2021 was mainly due to the increase in fresh food retail sales during FY2021. Furthermore, The Group has set a reduction target by 3% in packaging material consumption by 2025.

For the Reporting Period, the details of packaging material consumption were as follows:

<b>Type of packaging material</b>	<b>Unit</b>	<b>2021</b>	<b>2020</b>
Plastic shopping bag consumption	tonnes	37.21	31.43
Plastic shopping bag consumption intensity	tonnes/million revenue	0.05	0.04
Plastic shopping bag consumption intensity	tonnes/employee	0.03	0.02



### **A3. The Environment and Natural Resources**

The Group pursues the best practices for environmental protection and focuses on the impact brought by the Group's businesses on the environment and natural resources. In addition to complying with related environmental regulations and international standards for protecting the natural environment and achieving the aim of environmental sustainability, we have also integrated the concepts of environmental protection and natural resources conservation into our internal management and daily operational activities.

#### ***Working Environment***

The Group heavily emphasises on indoor air quality, and has strict control over air quality management. We prohibit anyone from smoking in all areas of shops and offices. Any person found to have violated such rule will be subjected to disciplinary action. Besides, the Group regularly monitors and measures the indoor air quality of the workplace to ensure office order and environmental sanitation. In addition, the Group has installed air purification equipment in the workplace and regularly cleaned air-conditioning systems to filter pollutants and dust in order to maintain the indoor air quality. Green plants will also be placed in the offices and shops to improve the overall air quality.

### **A4. Climate Change**

#### ***Governance***

Our Group addresses climate-related risks based on the nature of the risk to our operations. The physical impacts of climate change, including extreme weather events, or damage to facilities have immediate operational impacts and are treated as operational risks. Long-term challenges, such as emerging ESG issues and climate-related risks and opportunities, may be discussed by the Group's ESG Committee. Our ESG Committee provides effective governance for integrating and addressing ESG issues, including climate change, within our business.

Supported by our ESG Committee, our Board oversees climate-related issues and risks regularly during board meetings and ensures that they are incorporated into our strategy.

To ensure our Board to keep up with the latest trend of climate-related issues, we seek professional advice from external experts when necessary to better support the decision-making process.

The ESG Committee is responsible for approving operational emissions targets for the Group and commissioning an ESG benchmarking, as well as gap analysis exercise to identify gaps in both disclosure and policy relative to best practice standards. Moreover, the ESG Committee works closely with the Group's different operation departments, with an aim to develop consistent and enhanced approaches on addressing ESG risk issues, and reports to the Board.



### **Strategy**

Climate change risk forms part of our overall risk profile through its role in increasing the frequency and intensity of certain diseases, and the health and mortality impacts resulting from natural disasters. We assess the overall level of risk by taking into consideration a range of diverse risk factors across the many categories in our product or services range.

This diversity of risk is combined with our business strategy, and broad geographic footprint helps us distribute risk and provide protection against the impacts of short-term climate change effects. Our products and services continue to provide protection for people in our communities against weather and heat-related disease. Besides, we continue to explore opportunities to engage our business partners and encourage them to develop climate resilience and reduce their operational carbon footprint by taking into consideration of different climate-related scenarios, including a “2°C or lower scenario” through the following steps:

#### *Step 1: Set Future Images Assuming Climate Change Effects*

As climate change measures proceed, there is a possibility that the industry will be exposed to substantial changes, such as stricter policies including the introduction of and increases in carbon pricing, as well as advances in technology and changes in customer awareness. In light of these climate change effects, based on the International Energy Agency (“IEA”) scenarios and others, we developed multiple future images as the external environment that will surround our Group.

With regard to the IEA scenarios, we put focus on the 2°C scenario (2DS) and pictured future images in case where climate change measures do not progress and where such measures progress further “Beyond 2°C scenario”.

#### *Step 2: Consider the Impacts*

We considered the impacts on our Group for each of the future images developed in Step 1. We believe that it will be possible to expedite carbon dioxide reduction effects in our society.

With regard to the effects on raw material procurement and production, introduction of and increases in carbon pricing is anticipated in accordance with the global advance of climate change measures, leading to the possibility of higher raw material procurement and production costs.

On the other hand, in the case where climate change measures are not adequate throughout society, production interruptions and supply chain disruptions are likely to increase as a result of higher frequency and intensification of natural disasters such as typhoon.

#### *Step 3: Respond to the Strategies*

Our Group will begin promoting the reduction of non-renewable energy in our daily operations. This strategy will allow for flexible and strategic responses to each demand for the regions where the emission factors of purchased electricity consumptions are high. By promoting real carbon emissions reductions throughout the world through these types of initiatives, we are working to achieve zero carbon emission in our business.

We minimize carbon emissions through comprehensive energy-saving and introduction of renewable energy. With respect to renewable energy in particular, we have set a new target to achieve a reduction for purchased electricity in coming few years.

With regard to the ongoing confirmation of the suitability and progress of the Group's strategies, we believe that we will have opportunities for stable funding and sustainable increase in corporate value through appropriate information disclosure, dialogue with institutional investors and other stakeholders.

### **Risk Management**

Our Group identifies the climate change related risks, and tests the existing risk management strategies under climate change with the aid of risk assessment. Hence, the areas where new strategies are needed can be identified.

