

# 2021/2022

## Environmental, Social and Governance Report

**SUN ART**  
*Retail Group Limited*

Sun Art Retail Group Ltd.



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# About this Report

## Introduction to the Report

This Report is the fifth Environmental, Social and Governance (hereinafter referred to as “ESG”) Report issued by Sun Art Retail Group Limited ( “Sun Art” , “Sun Art Retail” or “the Group” ), whose aim is to disclose the Company’ s ESG performance over the period from 1 April 2021 to 31 March 2022 (the “Reporting Period” ).

## Report Preparation Standard

This Report is compiled in accordance with the Environmental, Social and Governance Reporting Guide in Appendix 27 of the Listing Rules issued by the Stock Exchange of Hong Kong Limited ( “the Stock Exchange” ). The report is settled based on the following steps: identifying and prioritizing material stakeholders, determining ESG-related material issues, ESG reporting boundaries, collecting relevant materials and data, compiling the report with reference of the information, and review the information in the report, to ensure the completeness, materiality, truthfulness and balance of the reporting content.

## Reporting Scope

The policies, statements, information and relevant data in the Report are collected from all operation places owned by Sun Art Retail during the 12-month reporting period.

## Data Sources and Reliability Statement

The information and cases in the Report are mainly obtained from statistical reports and relevant documents of the Group. We guarantee that this Report is free from any false records or misleading statements, and hereby undertake liabilities for the truthfulness, accuracy and completeness of the Report. The data sources used in the report include public data, Sun Art’s internal statistical statements, third-party questionnaires and interviews. The economic data covered in this report are consistent with the data range in Sun Art Retail’s 2021/2022 annual report.

## Access and Respond to the Report

This Report is available in both Chinese and English versions for reference and can be accessed via the “Financial Sheets/ Environmental, Social and Governance Information” category under Sun Art Retail on the website of the Stock Exchange of Hong Kong or the Group’ s website.

# Board Statement

To continually advance Sun Art Retail’ s ESG management and further improve its ESG governance framework, the Group formed a three-level governance structure with clearly assigned duties. The Board of Directors is the highest body responsible for leading and monitoring the Company’ s ESG strategy and risks, approving ESG targets and reports, and regularly reviewing and constantly supervising the progress of ESG targets. ESG Management Committee and ESG Working Group are set under the Board of Directors. The Committee is responsible for ESG implementation and reporting, as well as overseeing the specific delivery from ESG Working Group.

The Board guides, reviews and gives final approval to the Company’ s overall ESG strategy, identified ESG risks and opportunities, and ESG target-setting and progress at least once a year.

During the reporting period, the Board of Directors conducted comprehensive analysis and assessment on the Group’ s ESG development strategy and performance based on the retail industry trend, its own operating status, and the multi-formats operating strategy in the new retail industry. Combining the ESG risks identified in the previous fiscal year, the Board conducted reviews and analysis, as well as re-ranked the risks. In fiscal year 2021/2022, it reviewed and approved 10 extremely material topics, 17 significantly material topics and 3 material topics in ESG, forming the material ESG topic matrix of this fiscal year.

In addition, the Board also reviewed and approved four environmental targets set up by the ESG Management Committee, including greenhouse gas emission reduction, waste emission, water efficiency and energy efficiency. Going forward, it will continually track and monitor the targets. After discussion, the Board approved to publicly disclose the ESG Report of fiscal year 2021/2022.

### Fiscal year of 2021/2022

The Board reviewed and approved

**10** extremely material topics

**17** significantly material topics

**3** material topics in ESG

### Four Environmental Targets

Greenhouse gas emission reduction

Energy efficiency

Water efficiency

Waste emission

# Message from the CEO

Last year marked as a year filled with challenges. In the face of the lasting impact on the retail industry in the post-COVID era, Sun Art Retail made tremendous efforts in improving its ESG performance, strengthening the corporate ESG governance, and reinforcing its roots in corporate sustainability.

In the past fiscal year, we further integrated sustainability into our daily operation. We improved the ESG governance structure by forming a three-level ESG governance consists of Board of Directors, ESG Management Committee and ESG Working Group, with the Board of Directors as the highest responsible body, to step up our supervision in ESG governance. During the reporting period, we formulated ESG action targets and their implementation paths to facilitate our effective improvement in ESG performance.

Upholding the philosophy of “Assurance, Safety, Integrity and High-quality” , Sun Art Retail dedicates itself in offering consumers with superior products and services. We take food safety and security as our top priority. During the reporting period, a series of strict control measures were carried out to ensure the food safety at stores. There were no recalls associated with Sun Art Retail’ s own brands during the reporting period. Based on the diversified product matrix, we made appropriate adjustments in the nutrition and health attributes of products to cater to the healthy consumption trend. During the reporting period, we increased our investment in sustainable procurement, and carried out responsible procurement in product quality traceability and organic products. To ensure the supply of high-quality products, Sun Art Retail continues to maintain strict and standardized supplier management. At present, 802 suppliers are certified by HACCP/ISO 22000. Meanwhile, we are also mindful with the environmental and social performance of our suppliers.

The operational impacts on the environment are our great concern. In stores and warehouses, a number of environmental measures in energy saving, emission reduction and resource conservation have been performed. During the reporting period, we formulated four environmental targets and their implementation paths, including one on greenhouse gas emissions, to further clarify the key direction of our future environmental management.

With increasing attention to climate change and its impact at home and abroad, the impact of climate change risk on enterprises is self-evident. Sun Art Retail has carried out climate change risk management, including risk assessment, identification and response, to gradually strengthen its competency in climate risk management.

Adhering to the “People-oriented” employment philosophy, Sun Art Retail is committed to safeguarding the legitimate rights and interests of employees, creating a safe and healthy workplace, as well as an equal and respectful atmosphere. To cherish every employee’s contribution, we designed a scientific and reasonable performance management mechanism, and provided diversified career development paths and trainings to our employees for a win-win development. During the reporting period, the overall employee satisfaction reached at 99.8%. We actively fulfill our corporate social responsibility, follow social trends, and give back to the society with concrete moves. During the reporting period, we pooled our resources into epidemic control and disaster relief, initiated and participated in charity, and shared “Sun Art Retail Warmth” . During the reporting period, Sun Art Retail invested a total of RMB8.4249 million in epidemic and disaster relief as well as charity.

In retrospect of last year, the concerted efforts of all sectors of society, as well as our internal and external shareholders, are indispensable to the progress on our journey of corporate sustainability. In prospect of the future, we will remain true to our original aspiration, shoulder our corporate social responsibility, and continue to pursue sustainable development. In conclusion, on behalf of Sun Art Retail’ s Management, I would like to express my heartfelt gratitude to our consumers, all employees and partners, and friends from all walks of life who have always cared about and supported Sun Art Retail.

“  
*Assurance*  
*Safety*  
*Integrity and*  
*High-quality*  
”

**Mr. Xiao Hai LIN**

**CEO of Sun Art Retail  
August 2022**



# Introduction to Sun Art Retail

Sun Art Retail is a leading retailer in China that owns supermarkets and fast-growing e-commerce business. The Group operates hypermarkets, superstores and mini-stores under the RT-Mart, RT-Super and RT-Mini brands. As of March 31, 2022, the Group has 490 hypermarkets, nine medium-sized supermarkets and 103 small supermarkets in 239 cities in 29 provinces and autonomous regions, with a total floor area of about 13.67 million square meters. The Group is committed to offering customers with excellent one-stop shopping experience that is fresh, affordable, comfortable and convenient. It aims to be a good neighbor to the community as a trustworthy choice of shopping.

Sun Art Retail always upholds the values of "Customer First, Trust, Integrity, Excellence, Team Work and Openness". We stay committed to the mission of "Let People Eat Better, Live Better, Every Day" and the vision of becoming an industrial benchmark by setting the tone for New Retail, with high-quality exclusive products, selected offers, discounts and perfect customer experience. Aiming at offering customized innovation and service, daily convenience, and a better life to our consumers, we put the value of "People First, Well-being, and Heartfelt Service" at the core of all of our operations.

By taking the main development strategy of "Synchronizing our hypermarkets, superstores and mini-stores, integrating our online and offline business, and developing multi-formats and omni-channels", Sun Art Retail aims to be the leader in the digital transformation of physical retailing and a benchmark for the new retail industry.

The Group has stores in **29** provinces and autonomous regions

got **490** hypermarkets

**9** medium-sized supermarkets

**103** small supermarkets

with a total floor area of about **13.67** million square meters

Fresh

Affordable

Comfortable

Convenient

**Customer First, Trust, Integrity, Excellence, Team Work and Openness**

**Become offline experience center and online fulfillment center, adhere to the multi-format and omni-channel development and create fresh product supply chain capabilities.**



**SUN ART**  
Retail Group Limited

# Highlights of the Year

## Responsible Governance



- Formed a **three-level** ESG governance framework.
- Identified **10** extremely material topics, **17** significantly material topics and **3** material topics in ESG
- Organized anti-corruption trainings that were participated **by all employees**.
- **No** concluded corruption lawsuit.

## High-quality Product



- Formed a low-sugar product matrix that covers multiple categories whose annual sales exceeded **RMB440 million**, marking a nearly **14%** growth.
- Conducted a total of **170,783** hours of product safety and quality-related training, with **48,795** times of participation.
- **No** recalls associated with safety and quality issues in products of Sun Art Retail' s own brands.
- Average customer satisfaction score for stores nationwide increased by **2points** from the previous year
- **No** incident of customer information leakage.

## Green Development



- Formulated **4** environmental targets, including:
  - 1.Greenhouse gas emission reduction:** To realize operational carbon neutrality in scope 1 and scope 2 by 2030.
  - 2.Waste emission:** To realize waste sorting in all the stores, 100% recycling of cardboard boxes, and 100% food waste reutilization by 2030.
  - 3.Water efficiency:** To cut water resource consumption in each store by 3% from 2021 to 2025.
  - 4.Energy efficiency:** To realize 100% carbon neutrality in the power required for our own operation, and in gasoline and diesel consumption of Sun Art Retail' s own fleet by 2030.
- According to the guidance of the **Task Force on Climate-related Financial Disclosure (TCFD)**, the Company conducted **climate change risk management**, identified **transition risks and physical risks**, and formulated response measures.
- Photovoltaic power generation equipment has been installed in **17** stores, covering **9.9%** of their total power consumption.

## Responsible Procurement



- **100%** of the beef categories sold by Sun Art Fresh Retail department can be traced back to the source, and **all** beef categories in East China can be traced back to the source of raw materials
- About **100** SKUs of organic vegetables are available for sale.
- Introduced **7** plant protein brands with over **100** plant protein SKUs (Stock Keeping Unit) in fiscal year 2021/2022, with annual revenue exceeding **RMB60 million**
- **802** suppliers of the Group obtained HACCP/ISO22000 certification.
- The signing rate of the Agreement Letter of Integrity among our suppliers reached **100%**.

## People-oriented Philosophy

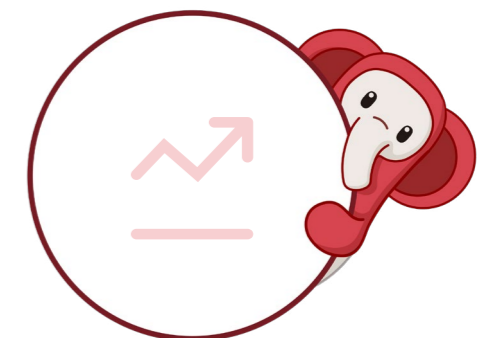


- People with special needs and disabilities account for **1.66%** of all employees, and minorities, **1.85%**.
- Enhanced staff training in all aspects with a participation rate reached **100%**.
- The overall satisfaction among employees was **99.80%**.

## Giving Back to the Community



- Donated a total of **RMB8.4249 million** into epidemic control, disaster relief and charity.



# Responsible Governance

## Be a Trustworthy Enterprise

Sun Art Retail adheres to the corporate operating principles of compliance and governance, has built a sound governance system and governance structure, and has implemented strict controls on risk management and business ethics. At the same time, Sun Art Retail continuously strengthens its ESG governance level to build a solid foundation for the enterprise to achieve sustainable development.



- 1.1 ESG Governance
- 1.2 Stakeholder Communication
- 1.3 Materiality Assessment
- 1.4 Corporate Governance

0 concluded corruption lawsuit

Organized anti-corruption trainings that were participated by all employees





## ESG Governance

As a leader in China's retail industry, Sun Art Retail embraces corporate sustainable development, takes concrete steps to fulfill its social responsibilities, and contributes to social progress.

To live up to Sun Art Retail's sustainable development concept and fully integrate sustainability into its daily operation, the Group further optimized its ESG governance framework during the reporting period and formed a three-level governance structure with clearly assigned duties. The Board of Directors is the highest body responsible for ESG governance. The ESG Management Committee is the Company's main ESG liaison, with the Group's CEO and Investor Relation Director co-play the role of ESG coordinator, to connect various departments across the Company. The ESG Working Group is responsible for specific ESG implementation, which is led by designated personnel from various departments, such as departmental directors or regional directors.



◆ Sun Art Retail ESG Governance Framework



## Stakeholder Communication

Sun Art Retail places great value on stakeholder communication. It has established an effective and efficient regular communication mechanism to guarantee the stakeholder participation. The ESG stakeholders identified by the Group include Sun Art Retail's employees, suppliers, clients, shareholders and investors, as well as the government, and communities in which we operate. During the reporting period, we have gained insight on the demands and expectations of our stakeholders, and carefully listened and responded to their suggestions, realizing a two-way communication.

Stakeholders	Communication Expectation	Communication Channels	Communication Frequency
<b>Government and Regulatory Authorities</b>	<ul style="list-style-type: none"> <li>Operate and pay taxes in accordance with the law</li> <li>Increase employment</li> <li>Guarantee supply</li> <li>Ensure food safety</li> </ul>	<ul style="list-style-type: none"> <li>Communicate with officials</li> <li>Cooperate with supervision and inspection</li> <li>Attend relevant meetings</li> <li>Consult on regulations and policies</li> </ul>	<ul style="list-style-type: none"> <li>Communicate with the government and regulatory authorities when necessary</li> </ul>
<b>Industry Association</b>	<ul style="list-style-type: none"> <li>Promote healthy development of the industry</li> <li>Promote industry guidelines</li> <li>Establish an industry model</li> </ul>	<ul style="list-style-type: none"> <li>Industry seminars and forums</li> <li>Peer investigation and research</li> </ul>	<ul style="list-style-type: none"> <li>From time to time</li> </ul>
<b>Shareholders and Investors</b>	<ul style="list-style-type: none"> <li>Guarantee investment income</li> <li>Protect the rights and interests of shareholders</li> </ul>	<ul style="list-style-type: none"> <li>General meeting of shareholders</li> <li>Board of Directors</li> <li>Investor visits and research</li> </ul>	<ul style="list-style-type: none"> <li>Once a year, extraordinary general meeting of shareholders is required for special issues</li> <li>Quarterly</li> <li>From time to time (no external communication during the "silent period")</li> </ul>
<b>Consumers</b>	<ul style="list-style-type: none"> <li>Guarantee quality and price</li> <li>Continually optimize service and shopping experience</li> <li>Meet needs of all kinds</li> </ul>	<ul style="list-style-type: none"> <li>Online and offline communication channels</li> <li>After-sales service</li> <li>Store service centers</li> </ul>	<ul style="list-style-type: none"> <li>Daily</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Fair trade</li> <li>Information sharing</li> <li>Ensuring the pace of sales</li> <li>Ensuring payment time</li> </ul>	<ul style="list-style-type: none"> <li>Communication with relevant officials</li> <li>Information management system</li> </ul>	<ul style="list-style-type: none"> <li>From time to time</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Improve remuneration and benefits for employees</li> <li>Provide various career development opportunities and trainings</li> <li>Enhance the interactions and bonds between the employees and the Company</li> </ul>	<ul style="list-style-type: none"> <li>Staff meetings</li> <li>Employee activities</li> <li>Annual meeting</li> </ul>	<ul style="list-style-type: none"> <li>From time to time</li> <li>Once a year</li> </ul>
<b>News Media</b>	<ul style="list-style-type: none"> <li>Release news developments of the Group</li> <li>Monitor public opinion</li> </ul>	<ul style="list-style-type: none"> <li>Press conference</li> <li>Media campaigns</li> </ul>	<ul style="list-style-type: none"> <li>From time to time</li> </ul>
<b>Local Community Residents</b>	<ul style="list-style-type: none"> <li>Care and deliver welfares to the community</li> </ul>	<ul style="list-style-type: none"> <li>Community tours</li> <li>Community talks</li> <li>Voluntary service</li> </ul>	<ul style="list-style-type: none"> <li>From time to time</li> </ul>





# Materiality Assessment

The materiality assessment of ESG topics takes stakeholder insight on ESG topics into account based on our communication with them. In addition, based on the ESG guidelines set out by the HKEX, MSCI-ESG<sup>1</sup>, ratings and CSA questionnaires<sup>2</sup>, and the ESG hot topics from external markets and the society, we fully analyzed and sorted out important ESG topics, and compiled the matrix of material topics shown as below.

2021/2022 Sun Art Retail Material ESG Topics



◆ Sun Art Retail's Matrix of Material Topics

- Labor Responsibility
- Operational Responsibility
- Community Responsibility
- Governance Responsibility
- Environmental Responsibility

[1] MSCI ESG Ratings: This system focuses on the Company's performance on 37 key ESG evaluation indicators under 10 themes in three categories: the environment, society and governance. It includes four themes under the environment: climate change, natural resources, pollution and waste, and environmental opportunities; four themes in the social category: human resources, product credibility, shareholder veto power and opportunities to create value for society; and two themes under governance: corporate governance and corporate behavior.

[2] CSA questionnaire: The Dow Jones Sustainability Index (DJSI) evaluation system adopted the CSA questionnaire, combining company documents, public information, and four direct contact channels with the Company, and evaluates the sustainability of the Company from the perspective of investment through economic, social and environmental strategies.

Materiality	No.	Issue	Area	
Extremely Material	1	Employment and labor rights and interests	Labor Responsibility	
	2	Occupational health and safety	Labor Responsibility	
	5	Customer relation management	Operational Responsibility	
	6	Product quality and safety	Operational Responsibility	
	7	Responsible supply chain	Operational Responsibility	
	11	Food safety	Operational Responsibility	
	16	Anti-corruption	Governance Responsibility	
	18	Compliance operation	Governance Responsibility	
	24	Greenhouse gas emission	Environmental Responsibility	
	29	Climate change	Environmental Responsibility	
Significantly Material	3	Development and training	Labor Responsibility	
	4	Employee care	Labor Responsibility	
	8	Consumer privacy protection	Operational Responsibility	
	9	Compliance promotion	Operational Responsibility	
	10	Nutrition and health opportunities	Operational Responsibility	
	12	Local procurement	Community Responsibility	
	17	Intellectual property protection	Governance Responsibility	
	19	Economic performance	Governance Responsibility	
	20	Risk management	Governance Responsibility	
	21	Stakeholder participation	Governance Responsibility	
	22	Water resources management	Environmental Responsibility	
	23	Energy management	Environmental Responsibility	
	25	Pollutant emission	Environmental Responsibility	
	26	Waste management	Environmental Responsibility	
	27	Packaging material management	Environment Responsibility	
	28	Supply chain environmental management	Environmental Responsibility	
	Material	13	Industry development promotion	Community Responsibility
		14	Charity activities participation	Community Responsibility
15		Community contribution	Community Responsibility	



# Corporate Governance

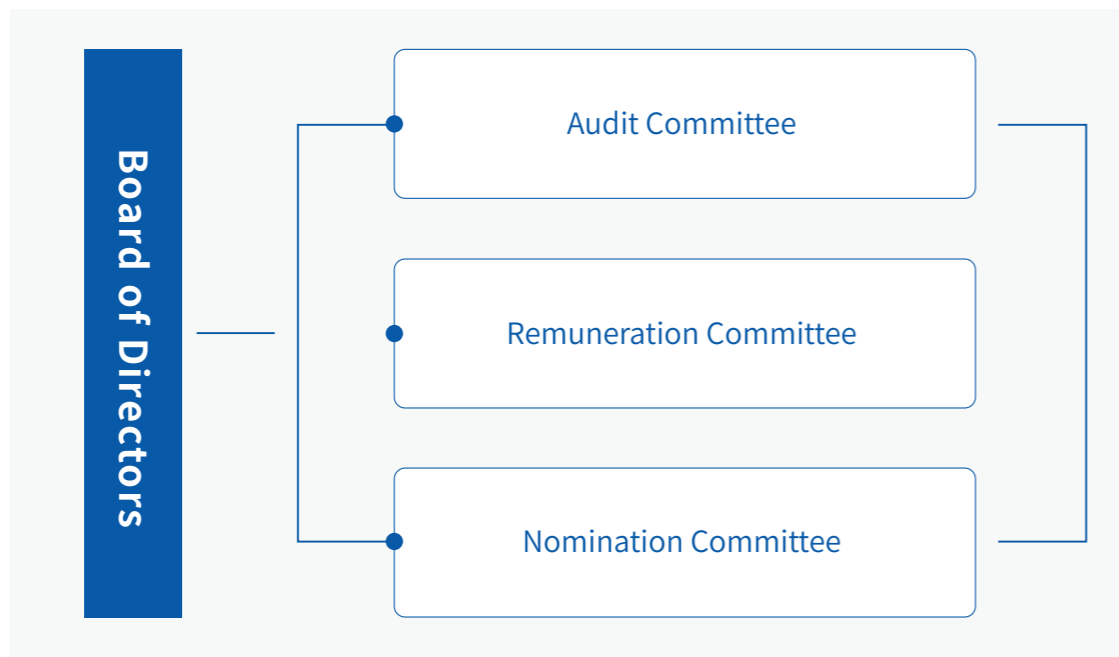
Sun Art Retail keeps in mind the corporate governance principle of compliance and governance and continuously optimizes the operational efficiency of the corporate governance system. We attach great importance to the control of corporate risks and are committed to continuously improving our risk response capabilities. We have established a number of internal codes of ethical business conduct, set up an internal anti-corruption management structure, and firmly implement a corporate culture of integrity and compliance with the law. We attach great importance to the protection of intellectual property rights and are committed to improving the management of intellectual property rights.

## Governance System

Taking compliance governance as the core corporate governance principle, Sun Art Retail strictly abides by relevant laws and regulations, including the *Company Law of the People's Republic of China* (《中华人民共和国公司法》), the *Securities Law of the People's Republic of China* (《中华人民共和国证券法》), the *Code of Corporate Governance for Listed Companies* (《上市公司治理准则》), and the *Listing Rules* (《上市规则》) and *Corporate Governance Code* (《企业管治守则》) of the Stock Exchange. We have formulated a Corporate Governance and Compliance Manual to deliver efficient and compliant corporate governance, maintain stable operation, and protect shareholder rights.

