



**WING ON COMPANY INTERNATIONAL LIMITED**

**永安國際有限公司**

(Incorporated in Bermuda with limited liability)

(Stock code: 289)

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT**

**2022**

## **Introduction**

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

The Group hereby presents our Environmental, Social and Governance Report (the “Report”) to update our shareholders and the public on our ESG initiatives and accomplishments and other ESG matters for the year ended 31 December 2022 (the “Year”).

This Report covers the Group’s core operations of its department stores and its property investments which have substantial impact on our ESG performance. The scope of this Report covers our department store branches, corporate office, godown office, investment properties and property management office in Hong Kong and our department stores buying office in Guangzhou. There is no significant change in the scope of this Report from that of our 2021 ESG report published on 26 April 2022.

This Report is prepared in accordance with the reporting principles and the requirements of the Environmental, Social and Governance Reporting Guide (the “Guide”) set out in Appendix 27 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). An index setting out the “comply or explain” provisions of the Guide together with our disclosures is available at the end of this Report for the readers’ reference. For details of our corporate governance practices, please refer to the Corporate Governance Report included in the Group’s 2022 Annual Report.

### ESG missions

The Group’s ESG missions are:

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

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

## Governance structure

The board of directors of the Company (the “Board”) has the overall responsibility for our ESG strategies and reporting. The Board is also responsible for evaluating, prioritising, managing and assessing ESG-related issues and risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. ESG-related risks are handled in accordance with the Group’s Risk Management Policy. The Board has adopted a Risk Management Policy which sets out the risk management framework and process from risk identification to risk reporting, with a view to ensuring that there is consistent basis for identifying, evaluating, managing, monitoring and reporting risks across the Group at all levels to support the achievement of the Group’s strategic objectives on an ongoing basis. Management is responsible for the implementation of follow-up actions to resolve any material internal control defects identified when monitoring risks under the Risk Management Policy, and reports to the Board on the remedial actions taken and the rectification of the defects. Management has confirmed to the Board that the Group’s risk management and internal control systems are effective and adequate, and the Board considers that such systems are effective and adequate. The Board’s annual review of the effectiveness of the Group’s risk management and internal control systems (discussed in the Corporate Governance Report) included a review of changes in the nature and extent of significant ESG risks and the scope and quality of management’s ongoing monitoring of ESG risks. Based on the results of review performed by an external consultant engaged by the Group, no material or significant internal control deficiencies were identified. Details of the Group’s risk management approach can be found in the Corporate Governance Report.

The Board is the highest governing body responsible for the oversight of the Group’s ESG issues. An ESG committee (the “ESG Committee”) has been established to assist the Board to manage matters relating to ESG. The ESG Committee is responsible for formulating the Group’s policies and strategies on sustainability, evaluating and managing ESG risks and opportunities, setting ESG-related goals and targets (so as to further our Group’s ESG missions), implementing action plans, monitoring ESG initiatives, and reviewing ESG performance and progress. The duties and authority of the ESG Committee are set out in its terms of reference. The ESG Committee is chaired by the Group’s Chief Accountant, who is also the Company’s Company Secretary, and comprises members of senior management from various departments within the Group. Three ESG Committee meetings were held during the Year. Through the Chairman of the ESG Committee, the ESG Committee reports and updates the Board on ESG-related matters periodically for the Board’s review, approval and ultimate decision-making. This allows the Board to consider the Group’s performance against relevant ESG-related goals and targets on a periodic basis, as well as evaluate, prioritise and manage material ESG-related issues and risks (including prioritising and managing action plans and / or resources to relevant initiatives).

In particular, the ESG Committee updates and discusses with the Board as to the Group's stakeholder engagement activities and the materiality assessment (discussed further below), and the Board confirms the validity and priority of material ESG issues with the ESG Committee. With reference to the results of the materiality assessment, the Board manages ESG-related issues, formulates and refines its ESG approach and strategy, and incorporates ESG into corporate decision-making and the Group's daily operations.

As discussed under the section headed "Environmental" further below, the ESG Committee has set a medium-term operational environmental target covering the Group's greenhouse gas emissions, air emissions, electricity consumption, fuel consumption, water usage and paper consumption. The target facilitates our ESG mission to minimise our environmental impact and operate in an environmentally responsible manner. The Chairman of the ESG Committee periodically updates the Board on progress made towards achieving the environmental target set (including the relevant factors and circumstances affecting the achievement of the target), and discusses with the Board the adequacy and effectiveness of measures and policies implemented and any proposed measures and policies.

## Stakeholder engagement

The Group actively engages with its stakeholders to understand their needs and expectations. Stakeholder engagement helps the Group to identify material ESG issues and formulate ESG strategies to respond to stakeholders' concerns. Throughout the Year, the Group adopted various communication channels to encourage its stakeholders to provide feedback, as follows:

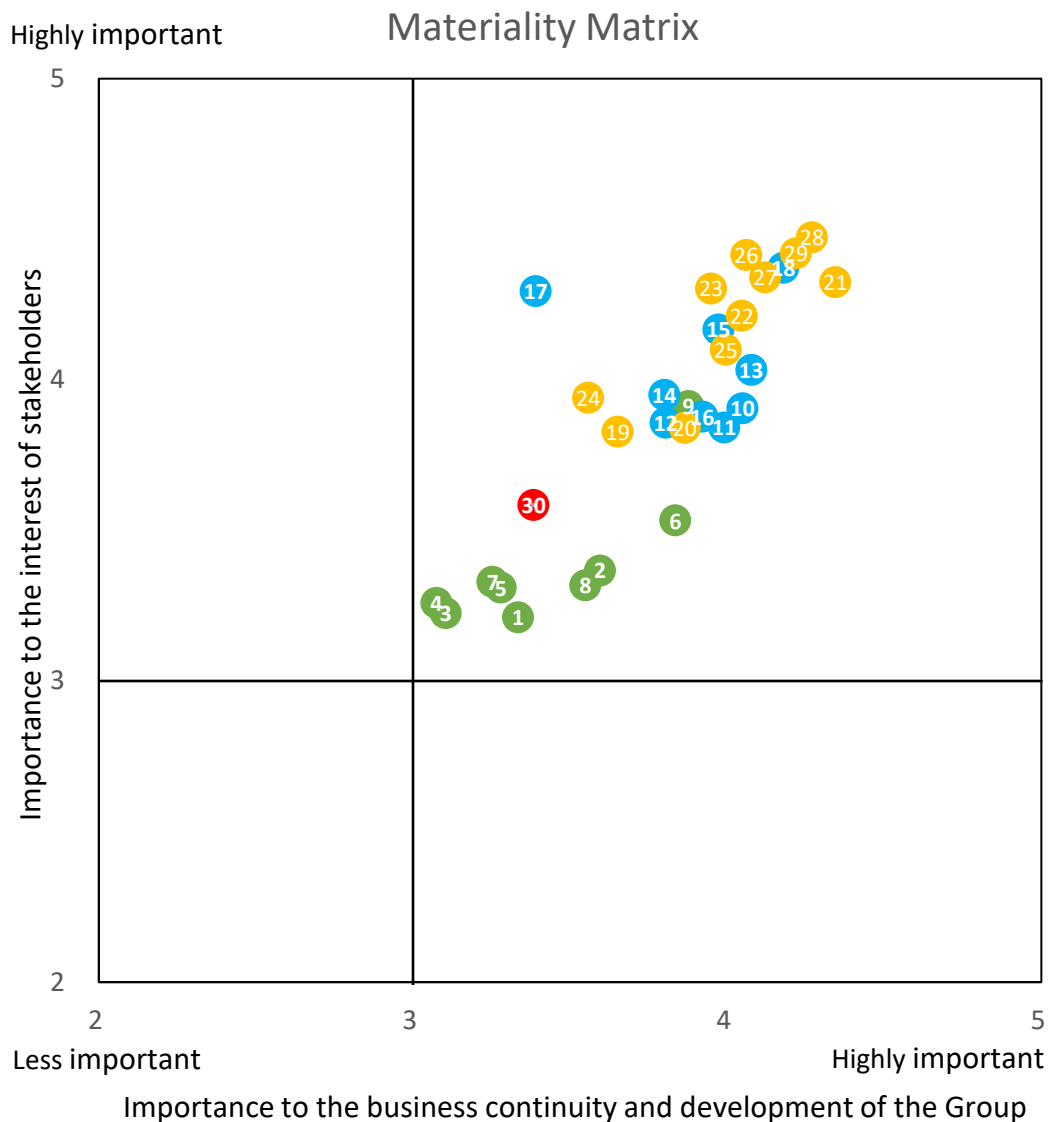
Significant stakeholders	Communication channels
<ul style="list-style-type: none"><li>• Employees / directors</li><li>• Customers / tenants</li><li>• Suppliers / business associates</li><li>• Shareholders</li><li>• Communities</li></ul>	<ul style="list-style-type: none"><li>• Training activities</li><li>• Staff performance appraisals</li><li>• Internal newsletters</li><li>• Whistle-blowing systems</li><li>• Company website / social media platforms / mobile apps</li><li>• Customers' feedback channels (e.g. phone / email / fax / feedback form)</li><li>• Visits and meetings</li><li>• Suppliers' performance reviews</li><li>• Tendering and procurement processes</li><li>• Suppliers' self-assessment survey</li><li>• Annual general meeting</li><li>• Financial reports / announcements / circulars</li><li>• Participation in charity events</li><li>• Donations and sponsorships</li></ul>