The risk assessment takes a standard risk-based approach using national data, local information and expert knowledge, which can identify how climate change may compound existing risks or create new ones.

The risk assessment is conducted through the following steps:

#### *Step 1: Establish the context*

- Objective/goal
- Scale
- Time frame
- Climate change scenario for most climate variables and sea level

#### *Step 2: Identify existing risk (past and current)*

- Identify the record of occurrence of climatic hazard in the past in the area
- Risk management strategies in place to tackle future occurrence of the hazard

#### *Step 3: Identify future risk and opportunities*

- Explore climate change projections for the selected time frame(s) and emission scenario(s)
- Identify potential hazards
- Investigate whether any existing risk from Step 2 may get worse under future projected changes
- Identify new risks that can emerge under future projected changes

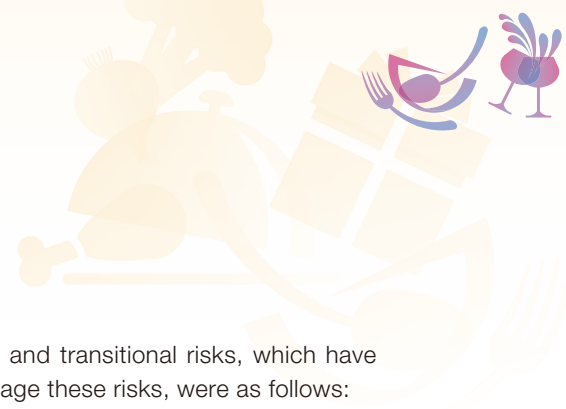
#### *Step 4: Analyze and evaluate risk*

- Identify a set of decision areas or systems (i.e., geographical areas, business operation, assets, ecosystems, etc.) that has the potential to be at risk in future

As outlined within the "Governance" section above, the Group has robust risk management and business planning processes that are overseen by the Board in order to identify, assess and manage climate-related risks. The Group engages with government and other appropriate organizations in order to keep abreast of expected and potential regulatory and/or fiscal changes.

We continue to raise awareness of climate change in regard to monitoring of carbon and energy footprint in our daily operations. However, there remains gaps in understanding how such climate risks and opportunities may impact our operations, assets and profits. Our Group assesses how the business addresses climate change risks and opportunities, and takes the initiative to monitor and reduce the environmental footprint.

## ESG GOVERNANCE



### Significant Climate-related Issues

During the Reporting Period, the significant climate-related physical risks and transitional risks, which have impacted and/or may impact our Group, as well as the steps taken to manage these risks, were as follows:

Detailed description of risks	Financial impact	Steps taken to manage the risks
-------------------------------	------------------	---------------------------------

#### Physical Risk

Acute physical risks

- |   |   |   |
|---|---|---|
| <ul style="list-style-type: none"> <li>Severe climate changes such as typhoons and floods will cause extreme weather or natural disasters, which may affect the normal operation of the Group's stores and warehouses, thereby affecting the Group's business.</li> </ul> | <ul style="list-style-type: none"> <li>Operating cost and repairing expense increase</li> </ul> | <ul style="list-style-type: none"> <li>Establishment of a relatively complete emergency management plan to ensure the normal operation of stores in the event of extreme weather or natural disasters, especially for typhoons of magnitude 8 or higher.</li> </ul> |
|---|---|---|

Chronic physical risks

- |  |  |  |
|--|--|--|
| <ul style="list-style-type: none"> <li>Changes in precipitation patterns and extreme variability in weather patterns. Frequent extreme weather events and rising in sea levels are likely to pose disruptions to communities across the region over the long term, affecting economic output and business productivity.</li> </ul> | <ul style="list-style-type: none"> <li>Revenue reduces</li> </ul>          | <ul style="list-style-type: none"> <li>Planned to reduce energy consumption by introducing control measures, such as turning off non-essential equipment during non-business hours and using energy-saving equipment.</li> </ul> |
| <ul style="list-style-type: none"> <li>Government that has been pushing for new regulation to reduce GHG emission will pose a threat to financial performance of a business and increase regulatory risk.</li> </ul>   | <ul style="list-style-type: none"> <li>Operating cost increases</li> </ul> | <ul style="list-style-type: none"> <li>Record the energy consumption to identify peaks in usage, thus significant savings could be determined.</li> </ul>  |

### Detailed description of risks

### Financial impact

### Steps taken to manage the risks

#### Transitional Risk

##### Policy risk

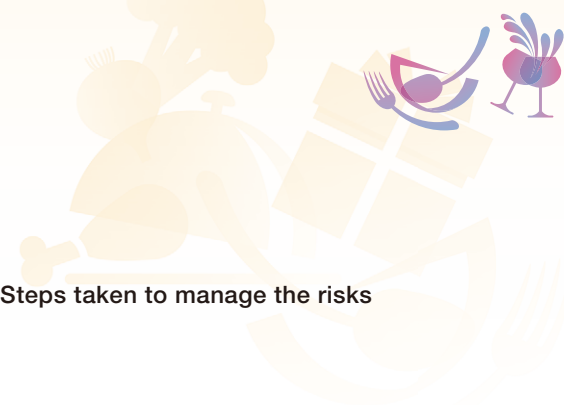
- |  |  |  |
|--|--|--|
| <ul style="list-style-type: none"> <li>As a result of energy efficiency requirements, the carbon-pricing mechanisms by the PRC Government increase the price of fossil fuels.</li> </ul> | <ul style="list-style-type: none"> <li>Operating cost increases</li> </ul> | <ul style="list-style-type: none"> <li>Planned to conduct a carbon footprint survey, in order to work out the Group's footprint, to prioritize energy and waste reductions.</li> </ul> |
|--|--|--|

- Monitored the updates of the relevant environmental laws and regulations against existing products and services, to avoid the unnecessary increase in cost and expenditure due to non-compliance.