The Group regularly assesses and improves its corporate governance structure from multiple dimensions, to empower the Board in supervising business implementation, the Company's strategic decision-making and performance, as well as the duty fulfillment of directors. By the end of the reporting period, the Group had a total of seven directors, including one female. Among the seven directors, there were one executive director, three non-executive director and three independent non-executive directors.

There are three committees under the Board: Audit Committee, Remuneration Committee and Nomination Committee. We have specified the duties and rights of each committee in hardcopy format and have them disclosed on the Group's official website<sup>3</sup>.



◆ Board of Directors Structure at Sun Art Retail

[3] Please refer to the official website for detailed information about the duties and rights of each committee: [Sun Art Retail Group Limited - About Sun Art Retail > Corporate Governance](#)

# Risk Management

The Group has built an established risk management system for early management and control of potential risks in the Company's daily operation, and an internal control mechanism for a sound and stable internal control. We assess the operational efficiency of the system and the mechanism regularly to timely identify risks and internal control defects, and then apply corresponding improvement measures.

The structure of Group's risk management system mainly consists of the Board of Directors, the Audit Committee, the Management and the Internal Audit Department. The Audit Committee is responsible for assisting the Board in macro-regulating the Company's risk management and internal control system, as well as reporting to the Board. The Management is responsible for monitoring daily risk management and internal control, forming performance evaluation, and reporting the results to the Board and the Audit Committee. The Internal Audit Committee is responsible for examining the sufficiency and effectiveness of the risk management system and internal control mechanism, reviewing key issues, and providing audit findings and improvement suggestions to the Audit Committee in a timely manner.

## Anti-Corruption

The Group is committed to maintaining a clean, law-abiding workplace, and strictly investigating all violations to the laws and rules in the Company. Based on the relevant laws and regulations, such as the *Labor Law of the People's Republic of China* (《中华人民共和国劳动法》), the *Unfair Competition Law of the People's Republic of China* (《中华人民共和国反不正当竞争法》), the *Anti-Money Laundering Law of the People's Republic of China* (《中华人民共和国反洗钱法》), the *Interim Provisions on the Prohibition of Commercial Bribery* (《关于禁止商业贿赂行为的暂行规定》), a series of internal policies and regulations for clean governance and compliance were formulated to discipline corporate commercial behaviors, which include the *Employee Handbook*, the *Code of Practice for Anti-Corruption*, the *Clean Governance and Integrity Agreement Letters*, and the *Gift Handling Regulations*.

To ensure the effective implementation of internal policies, an anti-corruption management framework is formed with a Clean Governance Team under the Group's Internal Control Department and a Loss Prevention Team under the Operation Department, whose work would be reported to CEO directly. These two departments jointly carry out process-based operations against corruptive behaviors defined in the Code of Practice for Anti-Corruption.

..... Anti-Corruption Management Structure .....

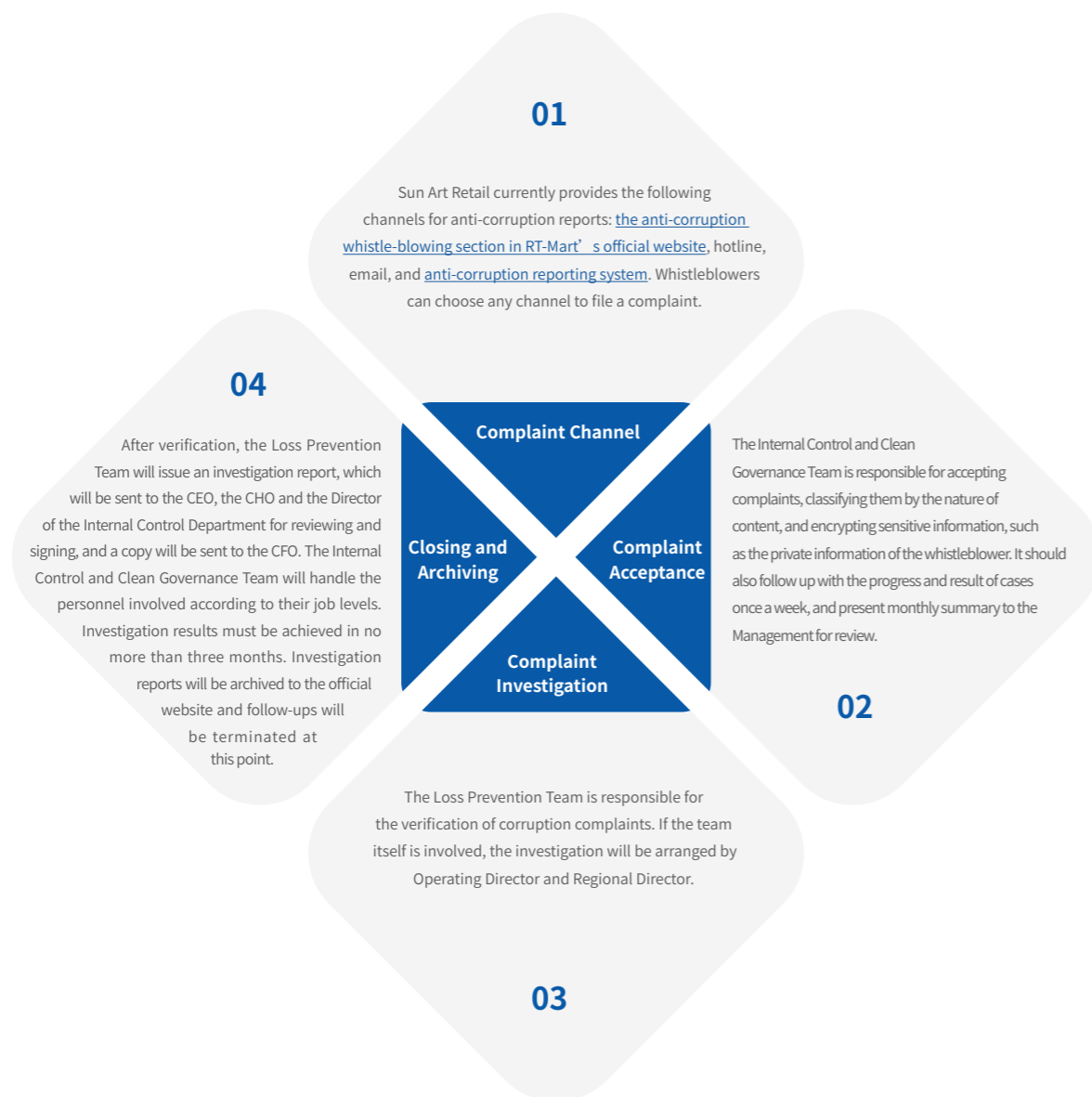
- During the reporting period, Sun Art Retail further improved its anti-corruption management structure by breaking down the full ownership of cases at Loss Prevention Team into several parts, i.e., the Internal Control and Clean Governance Team for case acceptance and follow-up, and the Loss Prevention Team for investigation.

..... Anti-Corruption Workflow .....

- During the reporting period, Sun Art Retail has optimized its anti-corruption workflow:
- Cases are accepted by categories. If the Loss Prevention Team itself is involved, the investigation shall be arranged by the Operation Director and the Regional Director; otherwise, the Loss Prevention Team shall be responsible for the investigation.
- Adding penalty criteria such as specific penalty clause in the Employee Manual.
- Adding conclusion and analysis of material cases, to conclude gaps in the internal management and control, and streamline processes.

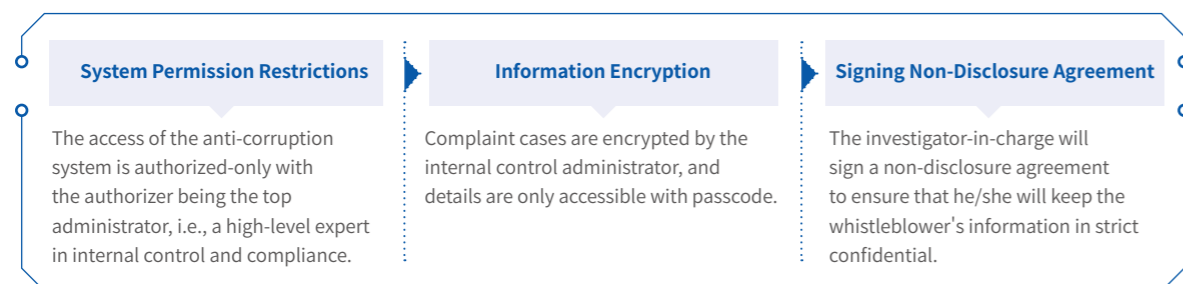
◆ Optimized Modules in the Anti-Corruption Workflow at Sun Art Retail

Sun Art Retail’s investigation workflow against corruption is as follows:



◆ Anti-Corruption Investigation Workflow

We treat the privacy of whistleblowers with strict confidence and publicly disclose our confidentiality measures. In the anti-corruption system of the official website, we have clarified that the information of whistleblowers will be kept in confidential strictly and that the reporting material will be kept as confidential documents. The Group strictly prohibits any form of retaliation against whistleblowers. In addition, as we have stipulated in the *Code of Practice for Anti-Corruption*, any behaviors of leakage from the Internal Audit Team during the case will lead to a serious warning once it is confirmed. Meanwhile, Sun Art Retail has enforced the following confidential measures to protect the information of whistleblowers.



◆ Whistleblower Protection Measures

The 13<sup>th</sup> Chapter of our *Employee Handbook* is the Code of Professional Ethics, which is made public to all employees and clearly stipulates employees’ professional ethics and behaviors. The *Employee Handbook* has binding effect on all employees of the Group. We encourage employees to report corruption and violations of laws and rules around them with multiple supervision and complaint channels, including the “gift declaration system” and the “anti-corruption reporting system”. As for the code of business conduct and ethics, employees will sign a *letter of commitment* to confirm their comprehension and commitment. During the reporting period, the signing rate of the letter was 100%. To raise the awareness of incorruption and law-abiding in the Company and create a culture of integrity, we have carried out anti-corruption trainings for the Board of directors and employees. New employees are required to receive trainings on the Employee Handbook, which includes business ethics content in Chapter Two: Code of Conduct, Chapter Ten: Code of Professional Ethics and Chapter Ten: Penalty. Anti-corruption trainings cover the total employees.

As of the end of the reporting period, the Group was not involved in any concluded corruption lawsuits.

As of the end of the reporting period, the group’s corruption litigation cases were

0 case

## Intellectual Property Rights

Sun Art Retail attaches great importance to IPR protection. It strictly complies with relevant laws and regulations in regions where it operates, and carries out standardized IPR management. We are committed to keep improving our IPR management by establishing an internal protection system and management mechanism, to continually enhance our IPR management and the employees’ awareness of IPR protection.

Number of valid trademarks

19,755 pieces



# High-quality Product Better Lifestyle

Upholding the philosophy of "Assurance, Safety, Integrity and High-quality", Sun Art Retail dedicates itself in offering consumers with superior products and services. We guarantee the safety and quality of products by holding to high standard. We are dedicated in contributing life and health with products and services. We keep making our products healthier and more diversified, to meet the needs for nutrition and wellness of all populations.



- 2.1 Nutritional and Healthy Choice
- 2.2 Strict Control of Food Safety and Quality
- 2.3 Dedicated Service Creates Wonderful Shopping Experience



Formed a low-sugar product matrix that covers multiple categories whose annual sales

exceeded RMB **440** million, marking a nearly **14%** growth

Average customer satisfaction score for stores nationwide increased by **2.0** points from the previous year





# Nutritional and Healthy Choice

Sun Art Retail is an advocate of rational eating and healthy lifestyle. To provide consumers with excellent nutritional products, we take concrete steps to apply the “3Rs and 3Hs” (reduce salt, oil and sugar; healthy mouth, weight and bones) into our product categories, expand brand selections, and promote products that are organic, low-fat, low-sugar, low-additive and with nutritional enhancements.





## Low Sugar Intake

Sun Art Retail is moving forward with the special anti-sugar program. The Group has established a diverse product matrix, which covers categories including daily delivery, drinks and beverages, snacks, dried foods, grains, such as Fast-Moving Consumer Goods (FMCGs). According to the market demand, it also makes prompt adjustments on the nutritional attributes of products to meet the consumers’ needs for quality.

We endorse replacing sugar with natural and pure L-arabinose, which is made from naturally fermented corns. We also promote L-arabinose-containing products across various categories to help reducing sucrose intake, stabilizing blood glucose, and maintaining healthy sugar intake for people with a higher level of blood glucose, obesity or preference for sweets.

We display L-arabinose and its derivatives at eye-catching locations in stores, and promote it with posters, live-streaming, WeChat promotions and easy-to-understand video to increase consumers’ interests in natural and healthy products. During the reporting period, the nationwide operating income of L-arabinose-containing foods exceeded RMB3 million across 26 SKUs.



 Display of nutritional and healthy products	Low-Sugar/Zero-Sugar Number of SKU (Stock Keeping Unit)	Fiscal Year 2021/2022 Total National Sales in (RMB)	Compared to Fiscal Year 2020/2021 Growth Rate
 Daily Delivery	99	Over RMB0.2 million	Nearly 50% growth
 Drinks and Beverages	234	Over RMB190 million	Approximately 30% growth
 Snacks	197	Over RMB250 million	Over 4% growth
FMCGs in total	530	Over RMB440 million	Nearly 14% growth

## Nutrition Enhancement

As living standard improves, parents are paying more attention to the healthy growth of their children, as well as the product healthiness and essential nutrients. Sun Art Retail is pushing the category upgrade together with brands like Milkana and Milkground. By introducing high-quality, refrigerated kids cheese sticks made with 51% of cheese and lutein ester without food flavors, the product meets parents' demands for rich calcium and high-quality proteins in cheese sticks. During the reporting period, the sales performance of low-temperature cheese sticks reached RMB220 million, with a year-on-year growth of 20%. Since entering the market in December 2021, normal temperature cheese sticks have achieved a national performance of more than RMB8.7 million.

### Category Education



Cheese content  
≥ 51%



Addition of lutein  
esters



### Product Tasting and Promotion



### Interaction with Target Groups



## Balanced Diet

With the intention to remind consumers of optimizing their dietary structure, we have introduced a one-stop granary-style service to drive our Healthy Diet Program. With a concentrated display of rice, noodles and assorted grains, we try to remind consumers of adding crude fibers into meals, which can effectively prevent diseases like obesity, hyperlipidemia and diabetes.

## Organic Products

In order to meet consumers' pursuit of healthy and natural raw milk, we provide consumers with higher quality ambient and low-temperature traceable organic milk based on the original basic pure milk, with "organic exclusive ID card" on the product, which can be scanned by consumers for full source traceability. During the reporting period, the revenue of ambient organic milk increased by 33.78% year-on-year.



## Promoting Non-GMO

Sun Art Retail strictly follows relevant laws and regulations in the compliant promotion of non-GMO foods. It promotes the sale of soy, corn, rapeseed and other edible oils labeled "Non-GMO" and promotes nutrient-enriched oil, including rice oil, FTA-free corn oil, natural sunflower seed oil and low erucic acid rapeseed oil. As of the end of the reporting period, Sun Art Retail had 486 "Non-GMO" edible oil products.

## Reducing Artificial Ingredients and Sodium

Sun Art Retail always adheres to providing customers with natural and healthy food, beverages and personal products, and reducing the number of products containing sodium and artificial ingredients such as preservatives, pigments and aspartame. During the reporting period, Sun Art Retail sold over 10,000 products with "reduced artificial ingredients" or "no artificial ingredients", taking up over 10% of its total revenue.

We actively promote healthier detergent for fruits, vegetables and tableware. In addition to cleaning the grease, protein and carbohydrates attached to the surface of tableware, the safe and food-grade detergent for fruits, vegetable and tableware made from plants can also help to remove the pesticide residues on the surface, enabling the consumers with more reassuring products.



## Healthy and Natural Material

As female consumers lean toward sanitary products that are healthier and more comfortable, Sun Art Retail supports and promotes 100% cotton menstrual pads that are more natural, breathable, comfortable and healthier, which effectively reduce skin allergies and greatly promote the consumption upgrade of sanitary care products. During the reporting period, thanks to the introduction of new products and improvement on consumer education, the sales of pure cotton menstrual pads reached nearly RMB140 million, up by over 6.6% of year-on-year growth.





# Strict Control of Food Safety and Quality

Sun Art Retail rigorously applies the philosophy of “Assurance, Safety, Integrity and High-quality” into food quality and safety management, keeps improving its quality management system, and continues to promote effective implementation of quality management and quality guarantee, demonstrating our commitment to ensure the safety of products delivered to consumers.

## Management System

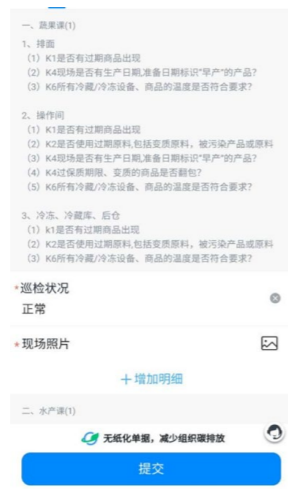
To define Sun Art Retail’s high standard and requirement for product quality and safety, the Company has formulated and updated a series of management policies, including the Food Safety and Quality Control Job Title (《食品安全质量管控工作职章》) and the Specification for Fresh Commodity Acceptance and Storage Operation Management (《生鲜商品验收和仓储作业管理规范》), in accordance with laws and regulations such as the Food Safety Law of the People’s Republic of China (《中华人民共和国食品安全法》) and the Implementation Regulations of the Food Safety Law of the People’s Republic of China (《中华人民共和国食品安全法实施条例》), as well as the standards of corresponding products. We have established a solid and standardized internal quality management system, covering the whole value chain of product procurement, logistics, product supply and service, to improve quality management across the whole industrial chain. As of the end of the reporting period, Sun Art Retail’s headquarter had obtained ISO 9001 quality management system certification and ISO 22000 food safety management system certification.

## Quality Risk Management

Upholding the idea of “Food Safety is No Small Matter”, we constantly strengthen risk prevention measures for product quality and safety. By regularly identifying and controlling key risk points in stores, including raw materials and products expiry, repackaging and production prior to the Date of Manufacture, substandard temperature and fresh food waste declaration, we do our utmost to prevent and reduce food safety risks.

To strengthen regular supervision and management of risk points, each store is designated with at least one food safety supervisor to audit and supervise in-store food safety practices during the reporting period. Once a violation is found, rectification will be carried out timely, to effectively reduce the risk of food safety. We conduct regular online exam on food safety supervisors, and adopt a training and promotion mechanism with 4 levels, i.e., primary, medium, regional and headquarter level, to cultivate their professionalism from baseline.

Meanwhile, we also refined the online store inspection system in DingTalk and optimized the inspection template to strictly measure food safety and quality risks per all the indicators.



◆ 100% Coverage of Food Safety Supervisor in Stores

◆ Standard Food Safety Inspection Template in DingTalk

## Quality Inspection

To ensure the safety and reliability of products delivered to consumers, Sun Art Retail has updated over 20 quality control procedures and quality inspection standards according to the revisions of relevant national laws and regulations. It has also created management policies for laboratories, sampling, positive item disposal and data, to ensure the standardization and transparency of product quality and safety inspection across all categories. In the meantime, we perform regular test on our products in qualified third-party facilities, and carry out analysis and rectification once any substandard sample is found.



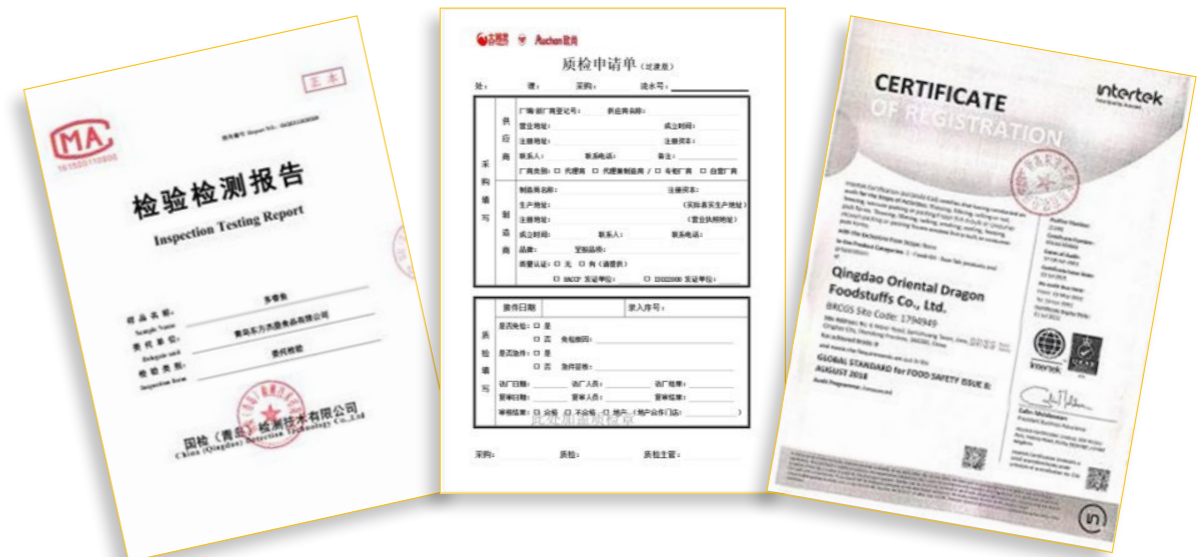
### Recently introduced goods

Strengthening the request for certifications and documents, requiring manufacturer information, commodity inspection report, and inspection and quarantine certificates from suppliers for review, and submitting quality inspection report. The introduction will be registered by chief procurer when the review is approved.



### All goods in stock

All the goods, including vegetables, fruits, meat and poultry, and aquatic products, are required to pass quick laboratory test. Every patch of high-risk products must be tested upon arrival. Meanwhile, we are moving forward with the regular inspection of pesticide and veterinary drug residues in fresh products.




## Optimizing Food Quality and Safety

### Product Storage and Transportation

Sun Art Retail's fresh food warehouse is laid out with constant temperature in the overall warehouse, variable temperature in operation and storage room, and thermal insulation at the port. While storing goods of different kinds, the temperature of each area can be adjusted according to the storage needs to keep the freshness and maximize the life cycle of the goods.

In terms of transportation, we are equipped with specialized refrigerated vehicles. Before loading, the refrigeration equipment in the vehicle will be pre-cooled. Cabin temperature and time of loading will be strictly controlled based on different categories of products in the fresh product warehouse. The whole process of transportation is monitored. In addition, a curtain is installed to the rear of the cabin for summertime delivery, to ensure the freshness of cold-chain products at arrival in stores.