Please refer to the section headed "Materiality assessment" below for information on the expectations of our significant stakeholders and relevant feedback concerning the Group's ESG issues.

## Materiality assessment

In 2021, the Group carried out its first comprehensive materiality assessment by conducting a survey of its significant internal and external stakeholders. Thirty ESG issues were identified and classified under four categories – (i) Environmental; (ii) Employment and labour practices; (iii) Operating practices; and (iv) Community – and then prioritised according to the stakeholders’ responses. The results of this prioritisation survey were discussed and validated by the ESG Committee and the Board, in order to identify material ESG issues. For details of the approach and process adopted in the 2021 materiality assessment, please refer to the section headed “Materiality assessment” in the Group’s 2021 ESG report.

Since stakeholders’ priorities are continuously changing, during the Year, the Group re-evaluated the 30 material ESG issues identified in 2021 so as to assess their continued relevance. The ESG Committee assessed the 30 ESG issues identified in 2021, and identified emerging or obsolete ESG issues by reviewing the local reporting standard requirements, industry trends and feedback from stakeholders’ engagement activities. After the internal review, the ESG Committee and the Board confirmed that the validity and priority of the 30 ESG issues remained unchanged and should continue to be our focus in the years 2022 and 2023. An overview of the materiality matrix derived from 2021 materiality assessment is presented below:



**Environmental**

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

**Employment and labour practices**

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

**Operating practices**

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

**Community**

- 30. Charity and volunteer service

Based on the Group’s assessment, 15 ESG issues identified in the 2021 materiality assessment which lie within the upper right quadrant of the materiality matrix continued to be regarded as having high importance. Most of these issues are related to “Employment and labour practices” and “Operating practices” categories. They will be discussed in the respective sections of this Report.

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



## **Environmental**

The Group identified emissions of greenhouse gas and generation of non-hazardous waste from its operations as posing an adverse impact to the environment. The major sources of the Group's greenhouse gas emissions came from energy consumption (through the use of electricity and fuel) and consumption, disposal and treatment of paper waste (through the breakdown of organic matter in landfills), which accounted for 99.8% of the Group's greenhouse gas emissions. Other sources include water usage and air travel for business purposes. The non-hazardous waste of the Group was mainly generated from consumption, disposal and treatment of paper waste as well as disposal of electrical appliances and accessories. Please refer to the section headed "Non-hazardous waste management" below on how the non-hazardous waste is handled.

The Group's business activities principally consist of its department stores operation and its property investment business. Due to its business nature, the Group generated an immaterial amount of hazardous waste during the Year. All hazardous waste were handled in accordance with regulatory requirements. The Group is not engaged in water intensive industries and therefore its water consumption is not material. The Group's discharges into water and land are also not material. The air emissions of nitrogen oxides, sulphur oxides and particulate matter mainly came from the Group's delivery trucks and vehicles.

The Group considered that its emissions, resources consumption and waste generation are immaterial to the Group's operations. The impact brought by the Group's business operations to the environment and natural resources is insignificant and immaterial. Nevertheless, to ensure legal compliance and minimise our environmental impact, the Group has established various policies covering its commitments, initiatives and targets to meet environmental regulatory requirements, reduce emissions, enhance resources efficiency and manage waste. During the Year, the Group was not aware of any incidents of non-compliance with laws and regulations that had a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

To monitor and improve its environmental performance, the Group has set a medium-term operational environmental target, instead of a year-by-year reduction target, in 2021. The environmental target is to gradually reduce the Group's emissions and resources consumption by 5% across its operations by 2024 based on a 2019 baseline. The environmental target covers greenhouse gas emissions, air emissions, electricity consumption, fuel consumption, water usage and paper consumption (relevant to disposal and treatment of paper waste). No particular environmental target has been set for the disposal of electrical appliances and accessories as the hazardous waste and non-hazardous waste generated therefrom was and is not material. The relevant emissions and consumption data in 2019 and the Year, as well as the 2024 targets are set out below:

Emissions / consumption type	2019 baseline	2024 target	2022 performance
Greenhouse gas emissions	12,319 tCO <sub>2</sub> e	11,703 tCO <sub>2</sub> e	9,211 tCO <sub>2</sub> e
Air emissions			
Nitrogen oxides	405,096 g	384,841 g	305,916 g
Sulphur oxides	608 g	578 g	453 g
Particulate matter	28,030 g	26,629 g	21,686 g
Electricity consumption	18,958 Mwh	18,010 Mwh	16,682 Mwh
Fuel consumption	403 Mwh	383 Mwh	301 Mwh
Water usage	23,025 m <sup>3</sup>	21,874 m <sup>3</sup>	23,644 m <sup>3</sup>
Paper consumption	10.3 tonnes	9.8 tonnes	8.2 tonnes

Most of the 2024 targets in respect of emissions and resources consumption were achieved during the Year. Such achievement was largely distorted by the COVID-19 pandemic which seriously disrupted our business operations during the Year, while the 2019 baseline year was not affected by the pandemic. We will monitor the development of the pandemic and the pace of recovery of economic activities, and review and revise our targets when considered appropriate.

We have implemented various policies and measures to achieve the targets, to minimise our emissions, discharges and waste generation, to ensure the efficient use of resources and to minimise our impacts on the environment and natural resources. During the Year, we generally continued to implement certain policies and measures that we had implemented in previous years, in addition to new policies and measures. The measures undertaken are summarised below.

#### Electricity consumption

- Converted fluorescent tubes to LED lights at the back offices and storerooms of wing on *Plus Store* and *Main Store*.
- Installed LED lights at the renovated retail trading areas of *Main Store* and *Tsimshatsui East Store*.
- Adopted energy saving lighting fixtures at the corporate office, godown office and the property management office.
- Implemented a five-day work week in the department stores' office and property management office.
- Installed centralised multi-functional printers, instead of multiple standalone devices to handle all printing, scanning and fax requests. The number of centralised multi-functional printers were further reduced and consolidated to maximise usage and energy efficiency.

- Signed up for the “Charter on External Lighting” launched by the Environment and Ecology Bureau to switch off external lighting from 11:00 p.m. or midnight to 7:00 a.m. (since 2016), to reduce light pollution and electricity consumption. Main Store, Tsimshatsui East Store, Discovery Bay Store and Wing On Centre were awarded the “Platinum Award” by the Environment and Ecology Bureau, while wing on *Plus* Store and Wing On Kowloon Centre were awarded the “Gold Award” by the Environment and Ecology Bureau.

#### Fuel consumption and air emissions

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

#### Water consumption

- Always remind employees to be aware of water conservation.
- Regularly inspect and promptly repair leaking water facilities.
- Installed automatic on / off sensor water taps.