##### Legal risk

- |   |  |  |
|---|--|--|
| <ul style="list-style-type: none"> <li>We have to adapt the tightened law and regulations imposed by the government due to climate change, as well as bear the risk of potential litigation once we fail to obligate the new regulations.</li> </ul>            | <ul style="list-style-type: none"> <li>Operating cost increases</li> </ul> | <ul style="list-style-type: none"> <li>Monitored the updates of environmental laws and regulations and engage professional to carry out ISO9001 audit in advance.</li> </ul> |
| <ul style="list-style-type: none"> <li>Enhanced air pollutant emissions reporting obligations for local government, and we may have to spend more time on fulfilling the ESG reporting standards to comply with the updated Hong Kong Listing Rules.</li> </ul> |  | <ul style="list-style-type: none"> <li>Continued monitoring of the ESG reporting standards of the Hong Kong Listing Rules.</li> </ul>  |

## ESG GOVERNANCE



Detailed description of risks	Financial impact	Steps taken to manage the risks
<p>Technology risk</p> <ul style="list-style-type: none"> <li>In the process of low-carbon technology transformation, the development and application of energy-saving and environment-friendly technologies such as renewable energy and new energy may have a certain impact on the Group's operations and businesses.</li> <li>More green building strategies with low-carbon, energy-saving technologies are adopted by industry peers. Lagging behind may weaken our competitive edges.</li> </ul>	<ul style="list-style-type: none"> <li>Capital investment increases</li> <li>Research and Development (R&amp;D) expense increases</li> </ul>	<ul style="list-style-type: none"> <li>Planned to purchase energy saving products or tools.</li> <li>Examined the feasibility and benefits of applying the latest low-carbon and energy-saving technologies into our operations.</li> </ul>
<p>Market risk</p> <ul style="list-style-type: none"> <li>More customers are concerned about climate-related risks and opportunities, which may lead to changes in customer preference.</li> <li>Inability to attract co-financiers and/or investors due to uncertain risks related to the climate.</li> <li>The introduction of relevant policies such as carbon neutrality has given rise to the market demand for climate-friendly products or services and thus the businesses of the Group and its suppliers will face market risks.</li> </ul>	<ul style="list-style-type: none"> <li>Revenue decreases</li> <li>Operating cost increases</li> <li>Production cost increases</li> </ul>	<ul style="list-style-type: none"> <li>Fulfilled the climate-related regulations by the government.</li> <li>Prioritized the climate change as a high concern in the market decisions to show to the clients that the Group is concerned about the problem of climate change.</li> <li>Considered adoption of new electric vehicles as transportation vehicle</li> </ul>

Detailed description of risks	Financial impact	Steps taken to manage the risks
<p>Reputational risk</p> <ul style="list-style-type: none"> <li>Negative press coverage related to support of our Group's business projects or activities with negative impacts on the climate (e.g., GHG emissions and energy conservation), which may affect our reputation and image.</li> </ul>	<ul style="list-style-type: none"> <li>Revenue decreases</li> <li>Operating costs increases</li> </ul>	<ul style="list-style-type: none"> <li>Fulfilled the social responsibility by organizing more public relation activities to show how our Group places importance on climate change.</li> <li>Supported green commodities</li> </ul>

During the Reporting Period, the primary climate-related opportunities and the corresponding possible financial impacts were as follows:

Detailed description of opportunities	Financial impact
<p>Resource efficiency</p> <ul style="list-style-type: none"> <li>Use of more efficient modes of transport</li> <li>Use of more efficient production and distribution processes</li> <li>Use of recycling</li> <li>Reduce water consumption</li> </ul>	<ul style="list-style-type: none"> <li>Operating cost reduces through efficiency gains and cost reductions</li> </ul>
<p>Energy source</p> <ul style="list-style-type: none"> <li>Use of lower-emission sources of energy</li> <li>Use of supportive policy incentives</li> <li>Use of new technologies</li> <li>Shift toward decentralized energy generation</li> </ul>	<ul style="list-style-type: none"> <li>Operating cost reduces through use of lowest cost abatement</li> <li>Returns on investment in low-emission technology increases</li> </ul>

## ESG GOVERNANCE



### Detailed description of opportunities

#### Products and services

- Development of climate adaptation and insurance risk solutions
- Ability to diversify business activities
- Development of new products or services through R&D and innovation
- Business research and industry exchanges related to climate changes will help improve the Group's ability to respond to climate risks and seize climate opportunities, and enhance the brand image of fulfilling social responsibilities.