	Cooling for constant climate room	17°C or below
	Delivery vehicle	0-10°C
	Cool room	3-8°C
	Cold storage room for raw food	0-4°C
	Cold storage room for cooked food	0-4°C
	Refrigerated product distribution	0-4°C
	Frozen storage room	above -18°C standard

◆ Constant Climate Storage and Transportation Standard

When receiving goods, multiple departments such as Loss Prevention, Logistics, Tally, Labeling, and Loading work in coordination to measure the temperature of cold-chain products from different dimensions and pick goods based on different temperatures, ensuring that product temperature is 100% up to standard during the whole process of distribution and storage. In addition, we have promoted the use of timers to assist the acceptance of cold-chain goods. By pre-setting reminders for unloading and acceptance, the efficiency of goods acceptance can be well-controlled.

### Product Packaging

To ensure the high-quality of products delivered to consumers, we have customized and optimized product packaging according to the distinct properties of different product categories, such as frozen, refrigerated and heated, to maintain the products' original quality.

#### Frozen and Refrigerated Goods

For frozen and refrigerated products such as ice cream, Sun Art Retail has formulated an iced product packaging specification for online orders during the peak season from May to August each year. By using tinfoil bags with dry ice or water-filled ice bags for the cold-chain delivery, we ensure that every customer receives goods of the same quality as in the warehouse.



◆ Refrigerated and Frozen Product

#### Heated Goods

For heated deli foods, all stores of Sun Art Retail currently provide tinfoil insulation bags of different sizes to ensure that the temperature of delivered products is as same as in-store.



◆ Heated Product

#### Fresh Aquatic Products

To ensure freshness of fish and shrimps, all stores are equipped with professional oxygenation equipment and oxygenation bags ordered from our designated suppliers. Ice cubes or iced water is filled into the package to guarantee the freshness and quality of the fish and shrimps.



◆ Fresh Aquatic Product

### Product Delivery

We have combined the quick-picking warehouses of half-day delivery and one-hour delivery service to improve the efficiency of half-day delivery and ensure product quality. In doing so, we can make use of the current space and labor of one-hour delivery stores, and share quick-picking of overlapping categories. In addition, when we shared the conveyor belt system of one-hour delivery with half-day delivery service on the basis of 57% of front-line product-picking, some 20.3 labor-hour can be saved each day at the store.





## Raising Awareness

Our consistent high-quality is the result of every employee's effort. By continually carrying out activities and trainings for quality assurance and improvement, we raised the quality awareness among all employees, and created a good culture of quality and safety improvement. We conduct regular training according to different job functions for new employees, food safety specialists, stores and operation food-related positions.

To improve the training quality and deliver an ideal outcome, we also invited experts from the Quality Inspection Team and institutions to answer questions for our employees from a professional perspective.

### In-Store Food Safety Trainings

Training mechanism: induction training, primary in-store training and mid-level in-store training

Main training courses: the Food Safety Law, Regulations on the Implementation of the Food Safety Law, and regulations related to food labels, etc.

### Headquarter Food Security Trainings

Training mechanism: primary headquarter training, mid-level headquarter training and advanced headquarter training.

Main training courses: national food safety standards, food production permission management measures, food safety hazard sorting and risk analysis, and practical operation trainings.



During the reporting period, Sun Art Retail completed 17,078 hours of trainings related to food safety and quality

170,783 hours

with 48,795 times of participation in total

48,795 times



In addition, we continue to reinforce awareness of food safety and quality among our suppliers. We have conducted more than 10 online training sessions for over 1,300 standard product manufacturers.

## Product Recalls and Traceability

### Product Traceability

Sun Art Retail has established and improved a product-tracing procedure, and has built a "centralized food safety platform" to realize all-round information traceability management of on-shelf products from production, procurement, storage, transportation, to sales. Consumers can scan the QR code posted next to the in-store shelves to check the production information, procurement source and quality certification, giving confidence and reassurance to their consumption.

As of the end of the reporting period, the "centralized food safety platform" has realized information tracing and tracking on 9 product categories, including soy products, edible oil and livestock products, with a total of 92 stores enabled with product tracing.

### Fresh Goods Traceability Mechanism

In terms of fresh product procurement, the Group applies the concept of centralized purchasing, in combination with the HDiWMS system that connects the entire business link, to achieve traceability of each link from source to counter.

Product distribution and dispatch data are recorded and sent back through HDiWMS, so all the node information from transportation to process, inspection and arrival can be traced based on batch number and transfer code.

A "Daily Fresh" (日日鲜) label is required for processed and packaged vegetables, meats and fish to make sure that the arrival date of products is traceable and intamperable. In addition, the goal of 100% accuracy of product label information at arrival is achieved under the double check of the processing team and the distribution team.



### Product Recalls

Sun Art Retail insists on regulating quality and safety management in sales. In accordance with relevant laws and regulations such as *Measures for the Administration of Food Recall* (《食品召回管理办法》) and the *Interim Regulations for the Administration of Consumer Product Recalls* (《消费品召回管理暂行规定》), we formulated the *RT-Mart Material Abnormality Handling Process (Recalls)* (《商品重大异常处理流程(召回)》), to deal with product safety and quality issues in a timely manner, and clarify the procedure and limitation of product recalling.

In addition, we also regularly organize product recall trainings and drills every year to improve the rationality and operability of the product recall and disposal mechanism. During the reporting period, there were no recalls associated with safety and health issues in products sold or delivered by Sun Art Retail's own brands.

### Dangerous/Substandard Products

The supply side recalling procedure will be initiated once any dangerous or unqualified product is spotted. A special group will be established in coordination with relevant departments to carry out investigations. In the meantime, the case will be reported to local supervision authorities. Recalling and refunding will be organized under the guidance of local government to ensure the publicity and transparency of the whole process.

### Products with Quality Problems

When receiving returned products due to quality reasons, stores should conduct in-house inspection on the production lot, date of manufacture and the manufacturer, and report to relevant quality inspection department of the Group's headquarter for origin tracing. Once the source of the problem is identified and recall is initiated, the stores should record the process of recalling, conduct analysis and make improvements.



## Dedicated Service Creates Wonderful Shopping Experience

Sun Art Retail values consumers' needs for service and is dedicated to creating a wonderful shopping experience. Its user-centered service philosophy is highlighted by the efforts in brand management strategies, and measures in handling complaints and tip-offs, data security optimization and privacy protection.

## A Good Neighbor in Community, A Good Helper in Life

In light of all-round development of multiple business formats, Sun Art Retail adheres to its brand proposition of "Love life and shop in RT-Mart". Standing in the shoes of consumers, the stores focus on product stratification and upgrade to create big pictures and connected displays. In addition, the Group will continue to optimize the tenant structure of shopping streets, provide more diversified services to build a neighborhood center, and stay committed to understanding and meeting customers' needs. Upholding the development strategy of multi-format and omni-channel, the Group creates value for consumers who pursue a better life, and serves as a good neighbor in community and a good helper in life.

### case 315 Consumer Campaign

On 15 March 2022, more than 300 stores in East China, North China and South China held the 315 Consumer Rights Day Campaign. Officials from the industry and commerce departments were invited to promote consumer rights. The campaign was carried out in a variety of activities, including quizzes, knowledge sharing and free trial.



### case Pu Saihong, the "Aunt Thanos"

In the mosquito season in the end of August 2021, RT-Mart launched a campaign called "I served as Thanos for a decade in RT-Mart". With the publicity of Aunt Pu, who was dedicated on eliminating mosquitos in RT-Mart for 13 years, and her *Daily Schedule of Mosquitos*, the mysterious occupation of hygiene management specialist revealed itself to the public for the first time.

Relevant topics attracted 400 million views on the internet, made to the most trending hashtags on Weibo twice, and the most trending list across all the social media platforms for 14 times. The story of Pu Saihong was reported by CCTV for three times. There were 9 central media, including the People's Daily and Xinhua News Agency, and over 100 news agencies that published original content about her story. Aunt Pu was also invited to give a lecture and hired as an honorary off-campus mentor in the Management School of Shanghai University. Pu Saihong and her *Daily Schedule of Mosquitos* are now included in Baidu Encyclopedia.



### case 2 February 2022: The Loveliest Day

2 February 2022 is known as the "loveliest day" as "2" sounds like "love" in Chinese. On such a special day, with the approach of "9 couple of goods, worldly slogans and supermarket display", RT-Mart launched the RT-Mart worldly literature campaign. In terms of content planning, the campaign is divided into two parts called "express love" and "share love". 500 RT-Mart stores across the country synchronously presented "a love set of six items" as a gift, which included rice, oil, salt, sauce, vinegar and tea. There were a hundred newly wedded couples who went to RT-Mart stores after their marriage registration. They posted pictures of the event and liked RT-Mart on the RED, leaving comments such as "RT-Mart is not only generous but also romantic".

By leveraging and creating the buzz, the online topics and offline experiences augmented each other, and brought about one hundred million views across a variety of platforms and motivated a number of certificated brand accounts to develop original content.



### case Wang Youjin, the Magical Thief-taker Who Works in Supermarket

Wang Youjin is a magical thief-taker who works in RT-Mart in Haikou. He works at RT-Mart for the day and turns into a thief hunter on streets for the night. Over the past 5 years, he has assisted the police to arrest 269 suspects. In November 2021, he was selected as one of the figures that touched Hainan. His story was reported by a series of official accounts in public security, procuratorate, political and legal system and the Communist Youth League, including *China Police Online*, the official account of the news center of the Ministry of Public Security, *Police and the People Walking in Joint Hands*, the official account of the News Publicity Bureau of the Ministry of Public Security and the Justice Network of the Procuratorial Daily. The story is then spread across all the platforms online through the reposting of netizens and news agencies.



Case RT-Mart Chinese New Year Shopping Festival

RT-Mart launches the campaign of “The Street of New Year Supplies” that lasts for two weeks around the Spring Festival every year. Featuring joyful and attractive one-stop new year shopping, it attracts a great number of consumers to the stores for shopping and enjoying the jubilant atmosphere of the Chinese New Year.

The themed video “4 Features of New Year Atmosphere in RT-Mart” explains how the Spring Festival atmosphere in RT-Mart is shaped from four senses of sound, taste, sight and touch, demonstrating the craftsmanship and innovation of RT-Mart.

To boost the new year atmosphere and delight our consumers, goods such as black peppers, carrots and flowers in many RT-Mart stores are labeled with the Chinese character “福” by tally clerks, expressing a strong sense of blessing. All of the creative displays of the character “福” are shaped with goods in the store: grains, slippers, towels, fruits, vegetables, drinks, toothpastes, cured meat and sea foods, which can all be the source of creativity.



Case The Live-streaming Session on Mitten Crabs in RT-Mart Stores

In September, when mitten crabs taste the best, RT-Mart planned a “class” at its Yangpu store in Shanghai. With a master in fresh foods demonstrating unique techniques in the store, a crab dismantling course and crab picking tutorial was turned into a “livestreaming class in market”, which directly promoted the sales of mitten crabs. Many consumers said that they appreciated Chinese craftsmanship through the master’s “ritual” of dismantling crabs and the sales of mitten crabs also witnessed an 85% year-on-year growth.

A journalist at *Hong Kong Ta Kung Wen Wei* visited the origin of mitten crabs with a RT-Mart buyer and filmed the documentary *100 Tastes: Mitten Crabs in the Chang Dang Lake*, which is later aired on various platforms. Li Chuan, the buyer, explained the whole process from choosing the origin, predicting crab growth, finalizing goods selection, quality control, to the delivery efficiency of same-day catch and arrival in Shanghai. These efforts, combined with the buyer’s tutorial of dismantling crabs in stores, reflect the merchandise of RT-Mart and its buyer’s expertise.

Innovative Product Experience

Sun Art Retail continues to offer consumers with better service and experience by looking after their needs. With our accelerated development in closed markets, and R&D in proprietary apps, we work with top platforms to complete the service types and offer consumers innovative product experience.

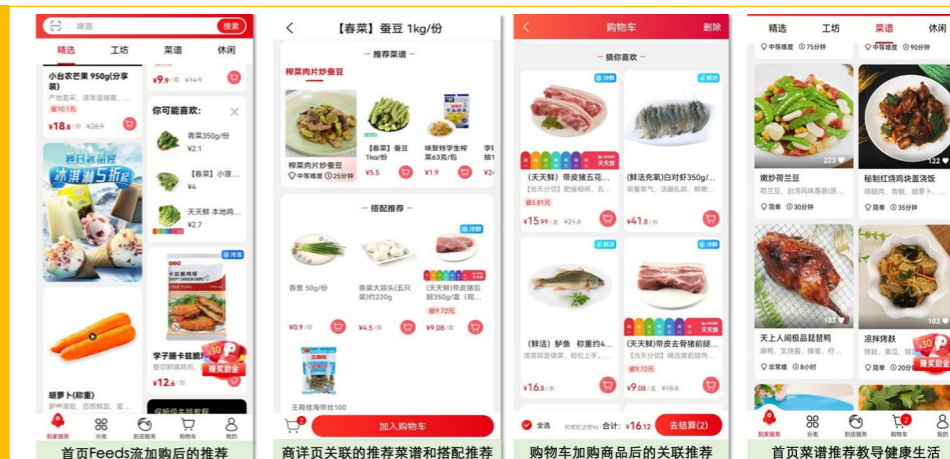


Online Themes and Scenes

Building awareness of healthy diet with themed scenes and activities at the homepage of RT-Mart Youxian App.

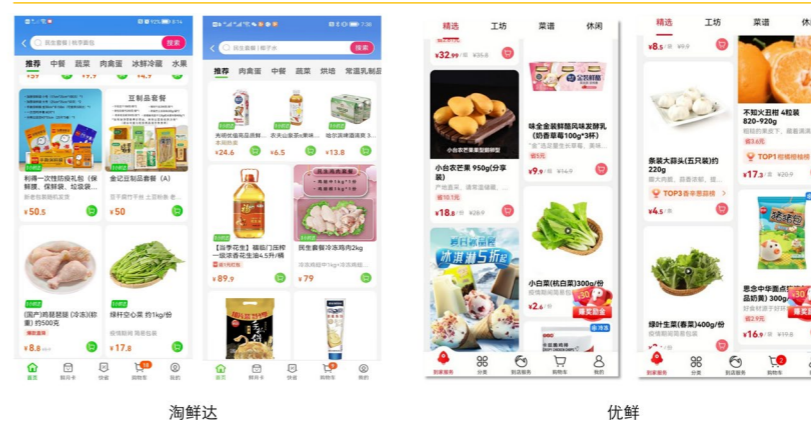
Relevant Products Recommendations for Users

Relevant products recommendations in all modules of the app based on the user choice.



Customized Recommendations

Applying shopping behavior algorithm into the recommendations of homepage feeds flow. Recommendations are based on algorithm of user’s shopping behaviors.



◆ IT Management Measures

- After clicking the button to send a verification code, a prompt pops up and the keyboard is automatically hidden so that the user can choose from options below for a quick log-in.



- If there is no product under the promotion folder of the store where the customer is located, the folder will be automatically hidden to improve browsing experience.



- Optimized the expression of overweight on the fresh product weighing page to show the actual price. A text message will be triggered for overweight of over 10 grams to inform consumers.



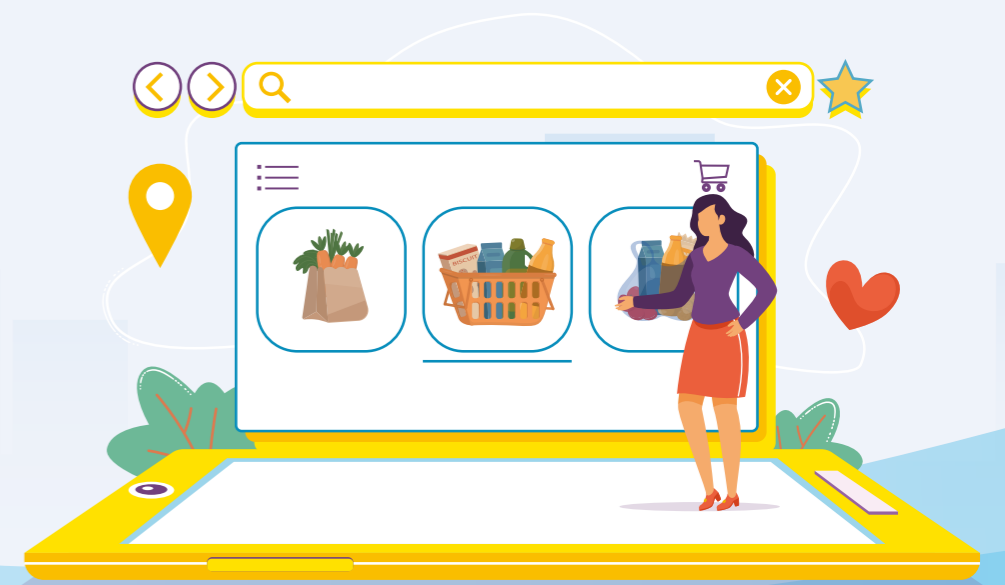
- An item matching function is added. Category operators can set up products of various sizes and flavors in the backstage so that the customer can get all the products needed at one time.



- List the registered delivery addresses from top to bottom to save consumer's time in switching addresses.

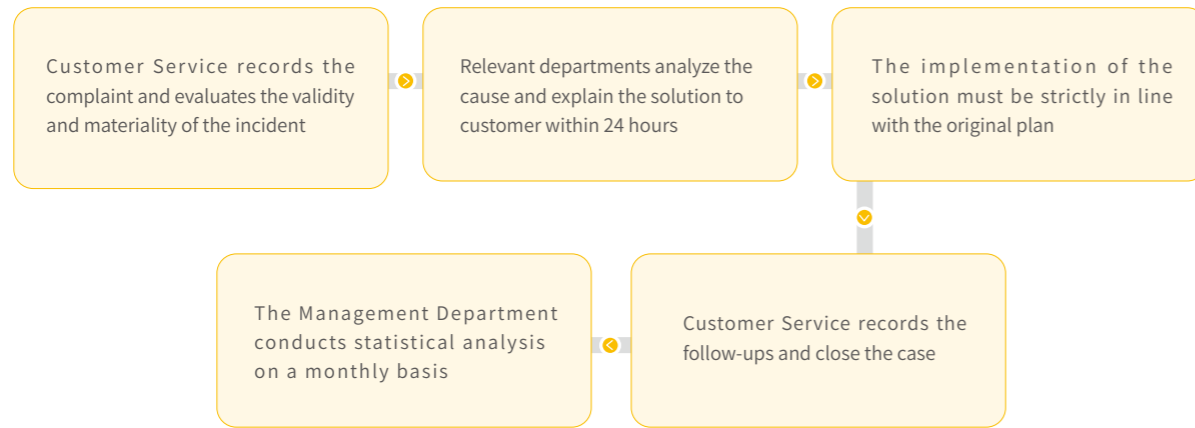


◆ Optimization Measures for Page Interaction



## High-quality Customer Service

The long-term corporate development cannot be achieved without mutual support and trust between the corporate and customers. To further improve our high-quality customer service, Sun Art Retail has set up an established complaint handling mechanism and workflow, as well as diversified customer communication channels. It also organizes customer service trainings with a full consideration of customer needs.



◆ Customer Complaint Handling Mechanism at Sun Art Retail

In fiscal year 2021/2022, Sun Art Retail updated its customer complaint handling workflow and modified the signing authority of the refund amount for returned commodities, which improves the handling efficiency of complaints at stores, as well as the customer satisfaction. During the reporting period, Sun Art Retail received more than 488,000 complaints about its products and services, accounting for 0.6% of total customer visits. The complaint handling rate is 100%.



◆ How Sun Art Retail Reduces Customer Complaints

<b>Customer Service Hotline</b>	Service hour: 8:00-21:00, instant picking-up assessment: pick-up rate and service satisfaction rate
<b>Online Service</b>	Service hour: 8:00-21:00, instant picking-up assessment: in-time response rate and service satisfaction rate
<b>Order Comments</b>	Calling back and handling the dissatisfaction comment left by customers within 24 hours
<b>Refund Instruction</b>	Reviewing refund requests within 2 hours during office hour and reflecting on the reason of refund for improvements
<b>Official Weibo Account and Corporate Wechat Account</b>	Reviewing accounts three times a day in the morning, noon and evening to find comments of interest and contact the consumer for a timely follow-up.

◆ Online Complaint Feedback Channels at Sun Art Retail

### case Customer Talkfests

The current 231 stores in East China are holding bi-weekly customers talkfests for target consumer selection and invitation optimization.

“Labeling” customer groups: from loyal customers, lost customers, rival’s customers, question design, personnel training, time of meeting, optimization of participants, forming a closed loop of customers’ advice.

“Digitalize” the voice of customers: the Customer Service Team of the head office summarizes the customer voice of all stores on a weekly basis, and audits system records and the review result of Store Manager.

“Closed-loop” issue handling: divided by category, the opinions on the informal talks will be formed into reports and key cases will be selected. All confirmed projects will be tracked in a closed loop according to the existing project promotion mechanism.



On the other hand, through the RT-Mart national customer service hotline at 021-31708998, RT-Mart is pushing forward the digitalization of offline customer complaints across the country.

To further improve customer service experience, Sun Art Retail attaches great importance to the training of customer service personnel and provided them with various training sessions. We have completed a total of 7 large scale training projects, with 5 offline sessions and 2 online sessions.

### case Online Training in the Cloud Classroom

During the reporting period, Sun Art Retail has carried out 2,104 customer service training sessions for management trainees in Customer Service in the cloud-based classroom. The training mainly covers a variety of topics on the handling of major events, promotional activities, and invoice issuance and management, including special online training on the interpretation of S306 (the middle office version in East China), standardized planning specification for new business district, operation workflow of mails, the structure of cloud membership management system (telephone survey), cloud membership system, S306 sheet interpretation, customer complaint handling process and techniques, the handling process of customer injury, etc.

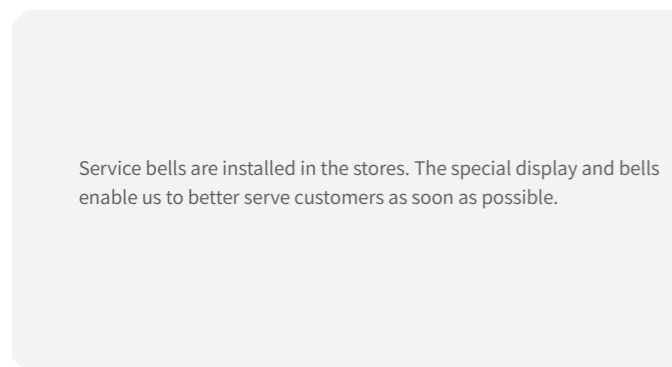
### case Offline Training of Customer Service

During the reporting period, Sun Art Retail has carried out offline customer service trainings, such as promotion class for customer service management in East China, promotion class for customer service department in East China, promotion class for cashier service in East China (phase 1 and phase 2) and the 35 Plan. The content of the trainings includes vault operation and security regulations, the ordering process of self-service POS terminals, reminder on the commodity recycling box in the self-service cashier area in the stores, the training manual of reserve fund management, checkout efficiency and labor analysis, the distribution and transfer of used machines for new stores, experience sharing of stores with a high ratio of self-service machines in East China, and professional courses for cashiers.