#### Paper consumption

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

### Non-hazardous waste management

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

### Green activities

- Participated in the “Lai See Reuse and Recycle Program” organised by Greeners Action to collect used red packets in good condition, which were handed over to sheltered workshops for sorting and distribution to the public for reuse next Chinese New Year. This Year was the fourth year that the Group has sponsored the program. The event was well-supported by customers and staff every year. However, the outbreak of the fifth wave of the COVID-19 pandemic during the first quarter of the Year substantially reduced the amount of red packets collected to 11kg (2021: 250kg).
- Participated in the “Umbrella Bags Reduction Accreditation Program” organised by Greeners Action to support the reduction in distribution of disposable plastic umbrella bags by providing environmental alternatives such as umbrella dryers, carpets and air movers. Wing On Kowloon Centre and Wing On Godown Building, which stopped offering any plastic umbrella bags, were accredited the “Diamond Level” by Greeners Action, while Wing On Centre was accredited the “Gold Level” by Greeners Action. Both Wing On Centre and Wing On Kowloon Centre also received the “Umbrella Bags Order Quantity Reduction Award” by Greeners Action.

### Certifications and awards

- The Group’s investment properties have received the Hong Kong Green Organisation Certification awarded by the Environmental Campaign Committee, Environmental Protection Department and major chambers of commerce in Hong Kong since 2021. The award recognises participating organisations’ efforts in adopting environmental practices in different areas.
- The Group implemented ISO 14001 Environmental Management System to manage its investment properties. The system was implemented to assist the Group in managing its environmental responsibilities in a systematic manner with the aim of contributing to the environmental pillar of sustainability. ISO 14001 is a well-recognised international standard that assists companies to identify environmental objectives and targets, as well as to evaluate environmental performance for continuous improvement.

During the Year, the Group's electricity consumption and fuel consumption decreased by 793 Mwh (or 4.5%) and 80 Mwh (or 21.0%), respectively. This was a combined result of the above mentioned initiatives, as well as the disruptions to our business operations caused by the fifth wave of the COVID-19 pandemic and the stringent anti-pandemic measures (such as the social distancing measures) imposed by the Government during most of the Year.

In contrast, water consumption, paper waste disposal and air travel increased by 2,747 m<sup>3</sup> (or 13.1%), 5.3 tonnes (or 77.9%) and 20,622 km (or N/A%), respectively. The Group's water consumption is mainly for sanitary purposes, and therefore its water consumption is not considered material. The substantial increase in water consumption was mainly due to the accidental discharge of fire sprinklers during concession vendor restoring the site in the Main Store. Paper waste disposal increased because the decrease in the Group's paper consumption was more than offset by a decline in recycling of shredded paper, which was a result of a decrease in expired documents required for shredding and disposal. The increase in air travel was due to the resumption of a small number of overseas business trips following the Government's relaxation of inbound pandemic control measures in September during the Year.

As a result of the reduction in electricity consumption and fuel consumption which were the major contributors to greenhouse gas emissions, the total greenhouse gas emissions decreased by 2.6% during the Year. However, the greenhouse gas emissions intensity of the Group (being a measure of the amount of greenhouse gas emissions per HK\$1 million of revenue generated) increased by 4.0% during the Year. This was because the reduction in total greenhouse gas emissions was offset by a larger percentage decrease in the Group's revenue.

The air emissions of nitrogen oxides, sulphur oxides and particulate matter during the Year decreased by 23.0%, 21.1% and 25.5%, respectively. These pollutants were mainly emitted from our delivery trucks and vehicles. The decrease in emissions was due to the reduction in the department stores' delivery service caused by the fifth wave of the COVID-19 pandemic during the Year.

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

**Greenhouse gas emissions** <sup>(Notes 2 & 3)</sup> **(with resources consumption and non-hazardous waste disposal figures** <sup>(Note 12)</sup>**):**

	2022	2021	Year-on-year variance (%)
<b>Scope 1 - Direct emissions and removals</b>			
<b>Fuel consumption</b> <sup>(Note 4)</sup>			
(in Mwh) <sup>(Note 5)</sup>	301	381	-21.0%
(in tCO <sub>2</sub> e)	73	93	-21.5%
Intensity per HK\$1m revenue <sup>(Note 6)</sup>			
(in Mwh) <sup>(Note 5)</sup>	0.295	0.349	-15.5%
(in tCO <sub>2</sub> e)	0.071	0.085	-16.5%
<b>Scope 2 - Energy indirect emissions</b>			
<b>Electricity consumption</b> <sup>(Note 7)</sup>			
(in Mwh)	16,682	17,475	-4.5%
(in tCO <sub>2</sub> e)	9,129	9,385	-2.7%
Intensity per HK\$1m revenue <sup>(Note 6)</sup>			
(in Mwh)	16.32	15.99	+2.1%
(in tCO <sub>2</sub> e)	8.93	8.59	+4.0%
<b>Scope 3 - Other indirect emissions</b>			
<b>Paper consumption</b> <sup>(Note 8)</sup>			
(in tonnes)	8.2	8.8	-6.8%
(in tCO <sub>2</sub> e)	39	42	-7.1%
<b>Greenhouse gas avoided by recycling waste paper</b> <sup>(Note 8)</sup>			
(in tonnes)	9.7	15.6	-37.8%
(in tCO <sub>2</sub> e)	47	75	-37.3%
<b>Paper waste disposal</b> <sup>(Note 8)</sup>			
(in tonnes)	-1.5	-6.8	+77.9%
(in tCO <sub>2</sub> e)	-8	-33	+75.8%
Intensity per HK\$1m revenue <sup>(Note 6)</sup>			
(in tonnes)	-0.001	-0.006	+83.3%
(in tCO <sub>2</sub> e)	-0.008	-0.030	+73.3%
<b>Water usage</b> <sup>(Notes 9 &amp; 10)</sup>			
(in m <sup>3</sup> )	23,644	20,897	+13.1%
(in tCO <sub>2</sub> e)	15	13	+15.4%
Intensity per HK\$1m revenue <sup>(Note 6)</sup>			
(in m <sup>3</sup> )	23.14	19.12	+21.0%
(in tCO <sub>2</sub> e)	0.01468	0.01189	+23.5%
<b>Air travel by staff</b> <sup>(Note 11)</sup>			
(in km)	20,622	0	N/A
(in tCO <sub>2</sub> e)	2	0	N/A
Intensity per HK\$1m revenue <sup>(Note 6)</sup>			
(in km)	20.2	0	N/A
(in tCO <sub>2</sub> e)	0.002	0	N/A
<b>Total emissions (direct and indirect) and removals</b>			
<b>Scope 1 &amp; 2</b>			
Greenhouse gas emissions (in tCO <sub>2</sub> e)	<b>9,202</b>	<b>9,478</b>	<b>-2.9%</b>
Intensity per HK\$1m revenue (in tCO <sub>2</sub> e)	<b>9.004</b>	<b>8.675</b>	<b>+3.8%</b>
<b>Scope 1, 2 &amp; 3</b>			
Greenhouse gas emissions (in tCO <sub>2</sub> e)	<b>9,211</b>	<b>9,458</b>	<b>-2.6%</b>
Intensity per HK\$1m revenue (in tCO <sub>2</sub> e)	<b>9.01</b>	<b>8.66</b>	<b>+4.0%</b>

Notes:

1. All data is provided and verified by respective department heads.
2. Greenhouse gas emissions were generated from the Group’s department stores operation and property investment business in Hong Kong.
3. Greenhouse gas emissions data is presented in tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) and the calculation methodology is based on the “Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong” issued by the Electrical and Mechanical Services Department and the Environmental Protection Department.
4. Fuel consumption included fuel used by delivery trucks and vehicles.
5. The consumption data is presented in megawatt hour (Mwh), and is calculated in accordance with “How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange.
6. The Group’s revenue from Hong Kong operations is used as the denominator to calculate greenhouse gas emissions intensity. The Group’s revenue from Hong Kong operations for 2021 and 2022 was approximately HK\$1,093 million and HK\$1,022 million respectively.
7. Emissions relating to electricity consumption are based on the latest emission factors provided by the two Hong Kong power companies, i.e. The Hongkong Electric Company Limited and CLP Power Hong Kong Limited. For the Group’s department stores buying office in Guangzhou, the emission factor is based on the “2019 年度減排項目中國區域電網基準線排放因子 (2019 Emission Factors for purchased electricity in Mainland China)” published by the Ministry of Ecology and Environment of the People’s Republic of China.
8. Emissions relating to paper waste disposal is equal to emissions from paper consumption minus emissions avoided from recycling waste paper. Paper consumption refers to plain paper used for copying and printing, while the amount of recycled waste paper refers to the paper recorded in recycling vendor’s invoices.
9. Emissions relating to water consumption are based on the latest emission factors provided by the Water Supplies Department and the Drainage Services Department.
10. The water consumption data covers the common area of the property investment business in Hong Kong and the Main Store only, because no separate water meter has been installed in the Group’s other department stores.
11. Emissions relating to air travel by staff are based on the “International Civil Aviation Organisation Carbon Emissions Calculator”, provided on the website of the International Civil Aviation Organisation.
12. Disposal of electrical appliances and accessories has not been included in the table as the non-hazardous waste generated therefrom was and is not material.