#### Markets

- Access to new markets

#### Resilience

- Participation in renewable energy programs and adoption of energy-efficiency measures
- Resource substitution or diversification
- Increase the investment in new media publicity and reduce the use of traditional publicity materials

### Financial impact

- Revenue increases through the diversity of business activities

- Revenue increases through access to new and emerging markets

- Market valuation increases through resilience planning, such as planning of the research in the use of electric vehicles
- Reliability of supply chain and ability to operate under various condition increases

### **Metrics and Targets**

Our Group adopts the key metrics to assess and manage climate-related risks and opportunities. The energy consumption and greenhouse gas (GHG) emissions indicators are the key metrics used to assess and manage relevant climate-related risks where we consider such information is material and crucial for evaluating the impact of our operations on global climate change during FY2021.

Our Group strives to track our energy consumption and greenhouse gas emissions indicators regularly to assess the effectiveness of emission reduction initiatives, as well as set targets to contribute our effort to have minimal impact on global warming. The details are described in the sections "A1. Emissions" and "A2. Use of Resources" of this Report. Our Group has adopted practical targets to manage climate-related risks, opportunities and performance.



### B. SOCIAL ASPECTS

#### B1. Employment

Human resources are the most valuable asset and the foundation for sustainable development of the Group. Therefore, we dedicate to improving our employment system in order to retain talents. We have formulated an employee handbook (the “Employees’ Handbook”) to fulfil our vision on people-oriented management and realising the full potential of employees. The Employees’ Handbook is formally documented, covering recruitment, promotion, dismissal, remuneration and benefits, diversity, equal opportunities and anti-discrimination, etc., to standardise the employment policies and codes to ensure that our employees clearly understand their rights and responsibilities. We review and update the relevant policies regularly in accordance with the latest laws and regulations.

During the Reporting Period, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group. Such laws and regulations include but are not limited to the Labour Law of the PRC, the Labour Contract Law of the PRC, the Social Insurance Law of the PRC, the Employment Ordinance of Hong Kong, and the Labour Relations Law of Macau.

##### ***Recruitment, Promotion and Dismissal***

We value talents and regard them as our most valuable and core assets, uphold the principle of fairness, impartiality and openness employment in recruiting talents to provide sufficient reserves for strengthening the Group’s business. To ensure that employees and applicants are treated and evaluated in a fair way, we apply robust and transparent recruitment processes based on merit selection against the job criteria, and recruit individuals based on their work performance, personal attributes, job experiences and career aspiration, regardless of their race, gender, religion, physical disability, marital status, sexual orientation, etc.

The Group offers promotion and development opportunities for outperforming employees through an open and fair assessment system so as to explore their potential capability, develop their career and meet the Group’s needs of sustainable development. The Group carries out employees’ appraisals and performance reviews periodically based on the principle of meritocracy openly and fairly.

Besides, the Group does not tolerate the dismissal of employees under any unreasonable basis. Any termination of employment contract would be based on reasonable, lawful grounds and internal policies. The Group strictly prohibits any kind of unfair or unreasonable dismissals.

##### ***Remuneration and Benefits***

The Group has established a fair and reasonable remuneration system that provides compensation to employees. We offer competitive remuneration and benefits, which are determined by referencing market benchmarks in order to attract high-calibre candidates. Staff performance review and annual salary review are conducted regularly to determine the adjustments of salary. The Group also offers other remuneration packages, including but not limited to medical insurance and granted leaves such as maternity leave, marriage leave, compassionate leave and bereavement leave.

## ESG GOVERNANCE

The Group signs and executes labour contracts with all employees in the PRC in accordance with the Labour Contract Law of the PRC. The Group pays “five social insurance and one housing fund” for its employees in the PRC in compliance with the laws and regulations, namely endowment insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance and housing provident fund to protect employees’ social insurance entitlements.

### ***Diversity, Equal Opportunities and Anti-discrimination***

The Group understands the value of a diverse and skilled workforce and are committed to developing and maintaining an inclusive and collaborative workplace culture in which all can thrive. We are dedicated to providing equal opportunity in all aspects of employment and maintaining an inclusive and collaborative workplace culture that is free from discrimination, physical or verbal harassment against any individual on the basis of race, religion, colour, gender, physical or mental disability, age, place of origin, marital status, sexual orientation or any other grounds.

As at 31 December 2021, the Group had a total of 1,152 (2020: 1,295) employees and the overall turnover rate was 60% (2020: 46%). The following table demonstrates the composition of employee of the Group for the Reporting Period.

<b>Employee Composition</b>	<b>2021</b>	<b>2020</b>
<b>By gender</b>		
• Male	28%	27%
• Female	72%	73%
<b>By age group</b>		
• 30 or below	13%	15%
• 31-50	72%	70%
• 51 or above	15%	15%
<b>By geographical region</b>		
• PRC	98%	96%
• Macau	1%	3%
• Hong Kong	1%	1%
<b>By employee category</b>		
• Management Staff	12%	12%
• General Staff	88%	88%

The employee annual turnover rate by gender, age group, geographical region for the Reporting Period was as follows:

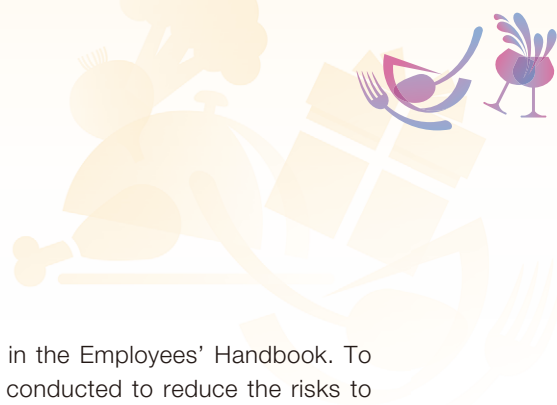
<b>Employee Turnover Rate</b>	<b>2021</b>	<b>2020</b>
<b>By gender</b>		
• Male	60%	49%
• Female	60%	45%
<b>By age group</b>		
• 30 or below	184%	115%
• 31-50	38%	34%
• 51 or above	63%	34%
<b>By geographical region</b>		
• PRC	57%	47%
• Macau	850%	14%
• Hong Kong	33%	73%
<b>Overall</b>	<b>60%</b>	<b>46%</b>

## **B2. Health and Safety**

The Group highly values employees' health and safety and is committed to protecting employees' health and safety by providing and maintaining a safe and healthy work environment. An occupational health and safety system is formulated, and the certificate of OHSAS 18001 Occupational Health and Safety Management System is obtained. The Group has also formulated a range of occupational health and safety measures and practices which are formally documented in the Employees' Handbook. Such measures and policies are to prevent and remediate accidents, detect potential safety hazards, and to ensure workplace safety. We review, and if necessary, revise the relevant measures and practices at least annually to ensure continuous improvements of our health and safety standards.

During the Report Period, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group. Such laws and regulations include but are not limited to the Law of the PRC on the Prevention and Control of Occupational Diseases, the Production Safety Law of the PRC, the Occupational Safety and Health Ordinance of Hong Kong, and Macau's Decree Law No. 37/89/M (general regulation of working safety and hygiene of office, service and commercial establishment).

During the Reporting Period, there was 20 injury cases (2020: 11, 2019: 18) and 418 lost days (2020: 241, 2019: 613) during our business operations. The employees were given paid sick leave for their recovery. There was no work-related fatality case during FY2021 (2020: nil, 2019: nil).



### **Occupational Health and Safety Management**

Employees are required to follow the safety and health measures set out in the Employees' Handbook. To pursue an injury-free working environment, regular safety inspections are conducted to reduce the risks to employees. Follow-up actions will be carried out immediately when deemed necessary.

We emphasise to our employees that strict compliance with safety requirements is vital to ensure that they do not put themselves in danger. When safety issues are spotted, the employees are required to report in a timely manner. The Group has also formulated a series of emergency plans on a regular basis in case of any accidents in order to further reinforce the employees' safety awareness.

In response to the outbreak of COVID-19 pandemic, the Group has formulated a series of policies and measures to safeguard the health and safety of our customers and employees. Apart from issuing memorandums to our employees about the importance of maintaining personal hygiene, the Group also requires all employees and customers to wear surgical face masks and measure body temperature prior to entering the stores or the Group's premises. To ensure a hygienic environment is provided, every store is sanitized twice a day, and different parts of the air conditioning ventilation system, such as cooling towers, filters, and purifiers will be sanitized or replaced periodically.

### **Fire Safety**

The Group has formulated fire safety systems in accordance with the Fire Protection Law of the PRC. The Group has provided training to employees in using fire equipment such as fire extinguishers, and conduct fire drills periodically. Fire evacuation plans are also formulated and evaluated regularly to ensure fire safety.

## **B3. Development and Training**

The Group recognises the valuable contribution our talents made to the continued success of the Group. We are committed to inspiring our human capital towards delivering excellence. This is achieved through the development of training strategy that focuses on creating values and serving the needs of our customers, our talents and society.

For the Reporting Period, the percentage of employee received training by gender and employee category was as follows:

<b>Percentage of Employee Received Training</b>	<b>2021</b>	<b>2020</b>
<b>By gender</b>		
• Male	84%	68%
• Female	85%	60%
<b>By employee category</b>		
• Management Staff	99%	100%
• General Staff	83%	56%
<b>Overall</b>	<b>85%</b>	<b>62%</b>

For the Reporting Period, the composition of employee received training by gender and employee category was as follows:

<b>Composition of Employee Received Training</b>	<b>2021</b>	<b>2020</b>
<b>By gender</b>		
• Male	28%	29%
• Female	72%	71%
<b>By employee category</b>		
• Management Staff	14%	20%
• General Staff	86%	80%

And the average training hours by gender and employee category for the Reporting Period was as follows:

<b>Average Training Hours Received per Employee</b>	<b>2021</b>	<b>2020<sup>8</sup></b>
<b>By gender</b>		
• Male	3.5	3.8
• Female	4.0	4.1
<b>By employee category</b>		
• Management Staff	6.6	12.7
• General Staff	3.5	2.9
<b>Overall</b>	3.8	4.1

### ***Training and Career Development***

The Group has developed training policies that offer different training and development opportunities to our employees in order to strengthen their work-related skills and improve the overall operational efficiency. Different training courses and development programs are provided for frontline employees and the management. We require all new employees to attend induction courses to ensure that they are well-equipped with the necessary skills to perform their duties. The Group also provides regular on-the-job trainings to our existing employees. Training contents are regularly updated to ensure training materials are able to enhance the skills, knowledge, and competency of employees to perform duties and tasks.

<sup>8</sup> The data for 2020 has been restated due to an updated calculation model.