Sun Art Retail has set up many offline customer service projects to get closer with them and live up to its value proposition of being “A good neighbor in the community and a good helper in life” .



Posting the services on the “Neighborhood Service Center” bulletin board at the gift area in stores, and providing more services for in-store customers to increase traffic and improve the service.



Service bells are installed in the stores. The special display and bells enable us to better serve customers as soon as possible.



RT-Mart delivery service: for customers without vehicles and elderly customers, we offer home delivery to promise them a comprehensive, high-quality service.



During the reporting period, Sun Art Retail used mystery shoppers for on-site investigations of plaza parking, restrooms, shopping facilities, environment, staff grooming, services of all kinds, goods, and comments. The stores will record all the opinions and suggestions from customers, which will be uploaded to the headquarter consumer compliant system. The Store General Manager and departments at the headquarter will classify and solve relevant problems. During the reporting period, the average consumer satisfaction rate nationwide in 2021 was 73.3, up by 2 points from the previous year.

## Information Security and Privacy Protection

Sun Art Retail highly values data security and client privacy protection, taking data security and privacy protection as an important issue in the group's risk management level. The board of directors, as the highest responsible body, leads the ESG management committee to coordinate with all departments of the company to implement specific privacy and data protection review work. We strictly abide by the regulations and provisions on privacy security such as the *Cybersecurity Law of the People's Republic of China* (《中华人民共和国网络安全法》). To ensure the security and compliance of external applications and their user rights management, and to prevent IT system outages and cyber attacks, we have formulated a series of internal policies, including the *Product Security Checklist of Concord Investment (China) Co., Ltd.* (《康成投资(中国)有限公司产品安全 checklist》), the *Code of Practice for Account Management of Concord Investment (China) Co., Ltd.* (《康成投资(中国)有限公司账号管理规范》), *Code of Practice for Password Management of Concord Investment (China) Co., Ltd.* (《康成投资(中国)有限公司密码管理规范》), and the *IT Incident Management Procedure of Concord Investment (China) Co., Ltd.* (《康成投资(中国)有限公司IT事故管理流程》), which clarified the management process of data security and privacy protection, which covers all RT-Mart and its subsidiaries, such as the physical stores operated by RT-Mart's affiliated companies, the YouFresh APP and other online platforms. In the meantime, Sun Art Retail has also made several upgrades with its internal technical system. As of the reporting period, there has been no data leakage or cybersecurity incidents within the Group.

The jump sever system has been upgraded to make video log auditable. Now we can check the status of entry log by auditing logs in text format.

The IPS and IDS defense system will defend and detect identified attacks and malicious behaviors that will damage the network, and provide corresponding solutions.

The Company's internal system with a unified entry which improves the efficiency and satisfy the regulatory requirements.

The three applications, RT-Mart Youxian, Auchan and RT-Mart E-lufa have obtained level 3 certificate for cybersecurity classified protection.

On the other hand, Sun Art Retail is committed to taking all compliant and feasible measures to minimize the collection of customers' personal information. We promise not to share such information with any companies, organizations and individuals other than Sun Art Retail. We invite Beijing Zhiyou Cybersecurity Co, Ltd. to audit and issue report on personal privacy related functions and compliance policies of our APPs at least twice a year. Meanwhile, we also adopt security measures such as appropriate policies and security technologies that are in line with industry standard, to avoid unauthorized access and modification to personal information, and prevent data damage or lost. In addition, users have the right to consult, correct and delete personal data through the settings or functional controls in the product. Up to now, our key information systems have passed cybersecurity classified protection for level three and above, and there has been no incident of customer information leakage.

To further safeguard information security and cybersecurity, reinforce employees' awareness on InfoSec, and stress the consequences of information leakage, the Group carries out InfoSec training once or twice every quarter, covering InfoSec awareness and relevant topics. The content includes the InfoSec training goal, incidents, and policies, as well as security cases and precautions like email attacks, phishing, and ransomware, among which the InfoSec awareness training covers all employees.



◆ InfoSec awareness training



◆ InfoSec awareness topic training

# Green Development for Better Environment

Sun Art Retail actively assumed corporate environmental responsibility, continuously improved its environmental management system, and actively explored and practiced low-carbon emission reduction action plans. During the reporting period, we set four environmental targets and defined the path of their implementation. At the same time, we gradually carried out identification, assessment and response to climate change risks, strengthened our environmental management capability in all aspects and improved our environmental management level.



3.1 Commitments and Targets

3.2 Climate Change Response

3.3 Green Operation

3.4 Biodiversity and Animal Welfare

Formulated **4** environmental targets

Photovoltaic power generation equipment has been installed in **17** stores

**57** stores have completed the replacement of R448A refrigerant

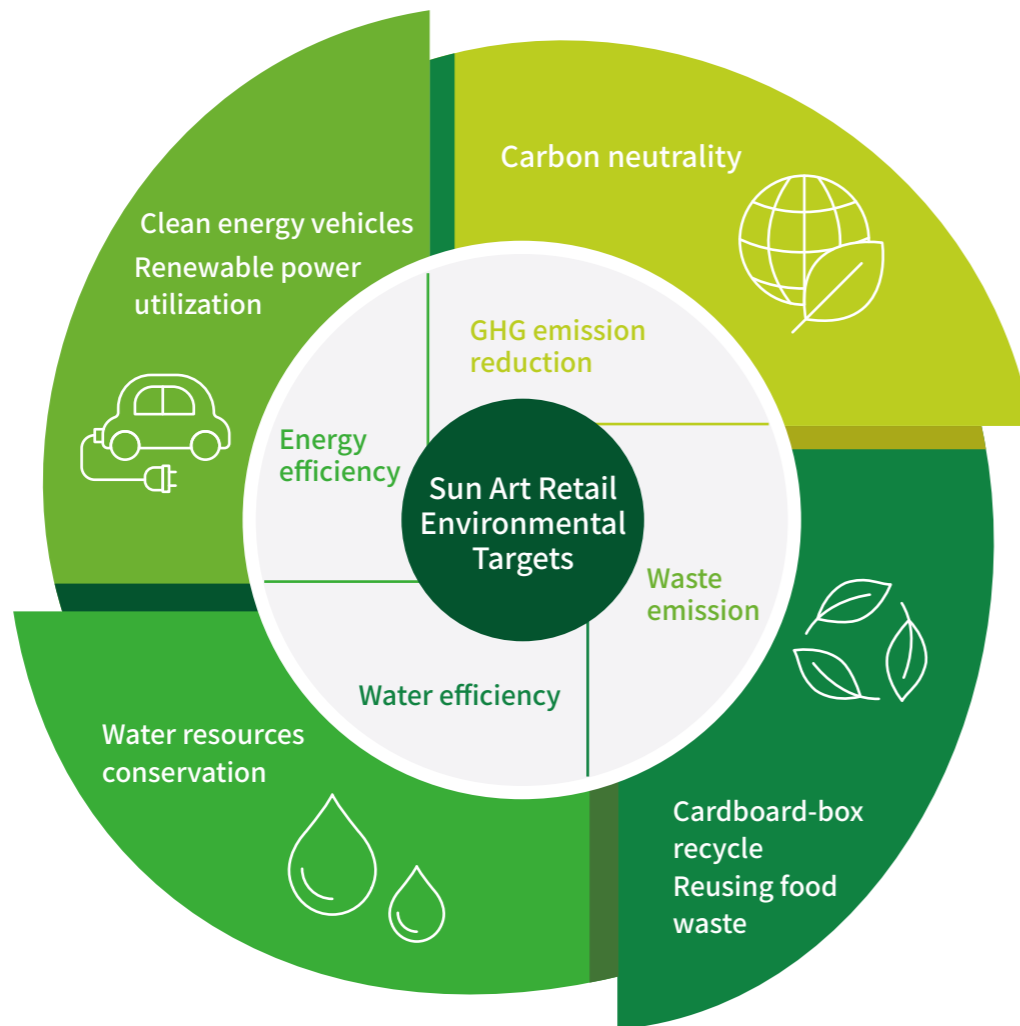




## Commitments and Targets

As China announced its “30•60” dual goals<sup>4</sup> of decarbonization in 2020, practicing energy-conservation and emission-reduction, and advocating for a green lifestyle, are now the social trend covering all sectors and people from all walks of life. As a company with robust corporate social responsibility, Sun Art Retail has been exploring and implementing energy-saving and emission-reduction measures, introducing programs to cut resource consumption, and minimizing the environmental impact of the Company.

Through analyzing historical data, Sun Art Retail estimated the trend in environmental indicators, and combined internal and external factors, to perform a comprehensive analysis on goal-setting, which led to four environmental targets and clarified the direction of Sun Art Retail’s green operation.



## Greenhouse Gas Emission Reduction

Target To realize operational carbon neutrality in scope 1 and scope 2 by 2030.	
<b>Implementation Path</b> <ul style="list-style-type: none"> <li>Adopting energy-saving measures for operation</li> <li>Consuming more renewable resources</li> <li>Replacing traditional refrigerants with green alternatives</li> <li>Adopting the approach of carbon removal to realize carbon neutrality in our operation</li> </ul>	<b>What We Did in the Reporting Year</b> <ul style="list-style-type: none"> <li>We continued with our energy-saving measures in stores and warehouses. For example, automatic control of lighting, air conditioning, range hoods and ventilators are used in stores. We installed LED lights and daytime lighting belts for the illumination of dry product warehouses, and adopted zoned temperature management in fresh product warehouses.</li> <li>With photovoltaic self-consumption, we have set goals for photovoltaic power generation, expanded the construction area needed, and increased the usage of renewable resources.</li> <li>We kept pushing forward the replacement of refrigerant R448A. As of 2022, Sun Art Retail has completed the replacement of R448A refrigerant in 57 stores.</li> </ul>

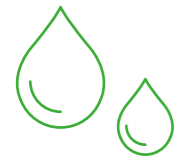


## Energy Efficiency

Target To realize 100% carbon neutrality in the power required for our own operation.	Target To realize 100% carbon neutrality for gasoline and diesel fuel for our use.
<b>Implementation Path</b> <ul style="list-style-type: none"> <li>Implementing energy-saving measures in stores</li> <li>Increasing the proportion of photovoltaic power generation</li> <li>Purchasing green electricity or green certificate</li> </ul>	<b>Implementation Path</b> <ul style="list-style-type: none"> <li>Gradually reducing the use of gasoline and diesel used in vehicles by replacing traditional fuel vehicles with new energy vehicles.</li> </ul>
<b>What We Did in the Reporting Year:</b> <ul style="list-style-type: none"> <li>We pushed forward the construction of photovoltaic power generation projects. Our goal was “To complete photovoltaic project in 30 stores, start the project in 50 stores, and finish the photovoltaic construction on all buildable rooftop by 2030” . As of the end of the reporting period, Sun Art Retail has completed the installation of photovoltaic power generation system for 17 stores.</li> </ul>	

[4] In September 2020, China officially announced that “China will strive for peaking carbon emission by 2030 and reaching carbon neutrality by 2060” .





## Water Resources

**Target** To cut water resource consumption by 3% per store from 2021 to 2025.

### Implementation Path

- Strengthening intelligent monitoring on water utilization.
- Carrying out technological innovations in sanitary ware, washing equipment and air conditioning to reduce water consumption during operation.

### What We Did in the Reporting Year

- We continued with standardized management for water usage and adopted multiple water-saving initiatives.



## Waste Management

**Target** To promote the resourceful treatment of food waste

### Implementation Path

- Promote the resourceful treatment of food waste through food donation program and food waste recycle and reuse program.

### Target

To realize waste sorting in all the stores by 2030.

### Implementation Path

- Promoting waste sorting measures in stores

### Target

To achieve 100% recycling of cardboard boxes by 2030.

### Implementation Path

- Realizing 100% of cardboard box recycling through reselling.

### What We Did in the Reporting Year

- Waste sorting was implemented in stores in Shanghai, Hangzhou, Beijing, Suzhou, Guangzhou and Nanjing, and will be promoted in other cities.
- Achieved 100% cardboard box recycling.





# Climate Change Response

The growing greenhouse gas emission has resulted in catastrophic impacts to the global climate, and one of them is climate change. Sun Art Retail is well aware of the importance of addressing climate change to enterprises. We actively respond to climate change risks, incorporate them into ESG risk management and strive to mitigate their negative impacts.

Based on the guidance of the Task Force on Climate-related Financial Disclosure (TCFD) and the Company's operation and environment, the ESG Management Committee of Sun Art Retail has divided climate change risks into physical risks and transition risks. The identification result is sent to the Board of Directors for risk ranking and impacts assessment.

## Climate Change Risks

### Transition Risks



Policies and laws



Technology

#### Risk Description and Impacts

- Stricter emission reporting obligations and compliance requirements for emission volume impose strict requirements on the Company's information disclosure. If the *Guidelines for Reporting Climate Information Disclosure* (《气候信息披露指引》) issued by the Hong Kong Stock Exchange is to be enforced in 2025, the Company will be required to disclose relevant climate information in accordance with the TCFD recommendations.
- The cost of information disclosure of the Company is increased. In the meantime, a series of energy-saving and emission reduction measures need to be carried out to meet the compliance requirements, resulting in an increased operating cost.

#### Response Measures

- Keep abreast of recently introduced laws and regulations and adjust the Company's relevant operating standards to meet compliance requirements.
- Strengthen the Company's digital management of environmental indicators and continually optimize the Company's internal data management system, such as the energy (maintenance) management system. Improve data management and the quality of information disclosure to meet stricter requirements for information disclosure.

#### Risk Description and Impacts

- There will be cost for transitioning to low emission technologies.
- The Company needs to apply more efficient energy-saving and emission-reduction technologies as replacements, to improve the outcome of energy-saving and emission-reduction, and contribute to the goal of realizing carbon neutrality in its operation for Scope 1 and Scope 2 by 2030. Applying new technologies will lead to increased operating cost and the Company needs to undertake the risk of failed application.

#### Response Measures

- The Company pays close attention to new technologies and predicts the development trend of future technologies.
- Prior to investing in new technologies, the Company would optimize pre-investment risk assessment to ensure that the introduction will deliver environmental protection as expected.



Market

#### Risk Description and Impacts

- There is a growing preference to green products among consumers.
- The Company needs to make swift procurement plan adjustment, focus on purchasing green products, and increase the proportion of green products on shelves. In doing so, the procurement cost may rise, which will impose a certain impact on the Company's profits.

#### Response Measures

- The Company needs to pay close attention to movements in the market and capture consumer behavior trend in a timely manner.
- The Company needs to maintain close contact with suppliers, integrate each other's resources, and effectively manage the risk of rising costs.
- The Company can develop green products for self-owned brands, so as to have a certain extent of control on their cost.



Reputation

#### Risk Description and Impacts

- Stakeholders pay more attention to negative news.
- Negative news will affect the confidence and expectation of internal and external stakeholders on the Company, harm the Company's reputation, and thereby affecting the Company's revenue.

#### Response Measures

- Pay more attention to the disclosure requirements related to climate change and optimize the corporate social publicity based on compliance.
- Actively participate in environmental activities in the industry and beyond to improve corporate participation.

## Climate Change Risks

### Physical Risks



Acute Risks

#### Risk Description and Impacts

- Extreme weather events, such as typhoons, floods, droughts, extreme heat and extreme coldness, can disrupt the operation of stores and supply chain, and thereby resulting in decreased revenue and increased costs.

#### Response Measures

- Pay close attention to weather forecasts and extreme weather early warnings, formulate contingency protocol in response to unexpected weather events, and ensure the safety of staff and consumers in the stores.



Chronic Risks

#### Risk Description and Impacts

- Rising average temperatures and sea levels.
- Increased energy costs due to rising temperatures.

#### Response Measures

- Conduct forward-looking risk identification and assessment of chronic climate risks.

In view of physical risks, Sun Art Retail fully considers acute risks in the construction of stores. In the early stage of designing, the Group strictly abides by relevant national standards, and incorporates extreme climate factors into the structural design and construction of the building's main body based on the local geographical features. For leased stores, we strictly supervise the construction team to fully consider extreme climate according to national standards, so as to ensure the defense against extreme weather across stores in different geographical regions.



**Cold Climate**

For stores in Northeast China, we have fully considered the cold climate of the region and identified the construction project as Extreme Cold (Region A), so as to strengthen wind resistance and thermal insulation of the roofs, exterior walls and exterior windows.



**Earthquake Resistance**

For stores in Guilin, South China, an earthquake prone region, we have set the earthquake resistance at degree 6 and earthquake acceleration at 10g as per national standards.



In terms of transition risks, Sun Art Retail is aware of the growing attention to corporate climate information disclosure. In the meantime, we also follow up closely on the regulatory authorities' requirements in this regard. In response to the possible impacts on Sun Art Retail due to the two major transition risks, policies and laws, as well as reputation, we have carried out identification, assessment and response to climate change risks, and have disclosed their results in this ESG Report. Going forward, we will gradually strengthen climate related management, and improve our climate information disclosure. In addition, to mitigate the negative impacts of climate change, Sun Art Retail has put forth a greenhouse gas emission target of "Reaching carbon neutrality in its own operation for Scope 1 and Scope 2 by 2030". We have also set environmental goals and corresponding implementation paths in terms of energy efficiency, water efficiency and waste emission. We have fully demonstrated our corporate environmental responsibilities, and mitigated the impacts of transition risks on the Company's operation to a certain extent.

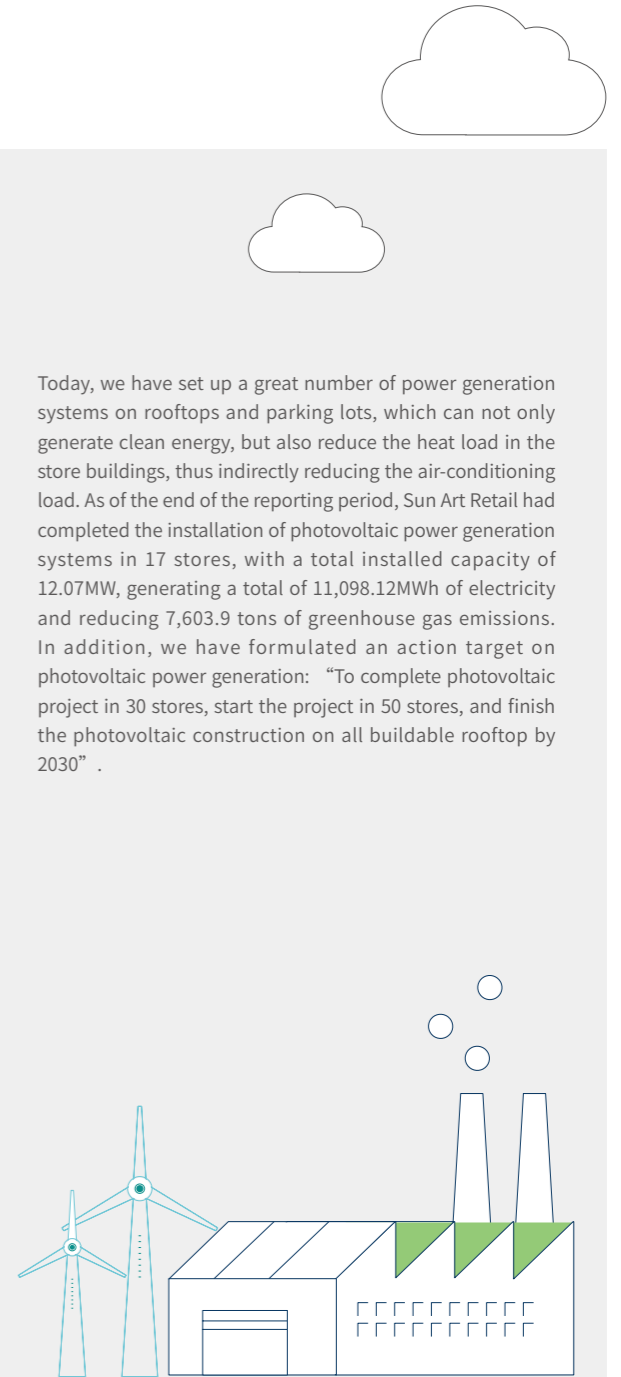
**Greenhouse Gases Emission Management**

Sun Art Retail has introduced a series of measures to reinforce its management of energy and greenhouse gases, as well as to optimize its energy-saving and emission-reduction. Greenhouse gases are generated from the combustion of gasoline, diesel and natural gas, the use of refrigerants, and purchased electricity. Taking these sources as the starting point, we have analyzed their respective proportions in total carbon emission to prioritize our actions against those with high emission.

Refrigerant is essential in ensuring the quality of products in stores and is also our main source of greenhouse gases (Scope 1). Since 2011, Sun Art Retail has started the transition to green refrigerants by replacing R22 refrigerant with an eco-friendlier R404A refrigerant.

We follow up on the introduction of new, low-carbon and green refrigerant in the market as technology develops. Since 2018, Sun Art Retail started to replace old refrigerants with greener ones in new stores. Compared to R404A, R448A (GWP=1,273) has a lower GWP (Global Warming Potential) value with a 70% reduction, which further reduces greenhouse emission effectively. As of 2022, there were 57 stores of Sun Art Retail that had completed the transition to R448A refrigerant.

Electricity is the main energy source for store operation and the sole source of greenhouse gases (Scope 2). Therefore, reducing electricity consumption and increasing the consumption of green power are important to reduce greenhouse gases. Since 2017, Sun Art Retail has started developing and applying photovoltaic power generation system to increase clean electricity consumption and reduce the use of power generated from fossil fuels to cut greenhouse gas emission.