**Air emissions** <sup>(Notes 1, 2 & 3):</sup>

	2022	2021	Year-on-year variance (%)
Nitrogen oxides (in g)	305,916	397,465	-23.0%
Sulphur oxides (in g)	453	574	-21.1%
Particulate matter (in g)	21,686	29,090	-25.5%

Notes:

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

## Department stores operation

Our shopping bags are made of Forest Stewardship Council certified paper, which guarantee that the forest materials used to produce the shopping bags come from responsible sources. To reduce the distribution of shopping bags, we encourage customers to bring their own reusable bags. Where shopping bags are used, bags of appropriate size and appropriate quantity are provided to avoid excessive packaging. During the Year, shopping bags consumption decreased by 4.4% as compared with 2021. This was mainly attributed to the declining business of the department stores operation caused by the fifth wave of the COVID-19 pandemic during the Year. Shopping bags consumption intensity (being a measure of the amount of shopping bags consumed per HK\$1 million of revenue generated) was same as 2021.

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

	<b>2022 Tonnes</b>	<b>2021 Tonnes</b>	<b>Year-on-year variance (%)</b>
Shopping bags consumed	86	90	-4.4%
Intensity per HK\$1m revenue <small>(Note 4)</small>	0.14	0.14	0%

Notes:

1. All data is provided and verified by respective department heads.
2. The amount of shopping bags consumed related to the Group's department stores operation only.
3. The consumption data is presented in tonnes, and is calculated in accordance with "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.
4. The Group's revenue from department stores operation is used as the denominator to calculate shopping bag consumption intensity. The Group's revenue from department stores operation for 2021 and 2022 was approximately HK\$659 million and HK\$604 million, respectively.



## Property investment business

The Group's commercial investment properties located in Melbourne, Australia have been rated according to the National Australian Built Environment Rating System ("NABERS"). NABERS is an Australian national rating system that measures the environmental performance of Australian buildings. NABERS converts performance information, such as utility bills, into easy-to-understand star rating scales from one to six stars. Commenced from September of the Year, the Group's Australian properties began purchasing 50% GreenPower for electricity usage. GreenPower is a government accredited renewable energy product offered by electricity retailers in Australia. During the rating period between 1 December 2021 and 30 November 2022, the Group's Australian properties achieved a 4.5-star rating (1 December 2020 to 30 November 2021: 5-star rating) on NABERS 6-star scale in terms of energy and greenhouse gas emissions and environmental impact. A 2.5 to 3-star rating represents average performance and a 6-star rating demonstrates market-leading performance. The Group's Australian properties scored a lower rating during the Year because energy consumption returned to normal following the Government's relaxation of pandemic restrictions, such as compulsory lockdown during the Year.

During the most recent rating period, the total associated greenhouse gas emissions (from direct emissions attributable to fuel consumption, indirect emissions attributable to energy consumption and other indirect emissions) amounted to 3,028 tCO<sub>2e</sub> or 0.062 tCO<sub>2e</sub> per square metre of net lettable area. If our Australian properties had not purchased any GreenPower, the total associated greenhouse gas emissions would have amounted to 3,387 tCO<sub>2e</sub> or 0.069 tCO<sub>2e</sub> per square metre of net lettable area. (1 December 2020 to 30 November 2021 (without purchasing any GreenPower): 2,821 tCO<sub>2e</sub> or 0.053 tCO<sub>2e</sub> per square metre of net lettable area).

During the Year, the leasing office of the Group's Australian properties comprised six staff, who were responsible for all leasing, accounting and administrative matters. The services provided to tenants (such as air-conditioning, water treatment, electrical, lifts, recycling, waste, etc.) were outsourced to reputable professional service providers who provide a high standard of services to tenants, and hence, other detailed resources consumption data is not available.

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

## Climate change

Extreme weather events pose increasing risks to our business operations. Since 2021, the Group has carried out annual internal assessments to evaluate the impact of climate change on our business operations. For the Year, the Group considered that the risks and impact identified were not significant nor material to the Group's operations. The table below sets out the potential risks and opportunities of climate change to the Group, their corresponding operational and financial impact on the Group, and the mitigation measures adopted by the Group:

### Department stores operation

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

Property investment business

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

Since 2021, the Group has engaged a third-party consultant to conduct a scenario-based climate risk assessment annually to better understand the potential impact of climate change on the business operations of the Group’s Australian properties. Physical risks such as rising temperatures and solar radiation, floods and hail, bushfires and drought were identified as risks which could cause damage, injuries and operational disruptions. Except for the risk of flooding at one property site which was identified as high priority, all risks identified were classified as low or medium priority. Transition risks such as changes in policies and regulations, market expectations, insurance and financing were identified as risks which could increase operating costs and affect business.

To manage climate change-related risks, during the Year, the Group engaged the third-party consultant to assist in the development of a Climate Adaptation Plan in accordance with the best practice frameworks. During the Year, as guided by the Climate Adaptation Plan, 50% GreenPower was adopted in the Group's Australian properties to reduce emissions and address potential carbon price increases. The Group is currently updating and prioritising the Climate Adaptation Plan to ensure appropriate actions are in place to address the potential risks of climate change.

To address climate change challenges, the Group will continue to monitor the progression of identified risks, emerging risks and climate-related regulatory requirements, as well as regularly evaluate the existing mitigation measures to strengthen our climate resilience ability.

## **Social**

### Employment and labour practices

The Group believes an inclusive and supportive workplace can drive employee engagement, workforce stability and long-term business success. The Group fosters equality and diversity in the workplace, and is committed to providing a safe and healthy working environment for our employees.

#### (a) Employment

All human resources matters are overseen by the Human Resources Division and handled in accordance with the policies and guidelines set out in the Employee Handbook. Human resources policies and practices in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods and other benefits and welfare have been established to comply with local laws and regulations. All employment decisions are determined according to individual qualifications, experiences and competence. During the Year, the Group was not aware of any incidents of non-compliance with laws and regulations that had a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

Equal opportunity employer, diversity and anti-discrimination policies have been developed and followed in all aspects of human resources management. As an ongoing effort in the pursuance of equal opportunity, diversity and anti-discrimination, the Group has implemented policies that strive to create a fair, respectful and inclusive working environment, where a strong sense of belonging leads to better collaboration and business performance. As such, the Group makes decisions in hiring, training, compensation, promotion opportunities, dismissal and retirement policies based on factors irrespective of its employees' age, gender, marital status, pregnancy, family status, disability, race, colour, descent, cultural background, national or ethnic origins, nationality, religion or any other non-job-related factors. Further the Group aims to champion diversity by strictly prohibiting any kind of discrimination, harassment, bullying or any form of abusive behaviour.