On-the-job training



Team-building activity

### B4. Labour Standards

#### ***Prevention of Child and Forced Labour***

The Group strictly prohibits child and forced labour during the recruitment process as defined by laws and regulations. We strictly comply with local laws to prohibit any child and forced labour employment. All recruitment procedures are closely monitored by the Group's Human Resource Department to ensure compliance of latest and relevant laws and regulations that prohibits child labour and forced labour.

To combat against illegal employment on child labour, underage workers and forced labour, valid identity documents such as physical examination certificates, academic credentials, and identity cards are collected by the Group's human resources staff prior to the confirmation of employment. The Human Resources Department also ensures identity documents are carefully checked. If violation is involved, it will be dealt with in the light of circumstances.

During the Reporting Period, the Group was not aware of any material non-compliance with any material non-compliance with child and forced labour-related laws and regulations that would have a significant impact on the Group. Such laws and regulations include but are not limited to the Labour Law of the PRC, the Labour Contract Law of the PRC, the Employment Ordinance of Hong Kong, and the Labour Relations Law of Macau.

### **B5. Supply Chain Management**

As a socially responsible enterprise, it is vital to maintain and manage a sustainable and reliable supply chain. The supply chain management should be consistent with the Group's sustainability strategies in establishing a mutual trust and understanding with its business partners. All suppliers are evaluated carefully and are subjected to regular monitoring and assessment. All suppliers are expected to operate in compliance with local environmental laws, ordinances and regulations, so as to reduce ecological impacts.

The Group has established a rigorous supplier selection system in selecting suppliers. During the supplier selection process, the Group does not only review suppliers' basic information, but also consider a number of other factors such as pricing, service quality, business reputation, and the compliance to relevant industrial laws, regulations and standards. In addition, we place product quality as our first priority, and we review the performance of our food product suppliers from time to time and request the suppliers to provide regular testing reports of products in order to ensure the supplied food products are meeting our food quality standards.

Nowadays, Customers become more concerned about environmental issues, and prefer environmental-friendly products. We will continue to communicate and cooperate with our suppliers to meet these demands and promote environmental-friendly and sustainability concept.

In view of the growing social concern on environmental issues, the Group has also incorporated environmental and social considerations into the supplier selection process. We strive to maintain a good relationship with suppliers with remarkable records in environmental and social performance. Suppliers who fail to demonstrate a good standard or fail to meet the Group's supplier selection criteria maybe excluded from our list of suppliers for future engagements. In addition to the supplier selection system, the Group has formulated policies and procedures to ensure all suppliers could compete in a transparent and fair way. We will not tolerate any forms of discrimination against any supplier, and we do not allow any forms of corruption or bribery. Employees and other individuals with interest in the suppliers are not allowed to participate in relevant procurement activities. The Group only selects suppliers who have good track record in the past and have no serious violations of business ethics. During the Reporting Period, the Group had a total of 502 suppliers (2020: 756), for which 416 were from the PRC (2020: 585) and 86 were from Macau (2020: 171).

### **B6. Product Responsibility**

The Group actively safeguards the quality of our products and services, and maintains on-going communication with our customers to ensure understanding and satisfaction of their demands and expectations. We aim to apprehend customers' need and expectations, and strive to continuously improve the quality of our products and services.

During the Reporting Period, the Group was not aware of any material non-compliance with any laws and regulations concerning advertising, labelling and privacy matters relating to products and services provided and methods of redress that would have a significant impact on the Group. Such laws and regulations include but are not limited to the Law of the PRC on the Protection of Consumer Rights and Interests, the Product Quality Law of the PRC, the Patent Law of the PRC, the Advertising Law of the PRC, the Personal Data (Privacy) Ordinance of Hong Kong, the Food Safety Law of Macau, and the Consumer Protection Law of Macau.



### ***Customer Relations***

The Group provides quality and warm service and experiences to consumers through standardised service quality, humanized service process and standardised service management. We recognise the importance of customers' needs and regard them as the foundation for the continuous improvement of our business. Customers can file complaints through mail, phone, and in person. The Group will process and record complaints with dedicated personnel, and keep the process and record confidential to protect all parties' interest to ensure that the complaint process is conducted fairly and recorded properly.

The Group requires each complaint to be properly submitted and processed through relevant function, and prohibits employees to reach private settlement with the complainant to ensure that the Group can accurately receive feedback from customers as an essential basis for enhancing the quality of business operations. The Group considers customer complaint as an important part of continuous improvement of its quality management. We are committed to understanding the facts and root causes of each customer's complaint, identifying responsible parties and areas for improvement, making recommendations and ensuring that necessary improvements have been made in order to enhance the quality of the Group's services, as to enable customers' loyalty to the Group's services and to retain a customer base for promoting the future development of the Group.

### ***Product Quality and Safety***

The Group recognises the importance of achieving and maintaining high product quality standard for the sustainable growth of the Group. A Food Safety Management System is established to ensure food quality and safety are maintained. To ensure food quality are up to the Group's standards, raw materials and food ingredients are sourced primarily from the list of suppliers approved by the Group's senior management. The Group examines the freshness and quality of the raw materials and food ingredients on a regular basis. The Group would cease sourcing from those suppliers who fail to provide quality food ingredients as specified.