Indicators	Units	Fiscal Year 2020/2021 <sup>5</sup>	Fiscal Year 2021/2022 <sup>6</sup>
Greenhouse gas (Scope 1)			
Refrigerant	tons of CO <sub>2</sub> equivalent (tCO <sub>2</sub> e)	94,803.80	344,097.16
Gasoline			
Vehicles	tons of CO <sub>2</sub> equivalent (tCO <sub>2</sub> e)	94.69	1,418.73
Non-vehicles	tons of CO <sub>2</sub> equivalent (tCO <sub>2</sub> e)	0.53	2.94
Diesel			
Vehicles	tons of CO <sub>2</sub> equivalent (tCO <sub>2</sub> e)	21,227.39	16,783.28
Non-vehicles	tons of CO <sub>2</sub> equivalent (tCO <sub>2</sub> e)	13.93	90.59
Natural gas	tons of CO <sub>2</sub> equivalent (tCO <sub>2</sub> e)	4,429.37	3,522.60
Fire extinguisher	tons of CO <sub>2</sub> equivalent (tCO <sub>2</sub> e)	/	10,051.08
Greenhouse gas (Scope 2)			
Purchased electricity	tons of CO <sub>2</sub> equivalent (tCO <sub>2</sub> e)	2,067,023.17	1,779,374.56
Greenhouse gas emissions (Scope 1 & Scope 2)	tons of CO <sub>2</sub> equivalent (tCO <sub>2</sub> e)	2,187,592.87	2,155,340.94
Greenhouse gas emissions intensity	tons of CO <sub>2</sub> equivalent (tCO <sub>2</sub> e) / million RMB revenue	17.59	24.46

[5] There were fifteen months of the fiscal year of 2020/2021.

[6] The carbon emission factor used in FY 2021/2022 has changed from FY 2020/2021. FY 2020/2021 data has not been restated. The fugacity rate for refrigerants was 35% in FY 2020/2021 and has changed to 100% in this reporting period. The carbon emission factors for gasoline and diesel (mobile sources) used for this reporting period came from the Environmental, Social and Governance Reporting Guides contained in Appendix XXVII of the Listing Rules of HKEX, 2006 IPCC Guidelines for National Greenhouse Gas Inventories and the IPCC Fifth Assessment Report. The carbon emission factors for gasoline and diesel fuel (stationary sources) in FY2020/2021 used the *Guidelines for Calculation Methods and Reporting of Greenhouse Gas Emissions from (Industrial and Other Industries Enterprises (Trial))*, 2006 IPCC Guidelines for National Greenhouse Gas Inventories and the IPCC Fifth Assessment Report are used in this reporting period.

## Energy Management

Electricity is an important energy source for the operation of stores and warehouses. Focusing on the source of electricity consumption, Sun Art Retail has carried out targeted energy-saving projects.

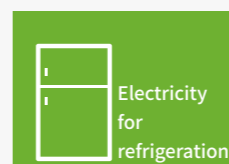
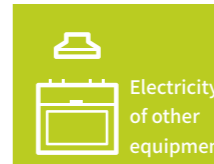
We use an automated control system for the power consumed in stores, which was mainly used for lighting, air conditioning, refrigerating and other equipment. After the use of automated control system, the average energy consumption of a single store can be reduced by 10-15%, and the annual electricity consumption of a single store can be saved by 700,000 kWh, and the daily labor time can be reduced by 1-2 hours. Automation controls have been installed in all stores.

The switches of lights in different store areas are controlled with PLC. A 5% energy consumption can be saved through automatic control of lighting. This technology has been applied to 100% of Sun Art Retail stores.

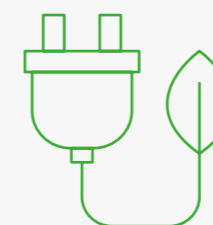
We have adopted automatic control of lighting at night. The main lighting will be turned off after business hours. An average of 1% to 1.5% of energy consumption can be saved in stores by using necessary lighting only for replenishment and security, saving an average of 50 to 70 MWh of electricity annually per store.



Automatic control has been adopted for the air-conditioning system, which realized the linkage control of units, fans, and water pumps. The air-conditioning system was fully automated through sensing, frequency conversion and automation control technologies, which helped to improve energy utilization efficiency and reduce energy consumption intensity. All stores have completed the adaption.



A glass door has been installed to all refrigerators of all stores for effective temperature control, saving 20% of energy consumption per year.



We have completed the control automation of range hoods for fresh products to automatically monitor the processing load, adjust the fan frequency, and start and stop the fan according to the processing time, to reduce energy consumption. To date, the control automation for range hoods has been completed in 387 stores, saving 50,000 to 60,000kWh of electricity for each store per year, which equals to an estimation of 21,000,000kWh of electricity.

We have installed frequency conversion control for the sidewalk to the parking lot of the stores to reduce energy consumption. On average, each elevator can save 20,000kWh of electricity annually, i.e., a total of 22,000,000kWh of electricity per year. We plan to evaluate other sidewalks in stores based on their frequency of use and install frequency converters on those with lower use frequency.

◆ Energy Saving Measures Adopted in Sun Art Retail's Stores

During the pandemic, we actively cooperated with pandemic prevention and control, and suspended the operation of some stores. To minimize unnecessary energy consumption, we kept only the basic lighting and part of ventilation, shut down empty refrigerators, main lighting, sidewalk lighting, and idle equipment, and monitored the energy condition of the stores. During the pandemic, some of the stores recorded a 60% drop of power consumption compared with the average.

Sun Art Retail is a practitioner and advocate for energy-saving. Thanks to our efforts, two RT-Mart stores in Nanjing were awarded with "Energy-Saving Demonstration Project of Jiangsu Province".

During the pandemic, some of the stores recorded a 60% drop of power consumption compared with the average



case

The RT-Mart Longjiang store and Gulou store in Nanjing are fully renovated with optimized lighting and powering system (lighting renovation), building peripheral protection system (glass coating), comprehensive energy management platform and data transmission system (platform and data transmission), HVAC and hot water system, and power system. Under the commission of the Development and Reform Commission of the People's Republic of China and the Ministry of Housing and Urban-Rural Development, and with the Jiangsu Academy of Building Science as the reviewer, the assessment result is as follows: RT-Mart Longjiang store and Gulou store save energy of an equivalent to 454.74 and 394.06 tons of standard coal annually, with a comprehensive energy-saving rate of 21.75% and 20.67% respectively. Therefore, the two stores are awarded with "Energy-Saving Demonstration Project of Jiangsu Province".

RT-Mart Longjiang store saves energy of an equivalent to

454.74

tons of standard coal annually



◆ RT-Mart Longjiang store in Nanjing

RT-Mart Gulou store saves energy of an equivalent to

394.06

tons of standard coal annually



◆ RT-Mart Gulou store in Nanjing

In addition to implementing energy-saving measures in stores, we also carry out power-saving management for the warehouses.



Dry goods warehouse

- Renovating the lighting in Suzhou Logistics Center from 400W sodium lamp to 4\*20w LED mounted grille lamp.
- Setting up daytime lighting belts during the construction of the warehouse to make full use of natural light.



Fresh goods warehouse

- Considering the temperature control need of the fresh goods warehouse, we have set a physical temperature insulation layer and treated the entrance and exit with sealing process, which can effectively maintain temperature, reduce internal temperature regulation, and decrease the energy consumption of equipment under extreme temperatures.
- Adopting zoned temperature management for refrigerated and frozen storage areas, which greatly saves energy consumption compared to the traditional single-zone refrigeration.
- Using partial lighting during non-working hours. Strengthening the employee's awareness of environmental protection and energy conservation. Employees are required to turn on or turn off the lights when entering or leaving the storage area and turn off the majority of warehouse lighting after loading at night. The above environmental initiatives cover all fresh goods warehouse.

◆ Sun Art Retail's Warehouse Energy-Saving Measures

The Group's energy consumption during the reporting period is as follows:

Indicators	Units	Fiscal Year 2020/2021 <sup>5</sup>	Fiscal Year 2021/2022
Direct energy consumption	MWhMWh	100,325.12	84,853.85
Direct energy consumption intensity	MWh/million RMB revenue	0.81	0.96
Indirect energy consumption	MWh	3,050,151.27	2,632,499.63
Indirect energy consumption intensity	MWh/ million RMB revenue	24.48	29.87
Consumption of renewable energy from photovoltaic power generation	MWh	13,508.95	11,098.12
Comprehensive energy consumption	MWh	3,163,985.34	2,728,451.60
Comprehensive energy consumption intensity	MWh/ million RMB revenue	25.45	30.96



# Green Operation

## Environmental Management System

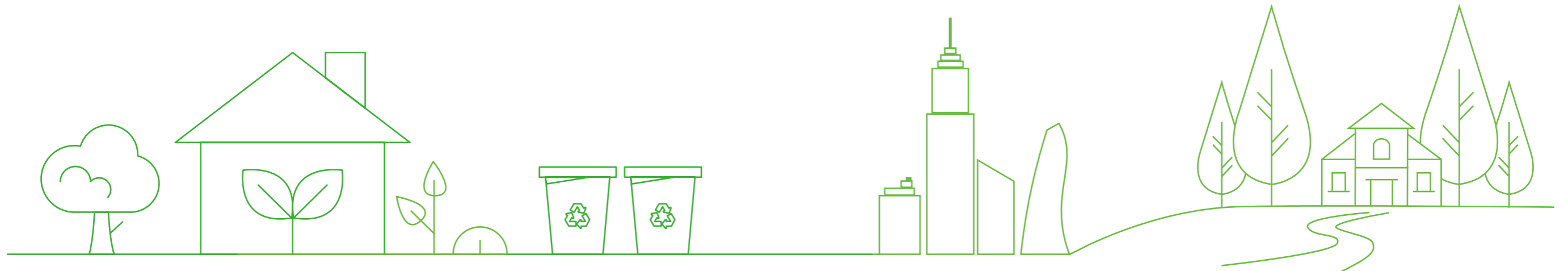
To practice corporate environmental responsibility and implement environmental projects, the Group has formulated multiple internal environmental management policies, and established an energy (maintenance) management system and an emission management system to further strengthen the level of environmental management to ensure the effectiveness and efficiency of the implementation of environmental protection work.

## Environmental Policy

The Group strictly complies with relevant laws and regulations in regions where it operates, including the *Law of the People's Republic of China on Environmental Protection* (《中华人民共和国环境保护法》), the *Law of the People's Republic of China on the Energy Saving* (《中华人民共和国节约能源法》), the *Law of the People's Republic of China on the Prevention and Control of Water Pollution* (《中华人民共和国水污染防治法》), the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* (《中华人民共和国固体废物污染环境防治法》) and the *SB/T 10814-2012 Guide for Supermarket Waste Management* (《SB/T 10814-2012 超市废弃物处理指南》). At the same time, we have formulated internal rules and policies to clarify the principles of environmental projects and the duties of relevant departments, thus establishing a standardized environmental management process.



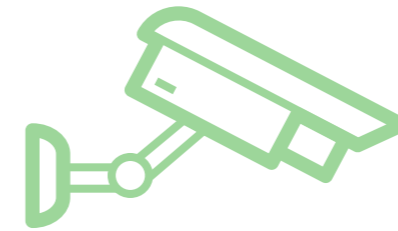
◆ Environmental Management System at Sun Art Retail



## Management System

To improve its environmental management and effectively manage environmental indicators, Sun Art Retail has established an energy (maintenance) management system and an emission management system to digitalize its management of environmental indicators.

The energy (maintenance) system is embedded with functions such as data collection, report analysis, system alarms, and electricity consumption audits, which help stores to control energy consumption and increase energy management efficiency, to deliver the outcome of consumption reduction. The system mainly monitors energy consumption data from air conditioning system, refrigeration and freezing systems, as well as the data verification of lighting and electricity meters. To ensure the stable and effective operation of the system, Sun Art Retail clarified the operation rules of the system, and the duties and functions of each department. As for the collection and reporting of data, Sun Art Retail has set up an error reminder within the system to inform stores of their operational errors in uploading data and bills to the WEB management system, so as to ensure the data completeness and accuracy.



### Monitor Center in the Headquarter

- Spot checking the upper PC and energy data for conformance of settings in air conditioners, refrigeration and freezing systems.
- Following up repair and alerts, and informing related monitor centers once problems are detected.

### Monitor Center in Each District

- Monitoring and analyzing the energy consumption data of stores in the district.
- Helping stores to report repairment, handle abnormalities and contact corresponding automatic control manufacturers.
- Handling alerts in the energy management system of the stores in the region

◆ Organization Responsibilities in Sun Art Retail's Energy (Maintenance) Management System

The Emission Management System aims to establish systematic monitoring and control of various types of emissions generated during the operation of Sun Art Retail. Related emissions include solid waste, wastewater and greenhouse gases. Since the system development, Sun Art Retail has continued to optimize its operation, improve its functions and increase the efficiency of emission management.

### Solid Waste

- The waste generation data of stores are recorded into the emission management system on a daily basis for auditing. Every month, a dedicated person audits the data entered by each store, analyzes the reasons for any abnormality, and puts forth improvement plans.

### Wastewater

- Water consumption is the focus of wastewater monitoring and management. Stores are required to take daily meter readings as water consumption data. The Company's energy conservation team will carry out monthly water consumption data tracking for all stores to identify abnormal fluctuations, and promptly investigate the causes and eliminate abnormalities.

### Greenhouse Gases

- For GHG monitoring, we focus on the sources of GHG, i.e., energy consumption and refrigerant utilization.
- Sun Art has established a management and analysis system covering refrigerant purchase, sale and storage, through which the consumption and inventory of stores can be updated in real time, thereby enabling accurate analysis of safe inventory and the equipment operation status. This allows us to focus on stores that are using more refrigerant than average, confirm the reasons, and deal with them quickly.



◆ Sun Art Retail's Emission Management System

## Green Certification

Sun Art Retail is committed to applying green concepts to the design and construction of stores. For instance, we design store structures in reference to green building design standards, and adopt green constructions such as sky gardens in applicable stores. Some of our stores are certified as Green Building.

### case Green Design – Kunshan RT-Mart Commercial Plaza

In designing and developing the Kunshan RT-Mart Commercial Plaza, Sun Art Retail referred to the green building design standards and the Sponge City concept to avoid unnecessary ground-breaking and preserve the site originality. For example, we have adjusted the envelope structure (including the renovation of the roof, exterior walls, exterior windows and doors) to reduce energy consumption, increased rainwater recycling to reduce water consumption, installed purifiers to improve indoor air quality, and used low-noise equipment to reduce construction noise. Besides, during the construction phase, Sun Art Retail followed the construction principles, and controlled carbon emissions and energy consumption throughout the life cycle of the project, achieving the “Three Simultaneities” of energy-saving facility construction and project construction.

### case Sky Garden

The design of the sky garden on the roof of some Sun Art Retail's stores, which is not only beautiful but also highly environmental. Sky gardens can effectively adjust the temperature of the building and reduce energy consumption. It helps to cool down the building in summer and acts as an insulation layer in winter, thus making the building warm in winter and cool in summer. In addition, sky gardens can also absorb dusts and purify the air.



◆ Guigang store, Guangxi



◆ Baise store, Guangxi



Sun Art Retail's RT-Mart Hele store in Jiaxing is awarded with LEED Certification, a global green building certification system.

◆ LEED Certification - Hele City, Jiaxing

## Emissions Management

Emissions generated by Sun Art Retail in its operations include greenhouse gases, other air pollutants, wastewater and solid waste. The Group strictly complies with relevant laws and regulations, follows the principles of emission compliance, and carries out various environmental initiatives to reduce emission and promote recycling.

### Air Emissions

In addition to greenhouse gases, air emissions generated from Sun Art Retail's operation include sulfur dioxide, nitrogen oxides, particulate matter and carbon monoxide. These gases are generated from the combustion of gasoline and diesel used for the Group's own fleets.

### Wastewater Management

Wastewater discharge generated by Sun Art Retail mainly comes from the water consumption in its operation, such as the use of sanitary ware, store sanitation, food processing and the operation of air conditioning. Wastewater discharged by the Group is in strict compliance with relevant regulations and is uniformly treated through the municipal sewage pipe network. We appreciate the recycling of wastewater by installing wastewater storage and recycling systems on the pure water equipment, which transports wastewater to designated points for reuse, saving 490,000 tons of water annually. During the reporting period, the Group discharged 15,711,413.38 tons of wastewater<sup>8</sup> through the municipal sewage pipe network and the wastewater discharge intensity was 178.27 tons/million RMB revenue.

### (Solid) Waste Management

The solid waste generated by Sun Art Retail's daily operation mainly includes paper and plastic products, cardboard, foam plastic, kitchen waste, waste oil, metals and a small amount of hazardous waste. In order to achieve standardized waste management, we adopted the five-area classification at the stores, to sort them according to the characteristics of waste generated in the outdoor area, shopping area, office area, operation room and warehouse. By using sorting trash bins, we can collect, classify and weigh all wastes. We take corresponding recycling treatment for all recyclable waste.

#### Cardboard Boxes Recycling Management

Cardboard boxes are the main recyclable, harmless waste of Sun Art Retail. To standardize its recycling process, we have formulated and released the *Store Waste Cardboard Recycling Process* (《门店废纸板回收流程》), in which the code of the whole recycling process of waste cardboard is clearly stipulated. Stores are responsible for placing waste cardboard that meets the recycling requirements at the recycling point, and then the loss prevention auditors will notify the recycling vendor for three-party weighing and packing. To ensure the completeness and reliability of the recycling data of waste cardboard boxes, we have clarified the recording process in the aforementioned Regulations, and carried out monthly data verification and analysis to identify abnormalities, find the causes and solve them in a timely manner. During the reporting period, 124,400 tons of waste cardboard were recycled by Sun Art Retail.

#### Waste Sorting

Responding to the national call to action, the Group initiated waste sorting in stores in accordance with relevant city management policy. Sorting trash bins are displayed in stores to guide customers' waste habits.



During the reporting period, the air emissions (other than greenhouse gases) generated by Sun Art Retail is as follows:

Indicators	Unit	Fiscal Year 2020/2021 <sup>5</sup>	Fiscal Year 2021/2022 <sup>7</sup>
<i>Air Pollutants Generated from Vehicle Operation</i>			
Sulfur Dioxide	ton	0.13	0.10
Nitric Oxides	ton	35.47	137.84

Indicators	Unit	Fiscal Year 2020/2021 <sup>5</sup>	Fiscal Year 2021/2022 <sup>7</sup>
Particulate Matter	ton	1.18	9.98
Carbon Monoxide	ton	73.55	55.86

[7] The air pollutant emission factors used for FY 2021/2022 have been updated with adjustments from FY 2020/2021. 2020/2021 data have not been restated.

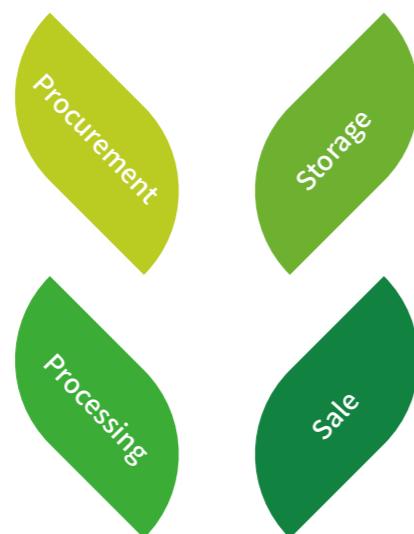
[8] Wastewater discharge is estimated at 80% of total water consumption.



## Food Loss and Waste

Sun Art Retail continues to improve the management of food loss and waste. To control the amount of loss and waste, we have adopted the approach of full value chain loss control management, covering food procurement, storage, processing, sale and the timely replenishment.

In light of the influencing factors such as sales and logistics, Sun Art adjusts procurement plan timely to avoid food loss and waste due to inventory backlogs and logistics delays.



Keeping the storage environment clean and following the storage workflow for all types of foods. For food storage with temperature requirements, temperature-controlled storage will be applied strictly as per the requirements.

Relevant personnel need to strictly follow the standard workflow for food processing, keep the process hygienic and tidy, and avoid food loss due to operational errors.

Sun Art Retail predicts the future sales volume based on factors such as historical data and market conditions, and shelves products accordingly to avoid food loss and waste caused by dull sale.

◆ Part of Sun Art Retail's Full Value Chain Loss Control Management for Food Loss and Waste

To continually optimize its food loss control, the Group has set targets for food loss and waste in various categories, and analyzes the gap between actual volume on a yearly basis to identify areas of improvement.

During the reporting period, the waste generated by the Group is as follows:

Indicators	Unit	Fiscal Year 2020/2021	Fiscal Year 2021/2022
Harmless Waste Generated	ton	684,775.72	212,838.68
Harmless Waste Generation Intensity	ton/million RMB revenue	5.51	2.41
Recyclable Waste Generated	ton	507,255.17	136,575.79
Non-recyclable Waste Generated	ton	177,520.55	76,262.88
Hazardous Waste Generated	ton	268.27	197.64
Hazardous Waste Generation Intensity	kilogram/million RMB revenue	2.16	2.24

## Use of Water Resources

Sun Art Retail adheres to the green concept of saving resources, continues to explore and take actions and measures with significant environmental benefits, and thereby reducing water consumption of the Company.



### Automatic Floor Scrubber

In 2019, Sun Art Retail started to promote the use of unmanned floor scrubber, which is equipped with a unique quadruple filtration system. Compared with traditional scrubbers, each machine can save 65,700 liters of water per year. To date, there are 6 stores equipped with the machines under the Group.

Sun Art Retail is carrying out market research, factory visits and biddings to promote the use of unmanned floor scrubbers in more stores.



### Water-Efficient Taps

Water-efficient taps are installed in all the existing and new stores to improve water efficiency. Each tap can save 30 tons of water per year. It is estimated that the total savings of water is approximately 100,000 tons.

◆ Water-saving Measures Taken by Sun Art Retail

All water used by Sun Art Retail come from the municipal pipeline network. The Group's water consumption during the reporting period is as follows:

### Water consumption

Fiscal Year 2020/2021<sup>5</sup>

24,668,376.75 ton

Fiscal Year 2021/2022

19,639,266.72 ton

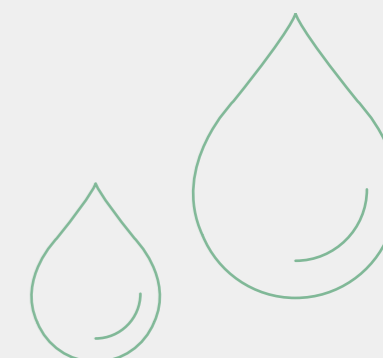
### Water consumption intensity

Fiscal Year 2020/2021<sup>5</sup>

198.40 ton/million RMB revenue

Fiscal Year 2021/2022

222.83 ton/million RMB revenue



## Plastics Reduction and Packaging Materials

### Plastics Reduction

Sun Art Retail actively endorses the plastics reduction campaign by regulating the use of plastic products in its operation, and increasing the reuse and reducing the use of plastic products.