In light of the significant loss in the local workforce in recent years, the ability to attract and retain talent in the competitive labour market has become a major challenge. The Group has expanded its recruitment channels by cooperating with different recruitment agencies and attending various job fairs to approach potential candidates. Promotions are offered to staff members who are adequately prepared for, and demonstrate the potential to assume new roles and responsibilities. Decisions to dismiss staff members are supported by recommendations from the supervisors of the relevant staff, backed by performance evaluation. Any material breach of the Group's policies may also result in dismissal. The Group also provides employees with competitive remuneration packages above the regulatory minimum level, as well as benefits including extra monthly rest day for frontline employees, five-day work week for back office employees, birthday leave for full-time employees, medical insurance, group life insurance, education allowances and performance bonuses. As a family-friendly employer, the Group provides special time-off to employees for family reasons, such as marriage, son or daughter marriage and compassionate reasons. The Human Resource Division of the Group continuously benchmarks our employees' working hours, rest periods, and other benefits and welfare with other market players to ensure the competitiveness and attractiveness of our employment packages.

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

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

During the Year, the Group's department stores operation received awards relating to good human resources practices, which encouraged the Group's implementation and promotion of an employee-friendly management culture. The Group passed the assessment of the "ERB Manpower Developer Award Scheme" held by the Employees Retraining Board and was awarded the status of "Manpower Developer" in recognition of its achievement in manpower training and development. The Group has been awarded the "Happy Company" title under the "Happiness-at-Work Promotional Scheme" organised by the Promoting Happiness Index Foundation and The Chinese Manufacturers' Association of Hong Kong for four consecutive years to commend the Group for building a happy workplace culture. The Group received a certificate of appreciation for its support in promoting the "Breastfeeding Friendly Workplace" organised by the Department of Health and UNICEF. This appreciation recognises the Group's emphasis on supporting the needs of working mothers and valuing the rights of gender equality.

As at 31 December 2022, the Group's Hong Kong operations had a total of 616 employees, including permanent, temporary and part-time staff employed by the department stores operation and property investment business. 547 were permanent full-time staff and 69 were temporary and / or part-time staff. Most of the employees were based in Hong Kong. The Group's Australian investment properties business had a total of six permanent staff.

## (b) Health and safety

The Group is committed to providing a safe and healthy working environment for its employees. A series of occupational safety policies, guidelines and procedures have been implemented to provide a safe working environment, prevent occupational hazards, and ensure compliance with the Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong) and the Occupational Safety and Health Regulation (Cap. 509A of the Laws of Hong Kong). The Group's Human Resources Division is responsible for monitoring the occupational health and safety measures adopted, and in particular, is responsible monitoring the effectiveness and adequacy of the implementing policies, guidelines and procedures.

In order to provide a safe working / shopping environment and to protect the safety and health of our employees and retail customers, a variety of measures and policies have been adopted. Regular maintenance is conducted on all facilities, electrical and mechanical and fire service installations. Renovation guidelines are provided to concession and consignment vendors to ensure their compliance with the Group's standard and relevant legal requirements. Warning signs, such as slippery floor, extreme heat and sharp objects, are displayed to alert potential dangers and risks. A certified safety officer has been appointed and is responsible for inspecting premises regularly to identify and rectify potential hazards. During the Year, an additional employee was assigned to attend occupational safety trainings organised by the Occupational Safety and Health Council and will be appointed as a safety officer after passing the official assessment. A certified first-aider has been appointed at every site to give immediate attention to injuries and sudden illness. Regular fire drills are carried out to allow employees to practise the appropriate actions taken in response to emergency incidents. Online learning video classes were provided to employees to demonstrate the proper procedures for handling different emergency scenarios.

To raise employees' awareness of work-related musculoskeletal disorder, the Group prepared and disseminated to employees a series of online learning video classes covering hand and body stretching in the workplace.

There was a significant reduction in the number of reported work injury cases and lost working days due to work injuries during the Year as compared with 2021. The Group will continue to strengthen its employees' awareness of occupational safety through various training courses, workshops and activities.

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



The Group recognises the health risks caused by air pollution. To ensure good indoor air quality in our buildings so as to protect the health of employees, customers and building occupants, indoor air quality inspections have been performed regularly at Wing On Centre, Wing On Kowloon Centre and Wing On Godown Building. The Group engaged an accredited external organisation to assess the harmful air pollutants and other air quality indices and to propose improvement measures if necessary. During the Year, except for some testing points where the room temperature and relative humidity did not achieve the “Good Class” level, all testing points obtained “Excellent Class” or “Good Class” levels in all testing parameters according to “A Guide on Indoor Air Quality Certification Scheme for Offices and Public Places” published by the Environmental Protection Department.

During the Year, the COVID-19 pandemic continued to pose health risks to the community and our operations. The rise in the number of infection cases and the various pandemic inspection and quarantine measures imposed by the Government during the Year greatly affected our business operations. To safeguard the health of employees and customers while maintaining our business operations, the Group has implemented various precautionary measures and policies.

At our office premises, we enhanced the cleaning and sanitation of common facilities. The Group issued guidelines on quarantine periods, medical surveillance and testing requirements under different circumstances in accordance with the Government’s latest pandemic control guidelines, and qualified employees were entitled to paid quarantine leave. All employees were required to be fully vaccinated unless a medical exemption was obtained from a physician. All employees were provided with face masks and rapid antigen test kits on a daily basis. Employees were required to obtain negative rapid antigen test results and undergo temperature checks before reporting to duty. Flexible work arrangements were adopted such as splitting the staff into two teams with each working physically in the workplace on alternate rotas and staff taking turns to have lunch breaks. All visitors were required to wear face masks, undergo temperature checks, comply with the “Vaccine Pass” requirements and submit negative rapid antigen test results and health declaration forms before entering all business and office locations of the Group. Meetings and trainings were mostly held online to avoid large crowds and gatherings.

For our department stores, we shortened the business hours and temporarily closed certain branches to minimise the spread of COVID-19. We cleaned and sanitised the facilities and premises more frequently. Customers were required to observe “Vaccine Pass” requirements and wear masks at all times in our stores. Hand sanitiser dispensers and contactless e-payment methods were available for customers’ use. Different pandemic prevention supplies, including face masks, protective gears and hand-sanitiser etc., were provided to all frontline staff. Since 2021, all our department stores have been certified by the Hong Kong Quality Assurance Agency as fulfilling the requirements of the “Anti-Epidemic Hygiene Measures Certification Scheme”. This certification recognises the participating organisations’ efforts in adopting appropriate hygiene measures to combat the COVID-19 pandemic.

### (c) Development and training

The Group is devoted to enhancing the professional knowledge and skills as well as personal development of all staff members by proactively providing a wide range of training activities. Our training activities are handled in accordance with the policies and guidelines set out in the Employee Handbook.

Induction training is mandatory to all new employees, which helps the new hires to understand the Group's core values, business goals, work routine and job roles, as well as code of conduct. To support business growth and employees' personal development, the Group offered a series of online learning video classes for employees' self-study during the Year. The topics covered included the technical skills required for frontline operations and positive thinking qualities for individuals. Refresher trainings such as emergency handling, food labelling, work safety and personal data privacy were also provided to employees to reinforce their knowledge.

The Group continues to encourage all employees to engage in external training activities, such as webinars, online conferences, workshops and video classes, so as to equip themselves with the necessary skills and knowledge to perform their jobs and keep abreast of the latest market and regulatory developments.

### (d) Labour standards

As stipulated in the Recruitment Policy for which the Group's Human Resources Division is responsible, to uphold human rights principles, child labour and forced labour are strictly prohibited in all business operations of the Group. The Human Resources Division of the Group ensures all business units do not use child labour by verifying all job applicants' identity prudently, including but not limited to their age. The Group also ensures that all employees are given sufficient rest days and are compensated for any voluntary overtime work as required by local regulators. If it comes to the Group's attention that child labour or forced labour is used in the Group's operations, the Group will investigate thoroughly and terminate the employment contract immediately. During the Year, the Group was not aware of any incidents of non-compliance with laws and regulations that had a significant impact on the Group relating to preventing child labour and forced labour.

## Operating practices

### (a) Supply chain management

The Group expects our suppliers to continuously improve their performance in ESG areas. The Group has developed a Supplier Code of Conduct for its department stores operation and property investment business, which outlines our expectations of suppliers in the areas of legal compliance, labour and human rights, health and safety, environmental protection and ethical conduct. The Merchandising and Concession Administration Division (“MCD”) and the Leasing Division are responsible for implementing the Supplier Code of Conduct. The Group gives preference to suppliers currently working towards responsible and sustainable operations.