Moreover, the Group prohibits employees from smoking, chewing gums and eating during work. Employees are required to sanitise their hands and wear gloves before touching raw food ingredients. Frontline employees are required to provide health certificates, and conduct body check annually to ensure that they are in good health conditions when handling food products.

The Group has also formulated an Expired Food Management Policy that is documented in the Food Safety Management System to specify different instructions and measures to standardise the daily logistics of the warehouse. Such measures include scanning food products daily to ensure food products are not expired. For food products which have already been expired, responsible personnel should dispose such food products in a destructive manner and record the amount of disposed product.

### ***Advertising and Labelling***

The Group strictly prohibits the advertisements to disclose descriptions, claims or illustrations that are not true. The Group advertises our shops and business through a variety of platforms, such as mobile apps and billboards. The Group complies with relevant legislations and code of practices, organises promotion campaigns and creates advertising materials and ensures they are reliable, reasonable, and not containing any deceitful details or elements when generating advertisements in order to protect consumers' interests, rights and benefits.



### ***Customer Data Protection and Privacy Policies***

The Group is aware of the importance of handling customer data and protecting their privacy. We take a high degree of precaution to ensure confidentiality and avoid the misuse of personal data. The Group has a “confidentiality committee” which is responsible for confidentiality of our business and consumer data. In addition, the Group has implemented a policy of “Business Confidentiality Agreement” in the Employees’ Handbook, which provides a guidance on protection of confidential information.

### **B7. Anti-Corruption**

The Group believes that a clean corporate culture is the key to our continued success, and we uphold the principles of integrity, honesty and fairness in how we conduct businesses. An Anti-corruption Policy has therefore been formulated and stipulated in the Employees’ Handbook to manage fraudulent practices.

During the Reporting Period, there was no concluded legal case regarding corrupt practices brought against the Group or its employees. The Group was also not aware of any material non-compliance with related laws and regulations of bribery, extortion, fraud and money laundering that would have a significant impact on the Group. Such laws and regulations include but are not limited to the Criminal Law of the PRC, the Company Law of the PRC, the Prevention of Bribery Ordinance of Hong Kong, Prevention and the Law Suppression of Bribery in Private Sector, and the Prevention and Suppression of the Crime of Money Laundering of Macau.

#### ***Honesty and Anti-corruption***

The Group strictly adheres to a high standard of business conduct, and has established relevant policies to define appropriate measures in handling conflict of interests, leakage of confidential information, embezzlement of the Group’s asset etc. to comply with relevant laws and regulations. The Group does not tolerate any forms of corruption, including deception, bribery, forgery, extortion, conspiracy, embezzlement, money laundering and collusion. Disciplinary actions will be taken against any kind of misconduct or malpractice.

The employees who are involved in related business activities are required to sign the probity letter upon employment. As spell out in the probity letter, employees should not offer, solicit or accept anything of material value to or from their colleagues, customers, suppliers or other business partners of the Group unless the Group has given consent. The Group expects all employees to discharge their duties with integrity, to act fairly and professionally, and to abstain from involving in any bribery activities or activities that might exploit their positions against the Group’s interests.

The Group’s whistle-blowing procedure encourages and enables stakeholders to report on observed and suspected non-compliance and questionable conducts by setting up suggestion box and suggestion email. Once misconduct case is found and confirmed, the relevant personnel will be subject to disciplinary actions and reported to relevant legal authorities when necessary.

The Group also requires its business partners to strictly comply with anti-corruption practices. All business partners are required to sign an acknowledgement letter of the Group’s anti-corruption policies. Our statement of anti-corruption policies is placed in all open meeting areas to remind employees and our business partners of complying such practices.

During FY2021, 10 employees received anti-corruption training for total 20 training hours.



### B8. Community Investment

The Group empathetically stresses the importance of supporting the public by social participation and contribution. We aim to promote the stability of society, and support underprivileged on rehabilitation to improve the quality of life. To fulfil our corporate social responsibility, we focus on inspiring our employees' sense of social responsibility and encouraging them to participate in activities that contribute to the community. Furthermore, the Group has participated in many charitable activities either by itself or in cooperation with local non-profit organizations, so that the Group maintains good relationships with local communities. Based on this, the Group has won awards, such as the "25th Anniversary Social Responsibility Benchmark Chain Enterprise of Guangdong Province (廣東省連鎖25週年社會責任標桿連鎖企業)".

During the Reporting Period, in response to the outbreak of COVID-19 pandemic, Group has strengthened its infection prevention and supervision measures and complied with the government's direction on stabilising prices and ensuring supply. We had also donated daily necessities and epidemic prevention supplies to the local community (such as old people's home) and frontline medical staff surrounding the Town of Lecong for expressing the Group's gratitude and high respect.