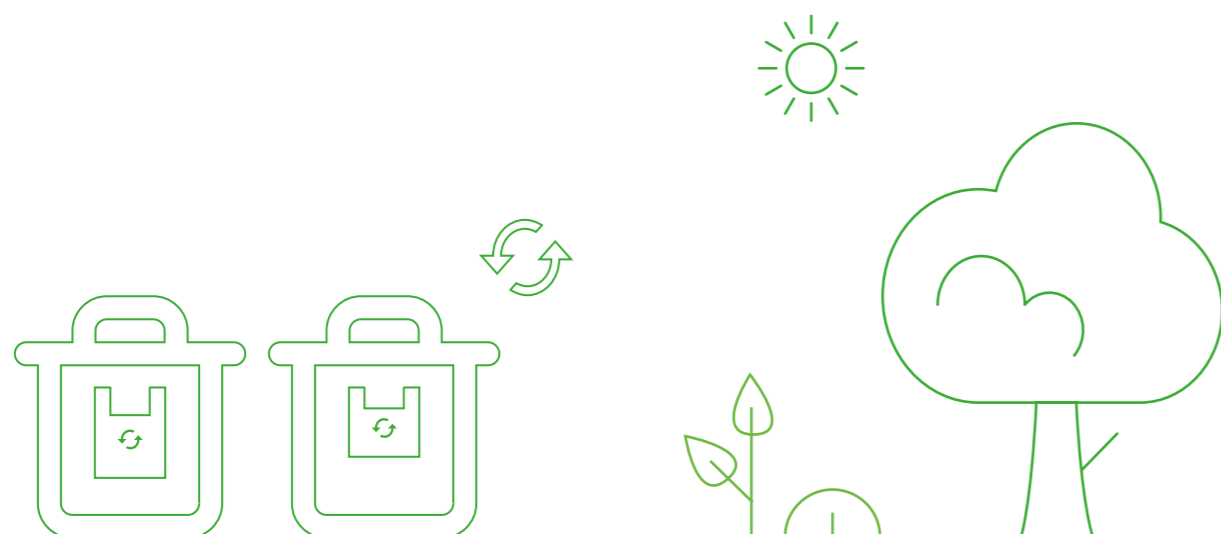
To have the specifications and usage rules of trash bags in place, we formulated the *Code of Practice for the Use of Trash Bags* (《垃圾袋配置使用操作规范》), which clarified corresponding trash bags for bins of different specification, and listed the scenarios and safety cautions for reusing trash bags. To track the use of trash bags, the stores will record the number of trash bags claimed and check the inventory monthly. Meanwhile, commissioners from the headquarter will audit the use of trash bag through inspection tours and make timely corrections. Based on the standardized management of trash bags, we estimated that the cost of trash bags will shrink by 30% on the basis of the original plan during the next reporting period.

In addition, Sun Art Retail continues to promote the use of biodegradable plastic bags in our stores to reduce the environmental impact of plastic products. At present, 194 of our stores have used biodegradable plastic bags in accordance with local government requirements.

At the same time, Sun Art Retail actively works with suppliers to carry out plastic reduction actions and implement environmental protection actions from our products.

#### case Teamed up with Olay for a Green Future

- Greener packaging: Olay renovated the packaging of their products. Through the upgrade of bottles from plastic to glass, the plastics saved annually is equivalent to 2.8 million mineral water bottles.
- Degradable material: Olay upgraded the material of their skin care facial mask products, and created the exclusive 100% bio-degradable fiber material.
- Sun Art Retail: Adhering to the concept of environmental protection, we actively cooperate with the corresponding single product to be put on the shelves at the first time, and provide high-frequency poster resources, ground stack and other support.



## Packaging Material Management

Sun Art Retail attaches great importance to the management of packaging materials and continues to explore reusable ones to reduce unnecessary loss. To this end, we initiated the following actions and measures to reduce the use of consumables:

### Measures to Reduce the Use of Consumables

#### The "Bring Your Own Stretch Film" Program with Suppliers

Sun Art Retail's dry goods warehouse stopped providing stretch films for suppliers since Jun 2021 and required the suppliers to use their own stretch films for unloading, packing and warehousing instead.



#### Fixed Plastic Turnover Basket

To reduce the use of consumables and ensure the safety of products, Sun Art Retail adopted turnover box delivery for all open stock. The use of recyclable turnover boxes, as the replacement of disposable foam boxes, has significantly reduced the use of consumables.



#### Regulating the Use of Goods Carrier

All the goods carriers in the fresh product warehouse of Sun Art Retail are recyclable, such as plastic trays, food-grade foldable turnover baskets and food-grade insulated cabinets.

Suppliers are responsible for reinforcing the packaging of vulnerable goods from the source to avoid wasting consumables on secondary packaging.

In addition to ensuring the quality of picking and distributing goods, the capacity load of the carriers should also be ensured to improve their service efficiency. Making sure the in-and-out of the warehouse of the carriers are registered.

Recycling the carriers in a timely manner to improve the turnover and utilization ratio. Checking the consumables regularly, collecting consumables as needed, stocking consumables according to previous data, accelerating turnover, and reducing inventory backlogs.



#### Automatic Packaging Machine

For fresh products, automatic packaging machines are used to assist packaging. Compared with the traditional manual method, the packing efficiency is doubled. The automatic packaging machines are equipped with intelligent identification kit, which can minimize the waste of packaging materials.



Sun Art Retail's packaging material consumption during the reporting period is as follows:

Indicators	Units	Fiscal Year 2020/2021 <sup>5</sup>	Fiscal Year 2020/2021
Packaging material consumption	ton	643.22	19,268.94
Packaging material consumption intensity	ton/million RMB revenue	0.0052	0.22
Packaging material of wood/paper fiber consumption	ton	/	610.61
Packaging material of plastic consumption	ton	/	18,658.33
Recyclable packaging material consumption	ton	150.47	318.33
Recyclable content in plastic packaging	ton	/	0.036



# Biodiversity and Animal Welfare

## Biodiversity Conservation

Biodiversity conservation is essential to a stable ecosystem and has important ecological functions. As a retail enterprise, Sun Art Retail is less involved in bio-diversity related activities in its daily operation. However, we are actively practicing our environmental responsibility and are committed to protecting biodiversity and maintaining ecological balance in our own operations. During the reporting period, Sun Art Retail leveraged the characteristics of its own operations and worked with its partners to carry out a number of biodiversity conservation activities and called for active participation by consumers to enhance the promotion of the concept of biodiversity conservation.

### case Protecting Endangered Plants

With the intention to protect biological diversity and jointly safeguard the ecological environment on Earth, Huamu Planet, a trendy and eco-friendly home care brand under Unilever, cooperated with RT-Mart and China Biodiversity Conservation and Green Development Foundation to officially launch the Program of Protecting Endangered Plants in 2019. We sent 14,000 meconopsis back to majestic snow-capped mountains in 2019 and protected 15,000 mu (or 1,050 acres) of an endangered flower, Tianshan snow lotus, in 2020.

In 2021, the Program launched its third activity - Protecting Golden Camellia. RT-Mart stores nationwide launched this activity simultaneously. Consumers can protect 1 plant of Golden Camellia with a single purchase of Huamu Planet up to certain amount. During this activity, 10,000 plants of Golden Camellia were protected by Sun Art Retail.



### case The Green Hada Action

Started in 2011, the “LUX Green Hada Action” aims to prevent grassland from degradation, help farmers and herdsmen to increase their production and income, and improve the living standard of herdsmen through improving local eco-environment in Tibet by grass planting. Over the past 11 years, this charity project has planted 16,950 mu (or 1,186.5 acres) of pasture in 10 townships of 7 counties and districts in the Qinghai-Tibet Plateau, covering a total area of approximately 11.3 million square meters.

In 2021, RT-Mart launched activity in its stores nationwide together with LUX. Consumers can donate 1 square meter of grassland with a single purchase up to a certain amount. RT-Mart and LUX jointly planted 1 million square meters of grass in the Tibet Plateau that year.



## Animal Welfare

In addition to safeguard the natural environment that human depends on, Sun Art, as a retail enterprise, also values animal welfare and actively supports animal conservation and welfare advocacy activities. During the reporting period, we have worked with relevant farms for the grassland free-range cattle project, the free-range chicken project and a series of reassuring projects, to promote animal protection awareness for all.

### case Grassland Free-Range Cattle

Since its cooperation with Theland, RT-Mart has been introducing New Zealand sourced, high-quality milk (Cows that eat green grass, graze naturally, have holidays and listen to music). Known as the "grassland free-range cattle", every cow enjoys 6 acres of land, has fresh alfalfa and ryegrass for food, and is free grazed without prolactin injections.

Since the introduction of the products, the national untaxed sales totaled RMB108 million, with main categories as UHT milk and milk powder.



### case Strategic Cooperation – Bright Reassuring Eggs

During the reporting period, Sun Art Retail launched the strategic cooperation with Bright Foods for the Reassuring Egg Project. The project adopted a whole-process automatic control starting from the feeding system. It strictly monitored the feed quality to make sure there was no drug residues, hormones, hazardous substance or pathogens contained. At the same time, a world-class layer breeding equipment was introduced, in which an environment controller performs automatic control of the environment temperature around the layers according to the temperature curve. The breeding system monitors in real-time, provides scientific health plan, and offers quick veterinary diagnosis and treatment. In addition, the eggs are cleaned and UV sterilized by advanced equipment to ensure the quality and safety of the finished goods.



### case Free-range Chicken Cooperation Project

During the reporting period, Sun Art Retail reached cooperation with Xiangjia Farm in Hunan to promote free-range chicken breeding project. Chicken breeding was carried out in improved pastures and natural forests, with enough space and natural feed, such as the specially planted chicory. Sun Art also actively cooperates with other farms with animal welfare breeding qualifications, such as Jiangsu Lihua Animal Husbandry Co., LTD., to further help optimize the development of free-range chicken projects and provide professional support for the implementation of our animal welfare. At present, Hunan Xiangjia and Jiangsu Lihua Free-range Chicken products have covered about 200 Sun Art Retail stores.



# Responsible Procurement for a More Sustainable Supply Chain

Sun Art Retail attributes great importance to the sustainable development of procurement and supply chain, and is committed to building a win-win operating model. As a large-scale domestic retail enterprise, we fully recognize the significance of a stable and harmonious supply chain in the operation and development. Therefore, we remain active in sustainable procurement, supplier management and communication, to take on procurement with social responsibility.



- 4.1 Sustainable Procurement
- 4.2 Supply Chain Management
- 4.3 Supporting Suppliers
- 4.4 Supplier Communication

802 suppliers of the Group obtained HAC-CP/ISO22000 certification

The signing rate of the Agreement Letter of Integrity among our suppliers reached

100%

About 100 SKUs of organic vegetables are available for sale





# Sustainable Procurement

To ensure the supply chain stability, safeguard the brand reputation, control and optimize the cost, and differentiate the products and service, Sun Art Retail has made tremendous efforts in sustainable procurement. When selecting or evaluating suppliers, in addition to the economic component, we also fully consider the environmental, social and ethical factors. During product selection, fresh products with MSC and OFDC qualifications are preferred. We also require our suppliers to leverage information technology to optimize distribution routes, improve facility operation and maintenance, increase transportation efficiency, and achieve energy conservation and emission reduction. On the other hand, we are committed to seeking natural and ecological procurement of products, as well as a sustainable supply chain. We co-develop with our suppliers in a series of organic products, and actively introduce qualified alternative vegetable protein foods for the diversity and sustainability of procurement.

In order to meet consumers' pursuit of quality and natural origin, **100%** of the beef categories sold by Sun Art Fresh Retail department can be traced back to the source, and all beef categories in East China can be traced back to the source of raw materials. At the same time, the purchasing department also increased the promotion investment of organic pure milk, launched desert organic milk, organic A $\beta$ -casein pure milk, dream cover series, which highlights our high standard for product qualification as well as strict food safety and quality, and demonstrates our contribution to the sustainable development of companies across the supply chain.

## Marine and Aquatic Products

In terms of seafood and aquatic products, Sun Art Retail is actively committed to the sustainable procurement of products and gives priority to seafood and aquatic products with traceability. The live water purified fish we introduced from Shanghai can be supplied to most stores in East China, and the breeding place, qualification and other information of all products support testing and traceability. In addition, in terms of packaged frozen products, the Group actively encourages all suppliers to purchase or feed seafood or seafood raw materials with sustainable traceability. At present, our seafood procurement share with MSC certification accounts for 3% of aquatic packaged frozen products. Its MSC qualified manufacturers include Shanghai Haitianxia Food Co., LTD and Zhejiang Lanxue Food Co., LTD.



◆ MSC Certifications



Huamer French Toothfish



Blue Snow Atlantic Cod Steak (spp: Gadus morhua)



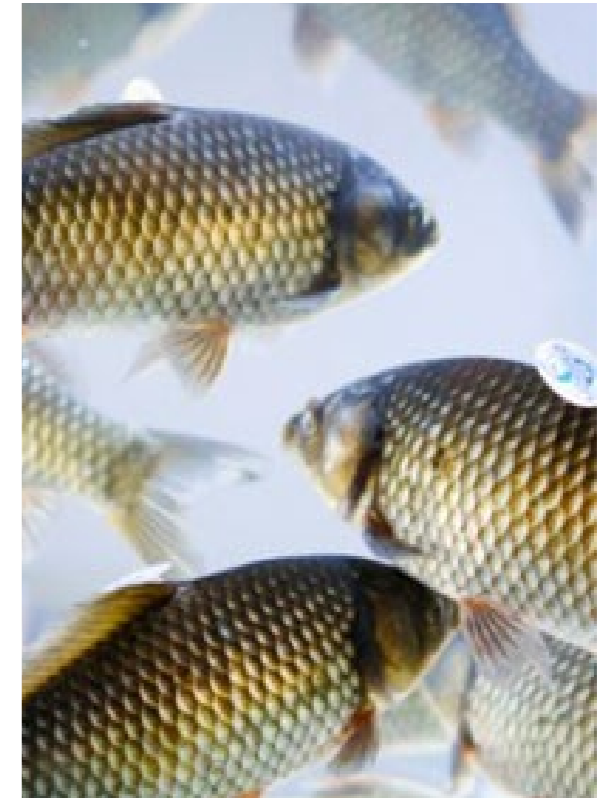
Blue Snow Atlantic Cod Steak (spp: Gadus morhua)

◆ MSC Certified Seafood

### case Quality Tracing of Aquatic Products in Bright Fishery

In the fresh product project under the strategic cooperation between Sun Art Retail and Bright Fishery, the main products include snail carp, grass carp, silver carp, crucian carp, snakehead, perennial turtle, eel, and Pacific white shrimp. The processed chilled products are mainly basa fish fillets, snakehead fillets, bass fillets, frozen fresh shrimp, open-backed bass, open-backed crucian carp, grass carp, and silver carp.

Bright Fishery has successfully realized the quality traceability of aquatic products and obtained the right to use the quality traceability mark of the Ministry of Agriculture. Every branded freshwater fish sold is labeled with "Bright Fishery" QR code for tracing, achieving full traceability from pond to table.



[9] MSC (Marine Stewardship Council) Aquatic Certification is an accredited supply chain certification for good management of marine fisheries and processed aquatic products. program.

[10] OFDC Organic Standard Certification" The OFDC Organic Certification Standard "has been assessed by the IFOAM Accreditation Organization (IOAS) as equivalent to EU regulations. Organic products certified according to the OFDC Organic Certification Standard can enter the EU and other important international organic markets directly or through mutual recognition.

## Organic Products

In terms of organic products, the manufacturers with OFDC organic certification under Sun Art Retail include Shanghai Zhongren Agricultural Science and Technology Development Co., Ltd., Changshu Heremore Modern Agriculture. In terms of organic products, Sun Art Retail adopts a two-end procurement mode, purchasing goods from the wet market and vegetable base in batches. Each batch strictly checks the qualification and compliance certificate of suppliers, and ensures that all dishes can be traced back to the market stall or production end. For organic vegetable and fruit products using organic fertilizers, we also strengthen cooperation with agricultural bases and farmers. By increasing the proportion of purchases from bases, we develop our own brands, so as to form standardized planting and further strengthen the traceability of products.

Meanwhile, the Group's current OFDC organic certification manufacturers include Shanghai Zhongnian Agricultural Technology Development Co., LTD., Changshu Haiming Modern Agriculture Development Co., LTD., Shanghai Yongda Fungi Co., LTD., and Shandong Luyuan Vipin Agricultural High-tech Co., LTD. There are about 100 organic vegetable items sold in the whole year, and organic vegetables account for 1% of the total vegetable performance. Development Co., Ltd., Shanghai Yongda Fungi Industry Co., Ltd. and Shandong Luyuanweipin Agricultural High-tech Co., Ltd. About 100 SKUs of organic vegetables are available for sale throughout year, and organic vegetables accounts for 1% of the total vegetable business.



◆ OFDC Organic Certification

## Vegetable Protein

The development of vegetable protein is an important measure to improve human health, protect natural resources and maintain animal welfare. Today, animal welfare is an increasing concern for consumers. They place greater emphasis to ecological awareness and green food, which further encourages the development of vegetable protein. Vegetable protein meat is not only an important source of human dietary protein, but also an excellent low-calorie food for vegetarians and dieters who have "Three Hypers", i.e., hypertension, hyperglycemia and hyperlipidemia, for its comprehensive nutrition and rich dietary fibers with zero trans-fatty acid and zero cholesterol. Therefore, Sun Art Retail has introduced meat snacks made from vegetable protein, including brands like PFI (必斐艾), Lucky Wang (王小卤) and Zuming (祖名) since September 2021. We have introduced over 100 plant protein SKUs in fiscal year 2021/2022, with annual revenue exceeding RMB60 million.

Plant-based milk has been on the rise in recent years and become increasingly favored by young customers and people with lactose intolerance. Therefore, together with the leading brand of plant-based milk - Oatly, we have built an Oatly Pop-up Shop of Sun Art Retail, which not only drives the growth of plant-based milk business, but also appeals to people to choose a healthy lifestyle.

◆ Oatly Pop-up Shop at Jinji Lake Store, Suzhou



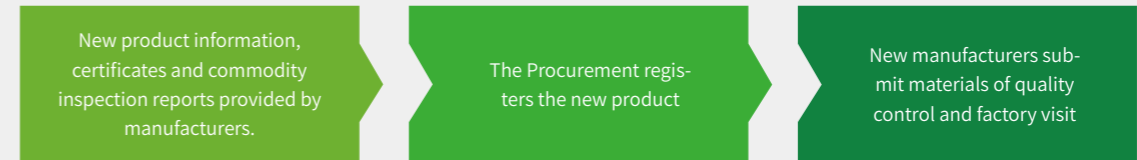
## Supply Chain Management

Sun Art Retail is committed to achieving long-term, stable and sustainable development. By improving the supply chain management, supplier access system and evaluation process, and establishing management measures on supplier risks and business ethics, Sun Art Retail ensures its standardized management and risk control in the supply chain, so as to form a complete and stable supply chain.

### Supplier Access

Sun Art Retail implements strict and standardized management in supplier access. According to the relevant national and international standards for food safety and quality, in combining with the Company's own characteristics, we have formulated the review system and workflow of supplier access, which cover all aspects from supplier qualification, enterprise risk, transportation risk, packaging material use, etc. Suppliers who are interested in application must first fill in our "Qualification Evaluation Form" formulated according to the national standards. The Procurement Department will audit the supplier's qualification and enterprise risk, and the Quality Inspection Department will be responsible for the audit of product quality and factory environment, with a focus on the product inspection report issued by a third party. After that, we will determine the access qualification according to the audit results. The information of suppliers will be included in the database only after passing the audit. At the same time, we also pay much attention to the suppliers' green development concept, and hope to reach a consensus with the supplier on such topics. In the process of supplier access and audit, we will give a full consideration of the sustainable development status of suppliers, including the performance of pollutant discharge, employee care, human rights, resource conservation, etc., as an important basis for supplier selection.

In addition, Sun Art Retail gives priorities to producers with HACCP/ISO22000 certification, conducts annual audits on suppliers' qualifications, and keeps expanding our cooperation with high-quality manufacturers. During the reporting period, 802 suppliers of the Group obtained HACCP/ISO22000 certification.



Certificate of Hazard Analysis and Critical Control Point (HACCP) System



Certificate of Food Safety Management System




Certificate of Food Safety Management System (FSMS)

◆ Evaluation Process of Supplier Audit


## Supplier Management


According to the audit results of supplier access, Sun Art Retail has divided current suppliers into two control categories: first brand and risk control brand. On the basis of regulatory compliance, we designed and implemented the control process. The suppliers are managed and reviewed through full-cycle measures from brand introduction, supervision to follow-up, with an emphasis on the regular audits of existing suppliers on the quality and safety of goods, raw material composition, and field factories, as well as the reviews on data update and compliance, business ethics, and green operation. In addition, we have also carried out risk audit on transportation suppliers from various aspects, including vehicle positioning technology and electronic files, delivery punctuality, customer satisfaction, transportation accidents, etc. We grade them according to the operation data in the system backstage, and hold weekly production and sales meetings to analyze the causes of logistics issues, discuss improvement plans and follow-up their executions.



**Vehicle Matching and External Vehicle Carrier Supplier**


- All vehicles should be equipped with GPS. While ensuring the traceability of purchased materials, information technology should be used to optimize distribution routes, increase transportation efficiency, and achieve energy conservation and emission reduction.
- When the contract expires every year, open bidding will be conducted for suppliers of external carriers to eliminate those underperformed transportation companies.
- Conducting monthly supplier assessment (delivery punctuality rate, receipt timeliness rate, customer satisfaction, driver cooperation, and accident rate).
- Establishing electronic files for trucks to control the temperature throughout the process, ensure food safety, and reduce food waste.






**Supplies, Equipment, and Engineering Suppliers**


- The supplier shall provide various qualification certificates to ensure their accuracy and validity.
- The supplier provides information including the performance and proportion of major customers, the number of employees, the area/ownership, the source of goods, etc., so as to ensure the human rights and product traceability of the company.
- Verifying the authenticity of information provided by the supplier on relevant websites and checking if there is any regulatory violation on www.creditchina.gov.cn to ensure the business ethics of the supplier.






**Labor Dispatching Supplier**

- Ensuring that dispatched employees get equal pay and compensation for equal work in the same workplace. Employment, assessment, rewards and disincentives are open and consistent, so as to protect the human rights of employees.
- Keeping regular communication with dispatched suppliers to get an update on the market conditions and employees' working conditions in the company, and making active and timely adjustments accordingly. Regularly screening and replacing disqualified suppliers.
- Conducting monthly interview and survey with dispatched employees to remain updated on the suppliers' operation, so as to maintain supply chain stability.