All active suppliers of the Group’s department stores operation and property investment business are requested to conduct a self-assessment questionnaire periodically. The questionnaire evaluates the suppliers regarding the status of their policies, control systems and regulatory compliance relating to environmental conservation, occupational health and safety, employment practices and business ethics. The survey results for the Year and comparisons with the findings in 2021 are set out below:

		Department stores operation*		Property investment business	
		2022	2021	2022	2021
No. of response / response rate		614 / 60%	693 / 63%	10 / 45%	13 / 87%
Percentage of respondents that confirmed compliance with relevant laws and regulations		100%	100%	100%	100%
Percentage of respondents that have policies and control systems in all environmental and social responsibility areas	Yes	55%	50%	70%	77%
	No	5%	4%	0%	0%

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

We seek to make our procurement process responsible, fair and impartial. For the Group's property investment business, all approved contractors are vetted to ensure that they possess the requisite professional qualifications and meet our requirements. Contractors of major building works are selected via a tendering process. For the selection of suppliers for the Group's department stores operation, the MCD will obtain copies of all relevant licenses and certificates from the suppliers, review their company background and certifications through online searches, and, if necessary, conduct onsite visits to the suppliers' offices and factories. In addition to conducting continued assessments of suppliers' performance through internal meetings and communications, the MCD periodically conducts standardised evaluations on the suppliers' performance. Such periodic evaluation takes into account factors such as the supplier's business performance, number of customer complaints received and legal compliance in the previous year. The evaluation allows us to review the performance of our suppliers, and based on such results, to select quality and suitable suppliers to optimise our merchandise mix and services.

The abovementioned practices assist the relevant departments to assess suppliers and identify and minimise any environmental and social risks along the supply chain. The departments responsible for procurement are alert to any negative or undesirable reports or other information about their suppliers relating to environmental and social risks. In the event of such information, the responsible departments will discuss and evaluate internally whether such supplier should be terminated. The departments responsible for procurement are responsible for implementing the practices relating to engagement of suppliers and the identification and minimisation of environmental and social risks along the supply chain, as well as monitoring the effectiveness and adequacy of these practices. The MCD will report any practical difficulties and challenges in implementing these practices to the ESG Committee, who will review the effectiveness and adequacy of the relevant practices.

The ongoing COVID-19 pandemic and the outbreak of the Russian-Ukrainian war during the Year exacerbated supply chain disruptions and inflation. The Group experienced supply chain challenges such as shipping delays, price mark-ups and shortage of inventory. To enhance our resilience, the Group has been in frequent communication with suppliers and employed alternative sourcing strategies to maintain a stable supply of merchandise. In view of the adverse impact of COVID-19 on our suppliers and other business stakeholders, the Group closely monitors the supply chain situation to prepare for sudden changes.

During the Year, the majority of the merchandise suppliers to the Group's department stores operation were located in Hong Kong and European countries and all suppliers to the Group's property investment business were located in Hong Kong. Our practices relating to the engagement of suppliers extend to suppliers located in all geographic locations.

Number of suppliers by geographical region

	Department stores operation*	Property investment business
Hong Kong	401 (64%)	22 (100%)
Europe	164 (26%)	0
Asia (excluding Hong Kong)	51 (8%)	0
America	6 (1%)	0
Others	2 (0.3%)	0
Total	624	22

\* Covers suppliers of our own sourced merchandise.

To integrate environmental principles into our procurement decisions, the Group has established a Green Procurement Policy to guide employees to purchase office supplies and services with minimal adverse impact on the environment and human health. Preference is given to environmentally preferable alternatives, such as using Forest Stewardship Council certified papers to print envelopes, letter papers and most of the marketing and promotional materials.

To encourage customers towards sustainable consumption, we offer eco-friendly merchandise in our department stores, such as merchandise with natural or recycled materials and resource efficiency attributes. During the Year, the MCD targeted to expand our sourcing of eco-friendly merchandise to meet increasing market demand. The ESG Committee monitors our practices relating to sourcing eco-friendly merchandise from suppliers by discussing with department heads of the MCD regularly. Although eco-friendly merchandise accounted for a small proportion of our overall merchandise mix, the number and varieties available for consumption has increased gradually. Despite the many benefits of eco-friendly merchandise, we faced challenges in sourcing these merchandise. We encountered issues such as limited local supply, higher costs, unstable quality and lack of supporting certificates. To provide customers with diversified, quality and affordable eco-friendly merchandise, we will explore various supply channels to enhance our sourcing capabilities.

## (b) Product responsibility

Quality and safety are always our top priority. To ensure reliable merchandise is offered in our department stores, policies and guidelines have been adopted for merchandise sourcing. The Group's MCD and Store Operations Division are responsible for implementing the merchandise sourcing policies and guidelines, and monitoring their effectiveness and adequacy. For example, the MCD requests suppliers to submit quality and safety registration certificates and laboratory reports for their merchandise as required under relevant laws and regulations. The MCD also performs quality inspection on private label merchandise and / or requests factories to submit pre-production and shipping samples. Moreover, label checks are carried out by department stores staff on particular merchandise and video training has been provided to frontline staff to remind them of the relevant regulatory requirements on product labelling. Upon becoming aware of any confirmed or potential issues associated with health, safety or label non-compliance of our merchandise from sources such as suppliers, customers, government departments and / or the media, we withdraw such merchandise from our trading floor immediately. We generally accept merchandise returns from customers and we may (where appropriate) work with relevant suppliers to resolve issues. Merchandise is returned to our trading floor for sale only when the issues are resolved with the suppliers.

During the Year, three food items were in breach of labelling regulations, resulting in a total fine of HK\$12,916. The concerned items consisted of our own merchandise and consignment merchandise. After discovering the breach, we removed the concerned merchandise from the trading floor immediately and requested the relevant suppliers to replace the labels of the concerned merchandise. To prevent the re-occurrence of similar incidents, we enhanced the training provided to employees in relation to label inspections, and reminded all food suppliers to be alert for food labelling issues.

The Group's department stores operation values every comment from our customers and proactively reach out to our customers through various channels, such as feedback forms, our company website and social media platforms to collect comments and enquiries. To ensure customer feedback is properly channeled and addressed, all feedback is reviewed by designated departments and all complaints are investigated and promptly followed up to resolve disputes. During the Year, a total of 408 customer compliments and 14 customer complaints were received regarding the department stores' merchandise and services. All of these complaints were settled with the customers amicably. In the previous year, there were 508 customer compliments and 27 customer complaints. Compared with the previous year, the number of compliments decreased by 20% and the number of complaints decreased by 48%. The year-on-year reduction in customer complaints reflected our continuous effort to enhance service quality.

For our property investment business, the Group has engaged a reputable professional property management company to provide services to tenants and visitors. We have adopted ISO 9001 standard for the management of customer service and complaint handling. A tenant satisfaction survey is conducted regularly to identify areas of improvement in service quality. During the Year, one written complaint was received from tenants regarding smoking issues, and such complaint was resolved.

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

The Group has adopted policies and guidelines to regulate the access, storage and disposal of personal data in accordance with the requirements of local data privacy legislation. The departments responsible for handling personal data are responsible for implementing the policies and guidelines, and monitoring their effectiveness and adequacy. All relevant employees are required to sign the policies and guidelines to confirm their understanding and compliance. The policies provide that personal information collected will only be used for the purposes made known to the customers. Should there be a need to use customers' personal information for direct marketing, we would obtain prior written consent from the customers.

The Group has adopted guidelines to ensure our marketing and advertising activities comply with the Trade Descriptions Ordinance (Cap. 362 of the Laws of Hong Kong) and other related legal requirements. The departments responsible for preparing marketing and advertising materials are responsible for implementing the guidelines, and monitoring their effectiveness and adequacy. The Group prohibits false and misleading information in our advertisements, and guidelines have been developed to assist relevant departments to understand the legal requirements. All marketing and advertising materials are reviewed by the relevant departments before such materials are released or published to ensure that all marketing and advertising materials are accurate and not misleading and comply with relevant legal requirements.