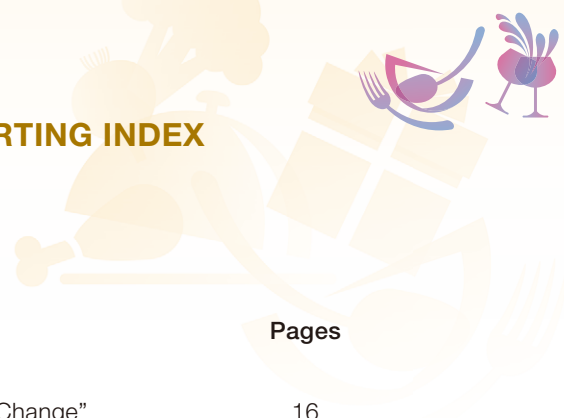


# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING INDEX

## Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)

		Sections	Pages
<b>A. Environmental</b>			
<b>A1: Emissions</b>			
	General Disclosure	“Emissions”	10
KPI A1.1	The types of emissions and respective emissions data	“Emissions – Emissions Control”	10
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity	“Emissions – Greenhouse Gas Emissions”	12
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	No hazardous waste was produced during FY2021	N/A
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity	“Emissions – Non-hazardous Wastes”	13
KPI A1.5	Description of emission target set and steps taken to achieve them	“Emissions – Air Pollutant Emissions”, “Emissions – Greenhouse Gas Emissions”	10-11
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target set and steps taken to achieve them	“Emissions – Hazardous and Non-hazardous Wastes”	12
<b>A2: Use of Resources</b>			
	General Disclosure	“Use of Resources”	14
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	“Use of Resources – Energy Management”	14
KPI A2.2	Water consumption in total and intensity	“Use of Resources – Water Consumption”	15
KPI A2.3	Description of energy use efficiency target set and steps taken to achieve them	“Use of Resources – Energy Management”	14
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target set and steps taken to achieve them	“Use of Resources – Water Consumption”	15
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	“Use of Resources – Use of Packaging Material”	15
<b>A3: The Environment and Natural Resources</b>			
	General Disclosure	“The Environment and Natural Resources”	16
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	No significant impacts of activities on the environment and natural resources during FY2021	N/A

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING INDEX



## Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)

### A4: Climate Change

		Sections	Pages
General Disclosure		"Climate Change"	16
KPI A4.1	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	"Climate Change"	16

## B. Social

### Employment and Labour Practices

#### B1: Employment

General Disclosure		"Employment"	24
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	"Employment"	25
KPI B1.2	Employee turnover rate by gender, age group and geographical region	"Employment"	26

#### B2: Health and safety

General Disclosure		"Health and Safety"	26
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	No work-related fatality was occurred in each of the past three years including the Reporting Year	N/A
KPI B2.2	Lost days due to work injury	"Health and Safety"	26
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	"Health and Safety"	26

#### B3: Development and Training

General Disclosure		"Development and Training"	27
KPI B3.1	The percentage of employees trained by gender and employee category	"Development and Training"	27
KPI B3.2	The average training hours completed per employee by gender and employee category	"Development and Training"	28

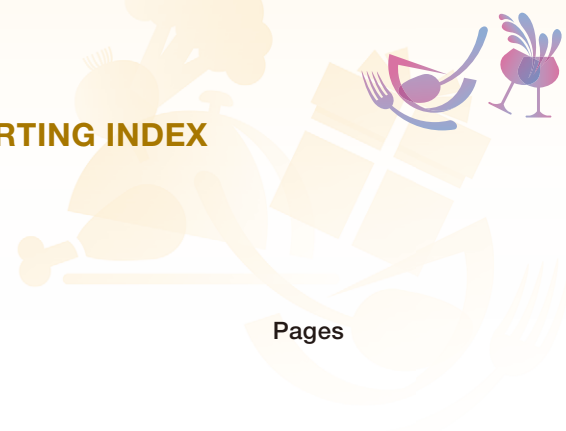
#### B4: Labour Standards

General Disclosure		"Labour Standards"	29
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	"Labour Standards – Prevention of Child and Forced Labour"	29
KPI B4.2	Description of steps taken to eliminate such practices when discovered	"Labour Standards – Prevention of Child and Forced Labour"	29

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING INDEX

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Sections	Pages
<b>Operating Practices</b>			
<b>B5: Supply Chain Management</b>			
General Disclosure		“Supply Chain Management”	30
KPI B5.1	Number of suppliers by geographical region	“Supply Chain Management”	30
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”	30
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	“Supply Chain Management”	30
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	“Supply Chain Management”	30
<b>B6: Product Responsibility</b>			
General Disclosure		“Product Responsibility”	30
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	No products sold or shipped subject to recalls during FY2021	N/A
KPI B6.2	Number of products and service related complaints received and how they are dealt with	No material products service related complaints during FY2021	N/A
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	“Product Responsibility”	30
KPI B6.4	Description of quality assurance process and recall procedures	“Product Responsibility – Product Quality and Safety”	31
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	“Product Responsibility – Customer Data Protection and Privacy Policies”	32
<b>B7: Anti-corruption</b>			
General Disclosure		“Anti-corruption”	32
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 case	No concluded legal case regarding corrupt practices brought against the Group or its employees during FY2021	N/A
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored	“Anti-corruption – Honesty and Anti-corruption”	32
KPI B7.3	Description of anti-corruption training provided to directors and staff	“Anti-corruption – Honesty and Anti-corruption”	32

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING INDEX



Subject areas, aspects, general disclosures and  
Key Performance Indicators (KPIs)

## Community

### *B8: Community Investment*

General Disclosure

KPI B8.1 Focus areas of contribution

KPI B8.2 Resources contributed to the focus area

## Sections

## Pages

"Community Investment"	33
"Community Investment".	33
"Community Investment".	33