**Carriers in Collaboration with Fresh Foods Warehouse**

- Transport vehicles shall be equipped with G7 system and related equipment to realize automatic alarm of abnormal temperature events, so as to prevent quality and safety problems and food waste of fresh products caused by transportation.
- The auditors conduct daily review of the carriage temperature during the distribution process and send feedback to the transportation company to notify abnormalities and request improvements, and assist the supplier to make improvement.
- Goods delivery documents shall be signed and confirmed by the carrier, loss prevention department and store, and the traceability and quality assurance of food shall be strictly controlled.

In addition, in terms of deli foods, Sun Art Retail reduces the biosafety risk by selecting raw material suppliers of meat from different producing areas, and shares the supply chain with meat products to improve the meat logistics efficiency. On the other hand, we actively retain localized suppliers, which can guarantee the basic supply chain logistics under special circumstances and reduce the epidemic risk. In aquatic products, according to the result of our manufacturer rating, we will stop the payment and trigger the partnership discontinuation process for high-risk manufacturers.

As of March 31, 2022, the Group was working with 24,648 suppliers. The breakdown by region is as follows:

Suppliers		No.	FY 2021/2022
By Regions	East China		6,909
	North China		4,773
	Northeast China		3,321
	Central China		4,322
	South China		5,323
	Number of Suppliers in Mainland China (excluding Hong Kong, Macao and Taiwan)		





## Business Ethics of Suppliers

Sun Art Retail strictly abides by its ethical standards and requires the same of its suppliers. During contract signing, an "Integrity Agreement Letter" must be signed by the supplier, with clauses specifying a feedback channel of integrity issues. The binding scope includes anti-corruption, anti-unfair competition, anti-unfair treatment, etc. The supplier must agree to and sign the agreement letter before moving into the next step of business cooperation with Sun Art Retail. During the reporting period, the signing rate of such letter among our suppliers reached 100%. For anti-corruption cases, Sun Art Retail will accept it within 5 working days, and investigate it within 7-14 working days, with a maximum of no more than three months. During the reporting period, the Group conducted 4,611 supplier audits in the past three years.

A total of supplier audits have been conducted in the past three years

4,611 times



## Supporting Suppliers

As a part of the retail industry, Sun Art Retail cares about not only its own long-term development but also the industrial trends, actively assists the suppliers in the industry for brand incubation, and sincerely supports and empowers the suppliers.

### case Supporting the incubated brands when introducing suppliers – Öarmilk Yogurt

Öarmilk, a trending high-end yogurt brand, was introduced in December 2021. After its introduction, Sun Art Retail has devoted great attention and support to the new brand by highlighting the new products display both offline and online, marketing the consumption scenario, and conducting tastings in stores to create the buzz.

During the reporting period, the brand has covered 32 stores in Shanghai, Suzhou and Wuxi, and completed the regional coverage in Shanghai and Suzhou (21 stores) from June to August.



### 看得见的生牛乳蛋白

-  一杯 Basic 无蔗糖希腊式发酵乳  
 ≈ 1.5 个鸡蛋蛋白质\*
-  每杯 Basic 无蔗糖希腊式发酵乳  
 = 4 杯生牛乳精华\*
-  每杯原生乳蛋白含量  
 普通酸奶的 3 倍\*

**case** Supporting the incubated brands when introducing suppliers

**LUCKY WANG**

In August, 2021, Sun Art Retail introduced a hit series, “tiger skin chicken feet”, with additional multiple flavors. At the same time, it enriched the brand’s other best-selling series – beef and bean brisket. By marketing it as “a must-chew for the nation”, the chicken feet sold well across all channels. The omni-platform launch delivered hundreds of millions of exposures. During the reporting period, the total sale in East China reached RMB12 million, of which the promotional sales grew well during the important windows of the hit series. In 2022, more flavors will be added, and the total brand sales is estimated to reach RMB20 million.



During the reporting period, the total sales of East China

RMB **12** million

Total brand performance in 2022 is estimated to reach

RMB **20** million

**MO XIAO XIAN**

In June 2021, Sun Art Retail introduced current trendy fast food brands, including 8 SKUs containing multiple categories of fast food categories to meet consumer demand. Sun Art Retail carried out offline year-round 3-5 stalls of print posters to support brand incubation and store sampling promotions, while online key seconds activities supported online promotions.



**case** Supporting the incubated brands when introducing suppliers – Asaka Hair & Body Care

In August 2021, the Asaka Japanese plant-based amino acid body and hair care series hit the shelves in RT-Mart (East China). With static and dynamic displays, we supported the marketing by using printed posters during key schedules and leveraging online resources for multi-channel exposure. Through shaping users’ minds and increasing transaction conversion from on-site interaction, we boosted the brand sales to RMB20 million.



# Supplier Communication

In order to strengthen the supplier relations and promote information exchange, Sun Art Retail organizes supplier trainings and meetings from time to time every year. The training mainly takes place online, covering topics such as food safety, new system, logistics, external training, etc. In addition, we also work with renowned third-parties to carry out supplier exchange events.

- 1.Introduction to the receiving process—8:30-9:30
- 2.Introduction to return process—9:30-10:30
- 3.Introduction to storage and regulatory orders—10:30-11:30
- 4.Live question and answer session



◆ Distribution Center Training



◆ Food Safety Training

# People oriented

## building a happier corporate culture

Adhering to the "people-oriented" employment philosophy, Sun Art Retail respects and guarantees the equal legal rights of every employee in terms of employment, salary and welfare, training and development, etc. We promise to fully protect employees' legitimate rights, provide a platform for their growth and development, set up diversified training mechanisms, create a healthy and safe workplace with friendly atmosphere, and strive to realize the common growth and development between employees and the Group.



- 5.1 Employee Profile
- 5.2 Development and Training
- 5.3 Employee Care

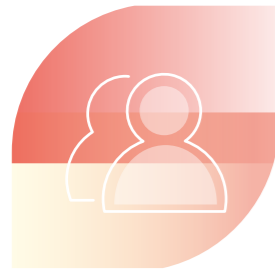
People with special needs and disabilities account for **1.66%**

of all employees, and minorities, **1.85%**

Enhanced staff training in all aspects with a participation rate reached **100%**

The overall satisfaction among employees was **99.80%**





## Employee Profile

According to relevant laws and regulations including the *Labor Law of the People's Republic of China* (《中华人民共和国劳动法》), the *Labor Contract Law of the People's Republic of China* (《中华人民共和国劳动合同法》), the *Social Insurance Law of the People's Republic of China* (《中华人民共和国社会保险法》), and *Employment Injury Insurance Act* (《工伤保险条例》), we have formulated internal policies and rules such as *Employee Handbook*, which clarify the basic principles and requirements for legal employment, employee rights, protection of employees' legitimate interests, etc., to create a fair and just employment environment for employees.

## Employee Rights and Interests

Following the concept of fair and just employment, we take qualifications, skills, performance, etc. as the unified measures, regardless their age, sex, race, nationality, marital and familial status, health, and religion. Equal interview opportunities are given to candidates once their qualifications meet the requirements of relevant positions. We are against of any form of discrimination and unfair competition.

Child labor and forced labor are strictly prohibited in Sun Art Retail under all circumstances. We are committed to promoting legal employment among partners and suppliers. There were no cases of child labor or forced labor during the reporting period.

## Labor Manual

It is clearly stipulated that people under 16 years of age may not be employed. Employees who are under 18 years of age shall not be engaged in work that may endanger their health or safety, including night shifts and overtime. Employees' identities are checked through a complete human resource system to block the entry of any identity information that is inconsistent with the minimum age criteria.

## Employee Handbook

Clarifying the employees' rights and interests, and strictly adopt different working hours systems for different positions according to the nature of the positions and the needs of business development. For overtime work on weekdays and holidays, overtime pay and leave adjustment shall be enforced according to laws and regulations, and the calculation of overtime pay shall be in accordance with the relevant regulations of the state and local governments.

Conducting in-depth investigation and timely handling in case of violations to employees' rights and interests, and reviewing and improving the system and management process. Meanwhile, we have set up and completed a number of complaint and appeal channels, such as e-mail, public complaint hotline and complaint mailbox, to ensure the rights and interests of employees.

## Employee Recruitment

Sun Art Retail has established a complete human resource management system. Through a sound recruitment mechanism and a comprehensive salary system, it has standardized the recruitment process. The Company has been improving the recruitment efficiency, standardizing and streamlining the recruitment process, and providing a robust guarantee for the company's hiring.

We have introduced a flexible employment platform to integrate the whole process of recruitment, employment, salary settlement, etc., to simplify the recruitment and management process. On the one hand, we have supported the "flexible organization" recruitment plan of the Company, increased the employment ratio of staff in simple and practical positions, and improved the operational efficiency of branch stores. On the other hand, our openings are mainly for college students. We have simplified the recruitment process for qualified college students, and carried out all-round pre-training for hired ones, to fully advance the professionalism of temporary workers.

University-industry cooperation in teaching activities is another signature of Sun Art Retail. By continuing collaborative education with universities, we have introduced and trained an abundance of excellent graduates. We set on to keeping a young workforce. By the end of the reporting period, the Company had cooperated with 41 universities and recruited a total of over 1,200 people. In addition, we provide flexible development for employees through internal job transfers, to improve the compatibility between employees and jobs.

the Company had cooperated with

 **41** universities

recruited a total of over

 **1,200** people

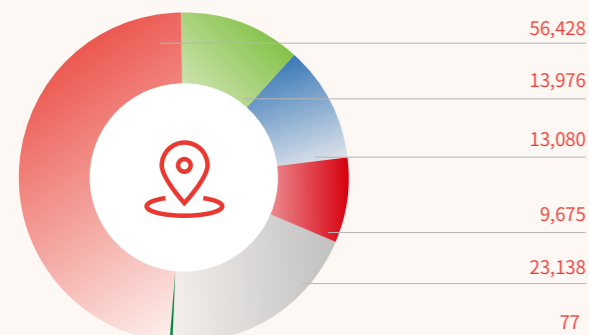


## Employee Diversity

We value the importance of employee diversification to the sustainable development of the Company. We hire from different backgrounds and fields through diversified recruitment channels, to foster diverse thinking and bring innovative momentum to the Company. We actively offer employment opportunities for the minorities and people with disabilities. Suitable and convenient positions in art design, mailroom, warehouse management, cleaning and customer service departments are provided to people with disabilities according to their personal conditions. Based on the universal post wage standards, their salaries are guaranteed to be equal pay for equal work without discrimination. To protect the special rights and interests of every female employee, we formulated and signed the Special Collective Contract for the Special Interests of Female Employees, in accordance with the *Labor Law of the People's Republic of China* (《中华人民共和国劳动法》), the *Women's Rights Protection Law of the People's Republic of China* (《中华人民共和国妇女权益保障法》). In addition, the coverage rate of employees who signed collective contract was 100%.

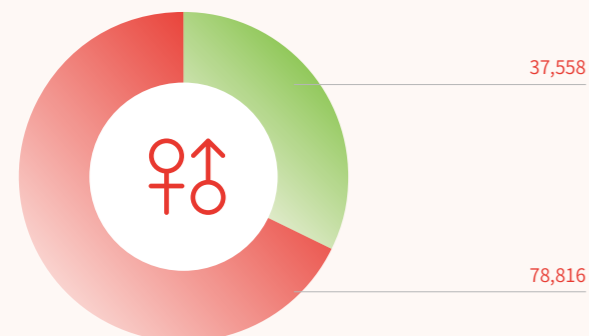
By the end of the reporting period, the number of full-time employees at Sun Art Retail totaled 116,374, of which 1,927 were people with special needs and disabilities (accounting for 1.66%) and 2,157 were minorities (accounting for 1.85%).

By Region



- East China
- North China
- Northeast China
- Central China
- South China
- Hong Kong, Macau & Taiwan

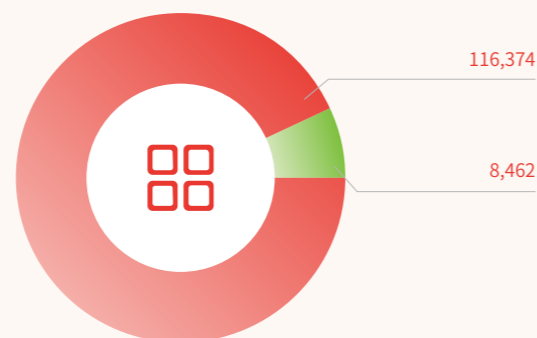
By Gender



- Male
- Female

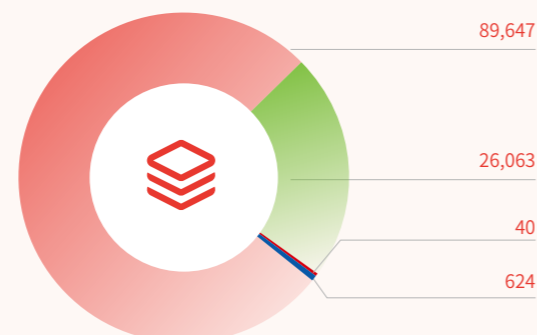
Unit: Person Unit: FY 2021/2022

By Employee Type



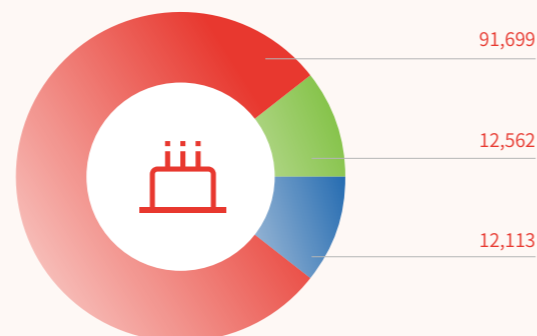
- Full-time
- Part-time

By Job Position



- Senior Management
- Junior Management
- Middle Management
- General Staff

By Age



- < 30
- 30 - 50
- > 50

## Remuneration

Sun Art Retail firmly believes that the efforts of every employee deserve to be valued. We strictly observe the salary standards as well as the national and local salary management regulations to ensure basic livelihood protection for employees with basic salary, we have formulated and completed a competitive salary and welfare system with rewards, and created an incentive mechanism for the win-win development between employees and the enterprise.

During the reporting period, we have set up a shared salary center to coordinate the salary of all staff across branches in the same city, by adjusting the salary management position from store-based to city-based. In this way, we have standardized the operational process for a unified salary management, and reduced repetitive and similar workflows. Meanwhile, the comprehensive IT management could facilitate the executives in making faster and more accurate decisions to improve salary management efficiency and reduce labor costs.

Reducing repetitive work and operational cost

Standardizing the process and strengthening the central control

Comprehensive information pooling and improving corporate efficiency

Coordinating manpower and reducing human resource cost

◆ Shared Salary Center

Sun Art Retail regards its staff as an important part of the enterprise, we provide flexible working hours for employees, and some positions can be arranged for two shifts according to personal time. In special cases and during epidemics, employees can temporarily arrange to work from home with the approval of the department head and human resources department. In addition, employees in different regions are entitled to paid parental leave and paternity leave according to national laws.

At the same time, we care about their life and health after work and carry out a series of welfare programs, and encourages employees to participate in various activities and develop their hobbies. At the same time, our trade union organizes various activities regularly to look after employees' physical and mental health. All employees of Sun Art Retail have the right to join the trade union voluntarily. By the end of the reporting period, the trade union coverage had reached 100%.



By the end of the reporting period, the trade union coverage had reached

100%

### ■ Team Building Events at Festivals and Celebrations

Every festival and celebration, we plan and organize various team building activities to provide employees with opportunities to get to know each other and enhance team cohesion.



◆ Employee Gift Box for Spring Festival



◆ RT Mart Spring Festival



◆ RT Mart Annual Celebration



◆ Employee Gift Box for Dragon Boat Festival



### ■ Physical Exercise Activities

We value the health of our employees, and encourage them to participate in various physical exercises organized by the Group to keep fit after work.



◆ Love Yoga



◆ Fat Burning Aerobic Exercises



◆ Chinese Classic Dance

### ■ Employee Insurance

We are dedicated to provide a more comprehensive medical insurance coverage for our employees. We have purchased supplemental medical insurance and personal accident insurance for all employees of Sun Art Retail, with a quota of RMB5,000 per person per year. In addition, we have set up a public insurance pool of RMB1.5 million to provide hospitalization insurance for employees with special circumstances.



◆ Supplemental Medical Insurance and Personal Accident Insurance





## Development and Training

Sun Art Retail understands the importance of employee development and training in talent management. We are committed to planning clear career development paths for our employees, creating a comprehensive training system, and improving employees' personal hard and soft skills while enhancing the company's talent attractiveness and competitiveness.

### Employee Development

Sun Art Retail places high value to the retention and training of employees, supports a fair and sound performance appraisal system and promotion mechanism, and offers employees with diversified career development opportunities.

We keep refining our goal-based or progress-oriented performance appraisal system for different job positions, with specifically designed key performance indicators. A double-verification process is performed by the management team and the human resource department to ensure the authenticity and fairness of the appraisal result.

By leveraging our human resource system developed in-house, we have set up two mechanisms for performance incentives, to ensure the internal fairness and external competitiveness of our remuneration standards, which could motivate employees and improve work efficiency.

- Short-term incentives are bonuses issued based on individual KPI fulfillment.
- Long-term incentives include a retirement reserve fund to ensure the salary and welfare of store heads, and an internal stock ownership plan (ETBS) for 100% eligible employees, where a portion of our net profit is distributed to employees each year as a token of our appreciation for their hard work.

In addition to incentives, we have also established a clear job promotion path, with a criterion encompassing six major dimensions, i.e., performance data, audit score, work experience, training assessment, practical ability and skills development. During the reporting period, we made significant improvements in the form of employee promotion assessment. To improve efficiency and fit the development trend of the Group, we have implemented a nationwide online assessment, formulated standardized assessment processes, systems, forms and precautions, and improved and expanded the assessment function of DingTalk Cloud Classroom.

Re-establishing the online examination question bank according to the function of DingTalk Cloud Classroom.



Re-designing the examination paper according to the characteristics of online examination.



The computer will assign, draw questions, time and mark papers during the examination.

With the upgrade of online promotion assessment, human intervention is minimized, assessment cost is reduced, and assessment efficiency is improved, creating a fairer and more efficient assessment platform for employees' promotion.

Indicator	Unit	2020/2021FY	FY 2021/2022
Total Attrition Rate	%	14.3%	18.2%
By Age			
<30	%	17.8%	33.8%
30 - 50	%	16.3%	13.3%
>50	%	17.5%	31.2%

Indicator	Unit	2020/2021FY	FY 2021/2022
By Gender			
Male	%	14.2%	20.1%
Female	%	17.8%	17.3%
By Region			
East China	%	16.3%	20.8%
North China	%	16.6%	20.7%
Northeast China	%	16.6%	1.2%
Central China	%	17.0%	4.8%
South China	%	16.8%	22.5%
The Attrition Rate of Employees from Hong Kong, Macao and Taiwan	%	/	16.3%

### Employee Training

Sun Art Retail firmly believes in the value of talents in driving the Company's sustainable development. We have established a complete training system according to the development needs of employees in different stages and positions. Differentiated learning programs are designed and developed in combining theoretical study with hands-on practice, to help our staff grow and thrive, so that they can provide more professional and better service to customers, and grow along with Sun Art Retail.

During the reporting period, we have meticulously identified the training needs of employees, customized the training content according to the core skills needs of on-the-job employees, and allocated appropriate training resources, to enhance our staff training in all aspects.

#### Enhancing the Training Content and Lecture Lineup

- Xinhai Management Reserve Program: as the Group's key talent development program in FY 2021, it featured internal and external expert resources. The number of training sessions has increased from 10 to 20 compared to 2020, realizing a 190% increase of talent count.
- Procurement Management Trainee Program: we have formulated training content for procurement management trainees to replenish the team, and achieved a 142% increase of talent count.

#### Developing New Courses and Updating the Training System

- Curriculum Development: while updating 26 professional courses, we have developed six general courses, i.e., Seven Habits of Highly Effective People, Stress Management, Emotional Intelligence Management, Nine Enneagram Personality Types, Cross-departmental Cooperation, and Team Building, to provide an all-round training.
- Updating the Training System: updating and completing the online training system for all employees at the group headquarters.

#### Strengthening the Training of Outstanding Candidates in the Top Class for Management Trainees

- The Top Class focuses on the training of essential positions. Every region has 2-3 places of recommendation for outstanding employees. Every candidate is assigned with a professional tutor and trained at work. With a concentration on the top resources, other management trainees are also motivated.

#### The Bellwethers Program

- The Bellwethers Program is a leadership development project of RT-Mart's core management, which aims to develop competitive organizational capability in business strategisation and core management empowering. This program empowers employees with professional qualities to make overall plans, think from the customers' perspective, lead changes, spark innovation, and enhance organizational awareness and business thinking. At the same time, it is combined with the concept of outreaching and learning-by-doing to let employees feel that they are learning by teaching.

Total No. of Full-time Employee Trainings

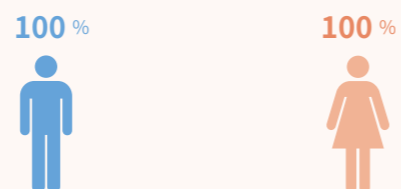
118,435 Person-time

% Of Employees Trained

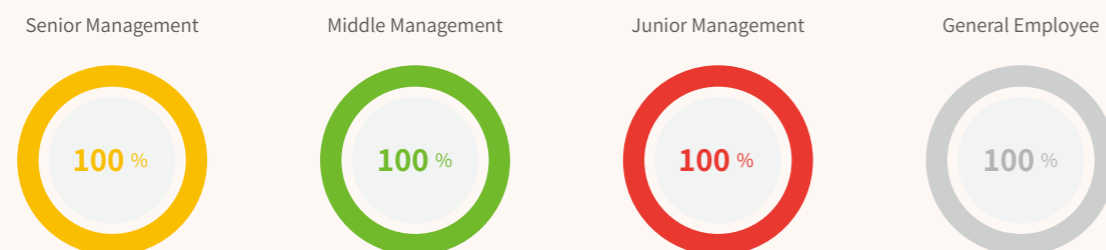


% Of Employees Trained by Gender

Male Female



% Of Employees Trained by Job Positions



No. of Training Hour Per Capita

5.7 Hour/Person

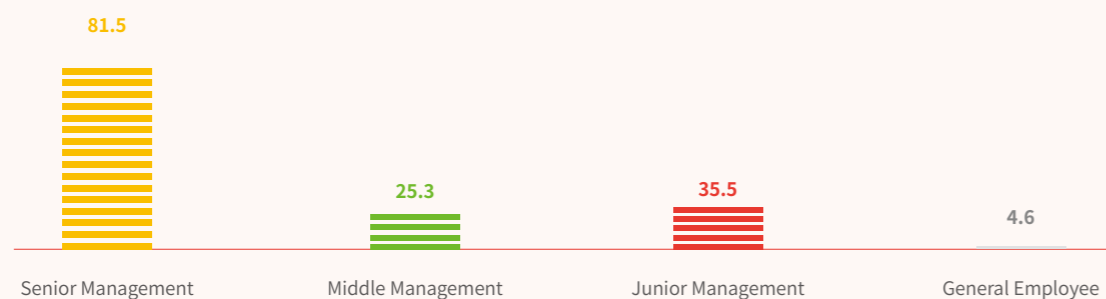


No. of Training Hour Per Capita by Gender

Male Female



No. of Training Hour Per Capita by Job Positions



# Employee Care

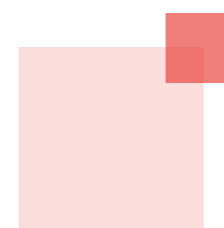


The health and safety of our employees is a top priority in Sun Art Retail's talent management, and we have conducted several safety drills and health education initiatives to fully protect the safety and health of our employees. Sun Art Retail values the hard work of every employee, listens to the opinions and suggestions of every employee, and strives to build a continuous close relationship. To this end, we have carried out various employee care activities and held employee satisfaction and engagement surveys.