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

Where there is a potential or actual breach of health and safety, advertising, labelling and privacy matters relating to products and services provided, we carry out a thorough investigation and review, take measures of redress depending on the relevant facts and circumstances as soon as possible, and implement preventative and enhancement measures.

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



### (c) Anti-corruption

The Group regards honesty, fairness and ethics in the workplace as its core values that must be upheld by all employees. The Group is committed to the highest standard of ethics and business integrity and has zero tolerance for any type of fraud and corruption.

A Code of Conduct, an Anti-Corruption Policy, a Whistleblowing Policy and related guidelines have been established and observed by all employees. The Code of Conduct and these policies and guidelines provide various examples and detailed guidance on handling issues relating to conflicts of interest, anti-corruption and whistleblowing so as to prevent bribery, extortion, fraud, money laundering and other malpractices within the Group. The Group's Anti-Corruption Policy and Whistleblowing Policy were updated and elaborated during the Year. The Anti-Corruption Policy sets out the minimum standard of conduct expected of all directors and employees of the Group, and the Group's policy on acceptance of advantage, offer of advantage and handling of conflicts of interest when dealing with the Group's business. Under the policy, any person who becomes aware of any existing or potential corruption or suspicious activity within the Group, should report it in person or in writing either by email or by post to the Company's Company Secretary who shall report it to the Audit Committee. The Audit Committee is responsible for the actions following investigation of the reported cases, and is required to bring to the attention of the Board any material incidents relating to breaches of the Anti-Corruption Policy. Under the Whistleblowing Policy, official channels have been provided for employees and other stakeholders (e.g. customers, suppliers etc.) to confidentially raise their concerns about any suspected impropriety, misconduct or malpractice within the Group. An internal investigation of whistleblowing cases is conducted, and the Audit Committee will review the final report of the investigation and make recommendations to the Board if appropriate. The Audit Committee is responsible for regularly reviewing the Anti-Corruption Policy and the Whistleblowing Policy and related guidelines, and ensuring that effective arrangements are in place.

During the Year, the Group was not aware of any incidents of non-compliance with laws and regulations that had a significant impact on the Group relating to bribery, extortion, fraud and money laundering.

To promote integrity and anti-corruption awareness, during the Year, a series of online learning video classes about integrity and honesty in the workplace were prepared for all employees, including directors. These training materials were based on real cases provided by the Independent Commission Against Corruption of Hong Kong. The video classes offered practical tips for employees in handling anti-corruption related issues and drew their attention to sensitive cases. All employees were encouraged to access these online learning materials to refresh their knowledge and all new employees were required to study these learning materials before completion of probation period.

## Community investment

To promote a caring culture, the Group contributes to the community through donations and participation in charity programs. The Group's Human Resources Division and Marketing Division continue to work with different charitable organisations to understand the community's needs and to ensure our activities take into account the community's interests, and report all suitable community activities and events to the Group's Chief Accountant for review and approval. The Group does not have a specific focus area for its contributions to community investment and donations.

The Group encourages employees to participate in community services. However, due to the recurring COVID-19 pandemic and anti-pandemic measures in place during the Year, many community activities and volunteering services were cancelled. A total amount of HK\$18,800 was donated to different charitable organisations during the Year.

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

- Placement of donation boxes from different charitable organisations (such as Christian Action and Suicide Prevention Services) in department stores;
- Donations made to Haven of Hope Christian Service to support the provision of medical services to the elderly;
- "Lai See Reuse and Recycle Program" of Greeners Action;
- "Love Teeth Day", "Green Low Carbon Day" and "Skip Lunch Day" of The Community Chest of Hong Kong;
- "World Sight Day 2022" of Orbis; and
- Special discounts on designed products sold at department stores offered to Senior Citizen Card holders to show our care and respect for the elderly.

During the Year, the Group received awards from different organisations in recognition of its community contributions, including the Caring Company awarded by The Hong Kong Council of Social Service (for the 20<sup>th</sup> consecutive year) and the Heart to Heart Company awarded by The Hong Kong Federation of Youth Groups.

On behalf of the Board  
**Sin Kar Tim**  
Company Secretary

Hong Kong, 28 April 2023

## Laws and regulations

During the Year, there was no material non-compliance with applicable ESG laws and regulations in Hong Kong. The following table lists the relevant ESG laws and regulations which have a significant impact on the Group's operations.

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

## ESG Reporting Guide Index

A. Environmental	2022	2021 (The page references stated under this column refer to the pages in the Company's 2021 ESG report)
<p><b>A1 Emissions</b>    <b>General Disclosure</b></p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(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.</p>	<p>Environmental</p> <p>(Pages 8 to 16 and 34)</p>	<p>Environmental</p> <p>(Pages 7 to 14 and 28)</p>
<p><b>KPI A1.1</b>    The types of emissions and respective emission data.</p>	<p>Nitrogen Oxides: 305,916 g</p> <p>Sulphur Oxides: 453 g</p> <p>Particulate Matter: 21,686 g</p>	<p>Nitrogen Oxides: 397,465 g</p> <p>Sulphur Oxides: 574 g</p> <p>Particulate Matter: 29,090 g</p>
<p><b>KPI A1.2</b>    Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p>	<p>Scope 1:</p> <p>73 tCO<sub>2</sub>e</p> <p>0.071 tCO<sub>2</sub>e/HK\$1m revenue</p> <p>Scope 2:</p> <p>9,129 tCO<sub>2</sub>e</p> <p>8.93 tCO<sub>2</sub>e/HK\$1m revenue</p> <p>Scope 1 &amp; 2:</p> <p>9,202 tCO<sub>2</sub>e</p> <p>9.004 tCO<sub>2</sub>e/HK\$1m revenue</p>	<p>Scope 1:</p> <p>93 tCO<sub>2</sub>e</p> <p>0.085 tCO<sub>2</sub>e/HK\$1m revenue</p> <p>Scope 2:</p> <p>9,385 tCO<sub>2</sub>e</p> <p>8.59 tCO<sub>2</sub>e/HK\$1m revenue</p> <p>Scope 1 &amp; 2:</p> <p>9,478 tCO<sub>2</sub>e</p> <p>8.675 tCO<sub>2</sub>e/HK\$1m revenue</p>
<p><b>KPI A1.3</b>    Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p>	<p>Immaterial amount of hazardous waste was generated</p>	<p>Insignificant amount of hazardous waste was generated</p>
<p><b>KPI A1.4</b> <sup>(Note 1)</sup> Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p>	<p>Paper waste disposal:</p> <p>-1.5 tonnes, -0.001 tonne/HK\$1m revenue</p> <p>Electrical appliances/accessories for recycling:</p> <p>91 pieces of computers and equipment</p> <p>70 pieces of empty toner cartridges</p>	<p>Paper waste disposal:</p> <p>-6.8 tonnes, -0.006 tonne/HK\$1m revenue</p> <p>Electrical appliances/accessories for recycling:</p> <p>135 pieces of computers and equipment</p> <p>167 pieces of empty toner cartridges</p>
<p><b>KPI A1.5</b>    Description of emission target(s) set and steps taken to achieve them.</p>	<p>Environmental</p> <p>(Pages 8 to 11)</p>	<p>Environmental</p> <p>(Pages 7 to 10)</p>
<p><b>KPI A1.6</b>    Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.</p>	<p>Environmental</p> <p>(Pages 8 to 11)</p>	<p>Environmental</p> <p>(Pages 7 and 9)</p>

Note 1: The recycling of electrical appliances/accessories is presented in pieces because the recyclers can only provide the quantity in pieces.

A. Environmental		2022	2021
A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental (Pages 8 to 16)	Environmental (Pages 7 to 14)
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Fuel: 301 Mwh, 0.295 Mwh/HK\$1m revenue Electricity: 16,682 Mwh, 16.32 Mwh/HK\$1m revenue Total: 16,983 Mwh, 16.617 Mwh/HK\$1m revenue	Fuel: 381 Mwh, 0.349 Mwh/HK\$1m revenue Electricity: 17,475 Mwh, 15.99 Mwh/HK\$1m revenue Total: 17,856 Mwh, 16.337 Mwh/HK\$1m revenue
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	23,644m <sup>3</sup> 23.14 m <sup>3</sup> /HK\$1m revenue	20,897 m <sup>3</sup> 19.12 m <sup>3</sup> /HK\$1m revenue
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental (Pages 8 to 11)	Environmental (Pages 7 to 10)
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Sourcing water that is fit for purpose and water efficiency initiatives are not considered to be material to the Group's operations as the Group is not engaged in water intensive industries and water consumption is immaterial. Environmental (Pages 8 to 10)   Environmental (Pages 7 to 8)	
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Department stores operation: Shopping bags 86 tonnes 0.14 tonnes /HK\$1m revenue	Department stores operation: Shopping bags 90 tonnes 0.14 tonnes /HK\$1m revenue
A3 The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental (Page 8 to 11)	Environmental (Page 14)
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental (Page 8 to 11)	Environmental (Page 14)

A. Environmental		2022	2021
A4 Climate Change	<p>General Disclosure</p> <p>Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.</p>	<p>Environmental</p> <p>(Pages 17 to 19)</p>	<p>Environmental</p> <p>(Pages 15 to 16)</p>
KPI A4.1	<p>Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.</p>	<p>Environmental</p> <p>(Pages 17 to 19)</p>	<p>Environmental</p> <p>(Pages 15 to 16)</p>

B. Social – Employment and Labour Practices <sup>(Notes 1, 2 &amp; 5)</sup>		2022		2021	
B1 Employment	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(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.</p>	Employment (Pages 20 to 22 and 34)		Employment (Pages 17 to 18 and 28)	
KPI B1.1	Total workforce by gender.	Male	Female	Male	Female
	- All staff	25%	75%	25%	75%
	- Corporate manager	64%	36%	60%	40%
KPI B1.1 <sup>(Note 3)</sup>	Total workforce by employment type.				
	- Permanent full-time		94%		92%
	- Temporary and / or part-time		6%		8%
KPI B1.1	Total workforce by age group.				
	- Below 31		5%		6%
	- 31 – 40		13%		13%
	- 41 – 50		24%		24%
	- 51 – 60		45%		46%
	- 60 above		13%		11%
KPI B1.1	Total workforce by geographical region.				
	- Hong Kong SAR		99%		99%
	- Mainland China		1%		1%
KPI B1.2 <sup>(Note 4)</sup>	Employee turnover rate by gender.	Male	Female	Male	Female
		14.94%	17.42%	17.43%	11.39%
KPI B1.2 <sup>(Note 4)</sup>	Employee turnover rate by age group.				
	- Below 31		39.82%		17.26%
	- 31 – 40		18.83%		19.77%
	- 41 – 50		17.75%		10.10%
	- 51 – 60		11.09%		9.65%
	- 60 above		24.97%		21.87%
KPI B1.2 <sup>(Note 4)</sup>	Employee turnover rate by geographical region.				
	- Hong Kong SAR		16.94%		13.01%
	- Mainland China		0%		0%

B. Social – Employment and Labour Practices		2022		2021	
B2 Health and Safety	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(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.</p>	<p>Health and Safety</p> <p>(Pages 23 to 24 and 34)</p>		<p>Health and Safety</p> <p>(Pages 19 to 20 and 28)</p>	
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	2022: Nil 2021: Nil 2020: Nil			
KPI B2.2 (Note 6)	Lost days due to work injury.	12 cases, 204 lost days		25 cases, 410 lost days	
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	<p>Health and Safety</p> <p>(Pages 23 to 24)</p>		<p>Health and Safety</p> <p>(Pages 19 to 20)</p>	
B3 Development and Training	<p>General Disclosure</p> <p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p>	<p>Development and Training</p> <p>(Page 25)</p>		<p>Development and Training</p> <p>(Page 21)</p>	
KPI B3.1 (Note 7)	Percentage of employees trained by gender.	Male	Female	Male	Female
		9.1%	90.9%	11%	89%
KPI B3.1 (Note 7)	Percentage of employees trained by employee category.				
	- Corporate manager	2.2%		2.6%	
	- General staff	84.0%		79.6%	
	- Temporary & part-time	13.8%		17.8%	
KPI B3.2 (Note 7)	Average training hours completed per employee by gender.	Male	Female	Male	Female
		2.21 hours	3.34 hours	3.75 hours	3.45 hours
KPI B3.2 (Note 7)	Average training hours completed per employee by employee category (internal training).				
	- Frontline staff (Frontline staff of department stores operation only)	3.40 hours		4.01 hours	
KPI B3.2 (Note 7)	Average training hours completed per employee by employee category (external training).				
	- All levels	1.05 hours		1.26 hours	
	- Corporate manager	7.05 hours		13.44 hours	
	- General staff	0.94 hours		0.86 hours	



B. Social – Employment and Labour Practices		2022	2021
B4 Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards (Pages 25 and 34)	Labour Standards (Pages 21 and 28)
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards (Page 25)	Labour Standards (Page 21)
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards (Page 25)	Labour Standards (Page 21)

Notes:

1. All data is provided and verified by respective department heads.
2. All KPIs of employment and labour practices cover employees employed by the Group's department stores operation and property investment business in Hong Kong, except for the KPI of average training hours completed per employee by employee category (internal training) which covers frontline staff of department stores operation only.
3. The total number of employees (permanent full-time staff versus temporary and / or part-time staff) employed by the Group's department stores operation and property investment business in Hong Kong as at 31 December of 2021 and 2022 was 646 (596:50) and 616 (547:69) respectively.
4. The employee turnover rate reflects the number of employees who leave employment with the Group voluntarily or due to dismissal, retirement or death in service during the reporting period. The employee turnover rate is calculated in accordance with "How to prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.
5. All KPIs of employment (except for total workforce by employment type) refer to permanent full-time staff only, while all KPIs of health and safety, development and training, labour standards and total workforce by employment type refer to permanent full-time, temporary and / or part-time staff.
6. Work injuries include incidents requiring sick leave.
7. Training includes all job-relevant internal and external training attended by employees.

B. Social – Operating Practices		2022	2021
B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Supply Chain Management (Pages 26 to 28)	Supply Chain Management (Pages 22 to 23)
KPI B5.1	Number of suppliers by geographical region.	Department stores operation: Hong Kong 401 (64%) Europe 164 (26%) Asia (Excluding Hong Kong) 51 (8%) America 6 (1%) Others 2 (0.3%) Property investment business: Hong Kong 22 (100%)	Department stores operation: Hong Kong 462 (64%) Europe 207 (29%) Asia (Excluding Hong Kong) 45 (6%) America 8 (1%) Others 2 (0.3%) Property investment business: Hong Kong 15 (100%)
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management (Pages 26 to 28)	Supply Chain Management (Pages 22 to 23)
KPI 5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management (Pages 26 to 28)	Supply Chain Management (Pages 22 to 23)
KPI 5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management (Page 28)	Supply Chain Management (Page 23)
B6 Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility (Pages 29 to 31 and 34)	Product Responsibility (Pages 24 to 25 and 28)
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Department stores operation: 0 incident Merchandise recalled: 0 pieces Recall percentage: 0%	Department stores operation: 1 incident Merchandise recalled: 84 pieces Recall percentage: 0.001%
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Department stores operation: 14 cases, 100% settled Property investment business: 1 case, 100% settled	Department stores operation: 27 cases, 100% settled Property investment business: 2 cases, 100% settled

B. Social – Operating Practices		2022	2021
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility (Page 30)	Product Responsibility (Pages 24 to 25)
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility (Page 29)	Product Responsibility (Page 24)
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility (Page 30)	Product Responsibility (Pages 24 to 25)
B7 Anti- corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption (Pages 32 and 34)	Anti-corruption (Pages 26 and 28)
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Nil	Nil
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption (Page 32)	Anti-corruption (Page 26)
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption (Page 32)	Anti-corruption (Page 26)

B. Social – Community		2022	2021
B8 Community General Disclosure			
Investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment (Page 33)	Community Investment (Page 27)
KPI B8.1	Focus areas of contribution.	Not applicable. The Group does not have a specific focus area for its contributions.	
KPI B8.2	Resources contributed to the focus area.	Not applicable. The Group does not have a specific focus area for its contributions.	