## Employee Communication and Care

We are committed to creating a caring corporate culture. To appreciate our employees' dedication to the Company's development, we organized a series of employee care activities to deepen their sense of identity, belonging and happiness. We built multiple channels of communication to gain insight into their difficulties and needs, and conducted "Rock Survey", a regular survey of employees' satisfaction and engagement. For issues identified during the reporting period, we discussed the corrective measures and pushed forward the improvement.

## Diversity Talent Competition



To meet the diverse interests of employees, we organized talent competitions such as Dragon Boat Race on the Cloud, RT-Mart Craftsman Competition, etc., to help employees with their work-life balance. Our meticulous care in all aspects of their life also enhanced the corporate unity and cohesion.



◆ RT-Mart Craftsman Competition



◆ Dragon Boat Race on the Cloud



## Caring Women at Work

We pay special attention to the needs of women at work. During the reporting period, we planned and carried out activities to support female employees, such as illustration, compilation, hand-made activities, etc. In the Mid-Autumn Festival and Spring Festival, we designed "A Letter from Home" program to advocate women's mental health. Meanwhile, Sun Art Retail has set up a maternity room at its headquarters to support new mothers and create a women-friendly workplace.



◆ Flowers from CEO at Women's Day



◆ "A Letter from Home" Program

## Communicating Needs & Wants in the Workplace

We welcome the communication between employees and the Company, and always believe that listening to their voice is one of the effective ways to better an enterprise. We continue to build a communication and feedback platform to understand the needs and difficulties of employees through monthly seminars. Meanwhile, we have set up a special complaint department in the headquarter and a complaint hotline, as channels to collect employees' demands. We assist in their work or related needs to improve employee engagement and satisfaction.



◆ Hotline – The Voice of Employee



◆ Staff Seminar

## Employee Satisfaction Survey

During the reporting period, we organized employees to participate in the online Rock Survey, i.e., employee satisfaction and engagement survey. The total number of employees surveyed reached 150,000, and the overall satisfaction was 99.8%.

According to the survey results in terms of engagement and satisfaction, we introduced timely improvements for issues raised by employees. We are always ready to provide personalized support for more employees, create a more comfortable workplace, and support employees to enjoy a healthier life after work.

The total number of employees surveyed reached

150,000

The overall satisfaction was

99.8%



◆ The Rock Survey at Sun Art Retail

## Health and Safety

Sun Art Retail always regard the health and safety of our employees as the top priority. A healthy and safe workplace is the fundamental guarantee for our employees. We strictly abide by relevant laws and regulations including the *Safety Production Law of the People's Republic of China* (《中华人民共和国安全生产法》), the *Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases* (《中华人民共和国职业病防治法》), and continue to improve our health and safety training system, as well as appraisal standard, to reduce risks and avoid accidents. There were no work-related fatalities during the past three years in fiscal years 2020 and 2021. During the reporting period, the seven cases of employee fatalities in workplace accidents included three cases of death by disease, two cases of death by traffic accident and two cases of accidental death. After the accidents occurred, we were the first to pursue them and ensure that the incidents were properly handled in accordance with the law.

We raise the safety awareness of our employees through a series of safety training and assessment, aiming at minimizing the risk of injury and accidents. During the pandemic, we paid more attention to the pandemic prevention in relevant workplaces, and formulated protection plans and measures in disinfection and supplies distribution.

### [Safety Awareness Training]

The Group keeps improving its safety awareness training system. During the pandemic, we launched a series of online safety trainings, which closely combined safety content with employees' skill upgrade through digital measures, to improve the learning outcome. Safety precautions, emergency responses and case sharing were emphasized to reduce safety risks and the possibility of injuries.

We have conducted several specific safety trainings online focusing on the safety of charging area for Taoxianda deliveryman, in-store night safety precautions, equipment maintenance and renovation, etc. Starting with specific safety cases, we have comprehensively refined the content and raised the awareness of safety trainings.

During the reporting period, Sun Art Retail delivered high-quality training with extensive coverage in safety awareness. The trainings covered all the in-store staff and express deliverymen, with a participation rate of over 100%. While building a safety training system, we have also been improving relevant enforcement and monitoring systems, and optimizing the handling of safety violations, as well as the reward and punishment mechanism.

## [Security Practice Drill]

In order to reinforce employees' knowledge and skills in areas of preventing safety and health hazards at workplace, self-protection, and preventing occupational safety risks, and safeguard their health and safety, Sun Art Retail actively carries out practical training in addition to safety awareness education, and strives to achieve the goal of "safety first, zero violation, zero hidden danger and zero accident".

We regularly arrange in-store drills including fire-fighting, anti-terrorism and power outage, to help employees master the use of fire safety tools, and strengthen their emergency response and self-protection in events of fire, attack and power outage.

In the light of pandemic prevention, Sun Art Retail has practiced safety drills in stores over 1,500 times during the reporting period.

During the period, Sun Art Retail has practiced safety drills in over

**1,500** times



◆ Anti-terrorism Drill



◆ Fire-fighting Drill



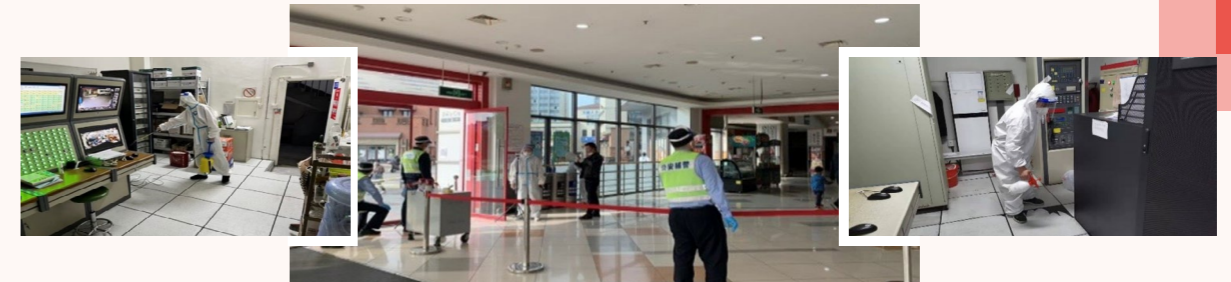
◆ Power Outage Drill

As of the end of the reporting period, Sun Art Retail has won many awards in fire safety, and was awarded with Advanced Group and Advanced Organization many times. Meanwhile, many of our store staff were awarded with the honor of Advanced Individual in fire-fighting.



## [Anti-pandemic Security Guarantee]

Since the pandemic outbreak in 2020, employees of Sun Art Retail have always remained at their posts to ensure the adequate supply of daily necessities to the public, and contributed to the national victory in fighting the pandemic. To ensure the staff safety during the pandemic, we purchased adequate PPEs such as masks, goggles and gloves, so they can get the basic protection for effective isolation. We have also supervised and carried out daily disinfection in stores and related workplaces. After the resumption of work, we actively cooperated with the police for on-site deployment and control, and realized the most efficient, convenient and safe work resumption for pandemic prevention and control.



◆ Monitored Disinfection at Stores

◆ Police On-site Deployment and Control for Work Resumption

静安区总工会  
静安区疫情心理咨询服务热线



静安区疫情心理咨询服务热线“暖心”上线啦！  
安心陪伴，守护您的心理健康。

当前，上海市疫情防控工作正处于关键时期，在积极配合疫情防控工作的同时，我们也要学会照顾好自己心理健康，做好“心理防疫”。为此，静安区总工会推出7\*24小时免费心理援助专线4000586885，希望帮助广大职工积极主动求助，调适不良情绪，提高心理免疫力。

静安区心理援助专线

400-058-6885

服务时间

4月3日至5月31日  
期间24小时均可拨打

一起面对面，与“一线医生”一起认识新冠、征服奥密克戎！

◆ Psychological Counseling Hotline in Jing'an District, Shanghai

At the same time, we took care of the mental health of every frontliner by providing access to psychological counseling hotline, as our support and assistance in safeguarding their mental health. In addition, we set up a special delivery channel for employees with specific needs to ensure their supplies.

Indicator	Unit	FY 2021/2022
Number of Work-related Injuries	Piece	639
Number of Work-related Mortality	Person	7
Number of Days Lost to Work-related Injuries	Day	32,133
Number of Work-related Accidents per Million Working Hours	Time/ Million Working Hours	1.88
Number of People with Occupational Illness per Million Working Hours	Person/ Million Working Hours	0

# Giving Back to the Community Becoming a Better Neighbor

Sun Art Retail always bears a strong sense of social responsibility. While pursuing all-round development, we also strive for common progress with the community and becoming a better neighbor to each other. Whether it is epidemic control, disaster relief or charity work, Sun Art Retail always cares for the people and the community. With its best efforts, it works in joint hands with the people and the community for a better future. During the reporting period, Sun Art Retail donated a total of RMB8.4249 million in anti-epidemic relief and public welfare.

Donated a total of RMB **8.4249** million  
into epidemic control, disaster relief and charity



- 6.1 Epidemic Control and Disaster Relief
- 6.2 Charity Work



# Epidemic Control and Disaster Relief

During the epidemic, Sun Art Retail actively assisted social epidemic control and carried out care measures for its employees. It provided medical supplies for many times, launched online community group-ordering project, and kept delivery service running, bringing warmth to the people living in epidemic and disaster-hit areas.

## case Fighting the Epidemic in Northeast China

During the epidemic outbreak in Northeast China, the directors of Sun Art Retail in the region deployed epidemic emergency protocol in person and formulated the epidemic emergency protocol for the whole region. Making use of the self-pickup function, store employees were encouraged to deliver orders using their own vehicles and goods are delivered to shops using E-lutong as per the government permission. The stores received an average of 40 orders each day. At the same time, to provide the people living in locked-down areas with sufficient supply, Sun Art Retail actively discussed with the government to serve locked-down communities, creating 2,803 orders during the epidemic.



a total of over  
**26,000**  
volunteers

In March 2022, when the virus raged in Shanghai, RT-Mart and Taoxianda launched the community group-ordering project together, providing unified supply delivery for community orders. The project was participated by a total of over 6,000 volunteers and served more than 1,572 communities.

In terms of employee care, Sun Art Retail provided disposable medical masks for its warehouse employees on a daily basis and equipped each working station with epidemic supplies, including alcohol, hand sanitizer and disinfection spray. During the epidemic, factory areas carried out all-round disinfection, and special allowance was granted to the "Big Whites" who made special work adjustments for fighting against the epidemic.

- The Company covered all the reasonable costs generated from employees' quarantine and set up group chats to learn about and solve their problems.
- The Company set up a separate isolation area that is managed by special personnel for drivers who deliver supplies to the epidemic area and were required not to leave the vehicles by the community.
- The Company guaranteed that the drivers have place to rest and their basic living needs are met, and provide them with special allowance.
- The Company worked with local communities to help residents living in locked-down areas. 1,500 pieces of supplies were sent to the communities.
- The Company organized stores to provide energy packs and easy accommodations for the deliverymen.

◆ Employee Care Measures during the Epidemic

In terms of disaster relief, Sun Art Retail actively formulated relevant disaster relief and assistance plans, and organized personnel and vehicles to the disaster areas as soon as possible, ensuring the safety and meeting the needs of staff and the public.

## case Contributing to Floods Relief in Zhengzhou

A heavy rainfall hit Zhengzhou on 20 July 2021, causing record-high amount of short-term rainfall. After receiving notification from the headquarter, the North China region of Sun Art Retail urgently organized vehicles and personnel to prepare for disaster relief supplies. With packing and loading completed over a short period of time, two vehicles set out to aid Zhengzhou immediately.



## case Snow Disaster Relief in Northeast China

In mid-November 2021, three days of heavy snow fell in Anshan, resulting in collapsed vegetable sheds and snow-locked roads, blocking the way for trucks. Just as the vegetables were about to rot, the Minsheng store in Anshan noted the situation and immediately organized vehicles and personnel to rescue the vegetables and helped the farmers to sell vegetables in the store so as to minimize their losses.





# Charity Work

Sun Art Retail vigorously promotes public welfare undertakings and is committed to delivering heartwarming community life. While providing customers with high-quality service, it also makes its own contributions through volunteer service and supplies donations. It has launched charity projects, such as “steps for charity” and “saving missing children”, and a series of community activities, to sincerely return love and warmth to society.



An online steps for charity program was launched and promoted through posters and roll-ups in the stores. Every week, the staff who donated the highest number of steps will be selected and rewarded to boost the participation of all colleagues.

Teaming up with Alibaba Philanthropy, we carried out the “Baby Go Home” charity program, in which we took concrete actions to help families to look for their missing children through donating money and displaying posters.



## Case Johnson & Johnson – The Listerine Charity Program

In caring for children’s oral health, enhancing their awareness of oral health management, and helping rural teenagers to foster and develop good health and hygiene habits, Listerine teamed up with RT-Mart to carry out the charity program, “Guarding Bright Smile - Caring for Children’s Oral Health”. Together, Sun Art Retail and Listerine donated 20,000 bottles of mouthwash in the activity.



Sun Art Retail and Listerine donated **20,000** bottles of mouthwash in the activity

## Case Joining Hands with Mars Wrigley for Oral Health

20 March 2022 is the World Oral Health Day. On this occasion, by leveraging the online platforms of Taoxianda and Youxian, as well as the offline channel of RT-Mart stores, RT-Mart worked with Mars Wrigley and held a unique oral health education for all.

Co-organized by RT-Mart and the Brand Department of Mars Wrigley, the program has built strong intellectual connections with consumers through both online and offline roadshows and interactions, as well as views of videos and topics. It raised the awareness of oral health and science, and educated on the proper methods of oral care for all.



## Case P&G -Whisper “I am a Girl” Charity Program



Whisper cooperated with RT-Mart to hold the “I am a Girl” buy-one-donate-one program, caring for the needs of girls during their growth, encouraging every girl to grow with confidence, and helping them to become anyone they want to be.

As small as one girl’s voice might be, with everyone speaks for women, the voice will be strong enough for the whole world to hear. Going forward, we also hope to see that their voices and their neglected needs can be heard and seen without having to shout loud. In this activity, Sun Art Retail and Whisper jointly donated menstrual pads and supplies of RMB1 million.

## Case Unilever-Zhong Hua “Oral Health China” Charity Program

With the intention to care for children’s oral health, Zhong Hua teamed up with RT-Mart to host the “Oral Health China” event in 2021. A fixed donation of Zhong Hua toothpaste or toothbrush with a value totaled approximately RMB420,000 was made to schools in rural areas.

A fixed donation of Zhong Hua toothpaste or toothbrush with a value totaled approximately RMB

**420,000** was made to schools in rural areas



**case** Unilever-Zhong Hua “Oral Health China” Charity Program

In 2021, Safeguard joined hands with RT-Mart to hold the “Health across China” charity program, building handwashing stations for 50 public welfare primary schools, and at the same time, sharing hygiene knowledge and fostering proper handwashing habits. In this event, a RMB420,000 donation was made jointly by Sun Art Retail and Safeguard for building handwashing stations.

RMB **420,000**

donation was made jointly by Sun Art Retail and Safeguard for building handwashing stations.



**case** P&G - Health Protection Five-Year-Plan in Hope Primary Schools

To promote the sustainable development of Hope Primary Schools and help rural teenagers to foster and develop good health and hygiene habits, P&G worked with RT-Mart and China Youth Development Foundation to jointly implement the “RT-Mart x P&G: Health Protection Five-Year-Plan in Hope Primary Schools”, in which P&G donated 1 RMB for every single item purchased of relevant P&G brands. As of December 2021, this project has benefited nearly 24,194 students and teachers in 39 schools, building facilities including handwashing stations, basketball courts and playgrounds for children. Sun Art Retail and P&G jointly donated a total of RMB1.2 million in this activity.



**case** Unilever-Domestos “Clean Rural Washrooms, Safeguard Children’s Health”

In 2021, Domestos worked with RT-Mart to launch the “Clean Rural Washrooms, Safeguard Children’s Health” action. Consumers can donate one bottle of Domestos toilet cleaner by every purchase of one pack (2pcs) of the product. Through the Shanghai United Foundation, products have been donated to 90 rural schools to protect the hygiene of rural toilets. 250,000 bottles of Domestos toilet cleaner were donated by Sun Art Retail and Doestos in this activity.



Besides, Sun Art Retail has also actively launched charity activities in terms of holiday care, teacher-student care and medical staff care, spreading love and care to every corner of life.

Warm New Year Greetings Charity Activity: visiting communities to express sympathy and provide help to families in difficulties.



The Elderly Care Activity on Double Ninth Festival: giving gift packs to the elderly on the Double Ninth Festival to express love and care.



Bearing Great Love, Gratitude Fills the Campus 2021: charity programs for expressing gratitude to teachers.



Praising Medical Personnel, Expressing Respect to the most Lovely People: stores organized staff to present greetings and gifts to health care professionals.



Expressing Gratitude to the Guardians of City Civilization: a Thanksgiving Day charity activity



Diabetes Health Charity Program: hosted health lectures and provided basic health checkups for customers for free



Porridge of Warmth: the Laba Festival charity activity



Charity Sale for Caring the Disabled



Supporting Students for the National College Entrance Examination: from 7 to 8 June, senior students can claim Gaokao gift pack with their exam admission tickets.



# Appendix

## HKEX Environmental, Social and Governance Reporting Guide

Environmental, Social and Governance Scope and General Disclosures and KPIs			Chapter
Environmental			
Aspect 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.	Green Operation
	KPI A1.1	The types of emissions and respective emissions data.	Green Operation
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Green Operation
	KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Green Operation
	KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Green Operation
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Commitments and Targets
	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.	Commitments and Targets
	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Operation
	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).	Green Operation
	KPI A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).	Green Operation
Aspect A2: Use of Resources	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Commitments and Targets
	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.	Commitments and Targets
	KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Green Operation

Environmental, Social and Governance Scope and General Disclosures and KPIs			Chapter
Aspect A3: The Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Green Operation
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Operation
Aspect 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.	Climate Change Response
	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.	Climate Change Response
Social			
Aspect 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.	Employee Profile
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employee Profile
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employee Profile
	Aspect B2: Health and Safety	General Disclosure	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.
KPI B2.1		Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Employee Care
KPI B2.2		Lost days due to work injury.	Employee Care
KPI B2.3		Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employee Care

Environmental, Social and Governance Scope and General Disclosures and KPIs			Chapter
Aspect 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
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	Development and Training
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labor 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 labor.	Employee Profile
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Employee Profile
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employee Profile
Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Sustainable Procurement, Supply Chain Management
	KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
	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
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sustainable Procurement
Aspect B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Strict Control of Food Safety and Quality, Dedicated Service Creates Wonderful Shopping Experience
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Strict Control of Food Safety and Quality
	KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Dedicated Service Creates Wonderful Shopping Experience

Environmental, Social and Governance Scope and General Disclosures and KPIs			Chapter
Aspect B6: Product Responsibility	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Nutritional and Healthy Choice
	KPI B6.4	Description of quality assurance process and recall procedures.	Strict Control of Food Safety and Quality
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Dedicated Service Creates Wonderful Shopping Experience
Aspect 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.	Corporate Governance
	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.	Corporate Governance
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Corporate Governance
Aspect B8: Community Investment	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Corporate Governance
	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Epidemic Control and Disaster Relief, Charity Work
	KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labor needs, health, culture, sport).	Charity Work
	KPI B8.2	Resources contributed (e.g., money or time) to the focus area.	Epidemic Control and Disaster Relief, Charity Work



## List of Applicable Laws and Regulations

### Laws and Regulations

Laws and Regulations

Company Law of the People's Republic of China

Securities Law of the People's Republic of China

Code of Corporate Governance for Listed Companies

Listing Rules

Corporate Governance Code

Labor Law of the People's Republic of China

Labor Contract Law of the People's Republic of China

Social Insurance Law of the People's Republic of China

Law of the People's Republic of China on the Protection of Women's Rights and Interests

Factory Insurance Act

Unfair Competition Law of the People's Republic of China

Anti-Money Laundering Law of the People's Republic of China

Interim Provisions on the Prohibition of Commercial Bribery

Safety Production Law of the People's Republic of China

Law of the People's Republic of China on the Prevention and Control of Occupational Diseases

Food Safety Law of the People's Republic of China

Regulations on the Implementation of the Food Safety Law of the People's Republic of China

Food Recall Management Measures

Interim Provisions on Recall Management of Consumer Goods

Cybersecurity Law of the People's Republic of China

Environmental Protection Law of the People's Republic of China

Energy Conservation Law of the People's Republic of China

Law of the People's Republic of China on the Prevention and Control of Water Pollution

Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste

SB/T 10814-2012 Guide for Supermarket Waste Management

### Internal Policies

Employee Handbook

Code of Practice for Anti-Corruption,

Agreement Letter of Integrity

Gift Handling Regulations

Food Safety Management Policy

Standards for Quality Inspection of Fresh and Fresh Products

Material Abnormality Handling Process (Recalls) of Products

Product Security Checklist of Concord Investment (China) Co., Ltd.

Code of Practice for Account Management of Concord Investment (China) Co., Ltd.

Code of Practice for Password Management of Concord Investment (China) Co., Ltd.

IT Incident Management Procedure of Concord Investment (China) Co., Ltd.

Environmental Management Charter

Energy Control Management Code

Energy Consumption Audit Standard

Rules of Monitoring Group Work Lines

Code of Practice for the Treatment of Pollution Sources in Stores

Code of Waste Separation and Recycling Management

Store Waste Cardboard Recycling Process

Code of Practice for the Use of Trash Bags

Special Collective Contract for the Special Interests of Female Employees

**SUN ART**  
*Retail Group Limited*

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