



Convenience Retail Asia Limited 利亞零售有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 00831

2022

Environmental, Social and Governance Report



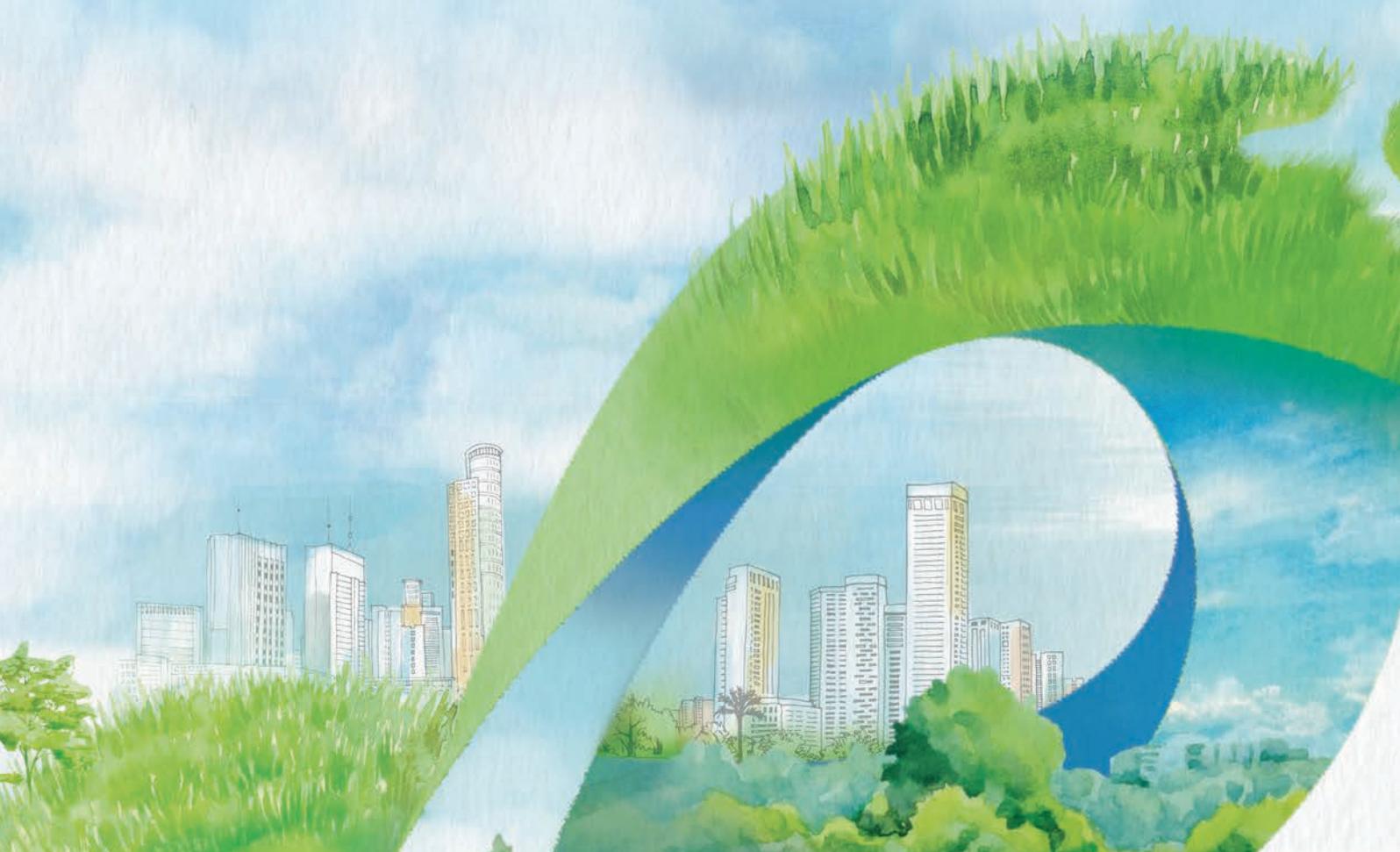
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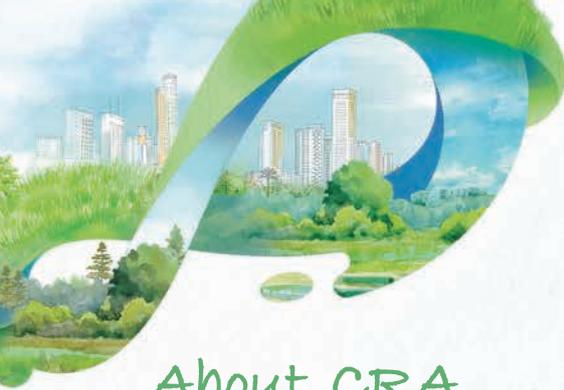


A Fung Retailing Company

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About CRA

As a member of the Fung Group, Convenience Retail Asia Limited (the “Company”) and its subsidiaries (together “CRA” or the “Group”) owns Saint Honore Holdings Limited and its bakery chain Saint Honore Cake Shop, a household name for bakery products in Hong Kong, Macau and Guangzhou. The Group has also obtained the exclusive licence of Japan’s premium cake shop Mon cher in Hong Kong and Macau. Beyond the bakery operation, the Group is also running the licence of the leading fast-fashion eyewear Zoff for Hong Kong, Macau and Southern China. As at 31 December 2022, the Group operates a total of 174 self-operated stores under the Saint Honore, Mon cher and Zoff brands.

CRA is listed on The Stock Exchange of Hong Kong Limited (“SEHK”) (Stock code: 00831). The Group strives to address stakeholders’ concerns through transparent sustainability disclosures and publishes its standalone Environmental, Social and Governance report (“ESG Report” or the “Report”) on an annual basis.

Business Overview

Key Financial Information

The Group posted solid results for the year ended 31 December 2022 (“reporting year”).



Revenue

\$1,463 million



Profit Attributable to Shareholders of the Company

\$68 million



Shareholders’ Equity

\$656 million



Net Cash Balance

\$257 million



Nil

Bank Borrowings

More details of CRA’s financial performance and related information can be found on pages 71 to 132 of its 2022 Annual Report, which is available on CRA’s and SEHK’s websites.

Board Statement on Sustainability Management

Dear Stakeholders,

At CRA, we believe we can leave the world a better place for generations to come. The Board of Directors (the “Board”) carries overall responsibilities for overseeing sustainability issues and their integration into the Group’s strategies.

The Board also provides oversight of our risk management, including our management of climate-related issues. Empowered by the Board, the Audit Committee reviews risk management and internal control systems and reports to the Board. In 2022, the Group conducted an annual review on the risk management and internal control systems, and considered the systems and procedures effective and adequate with no significant weakness being identified.

Meanwhile, we recognise that pandemic and climate change poses risks to our business especially that our operation success relies on high-quality raw materials from suppliers around the world. We have adopted a proactive approach to mitigate the disruption of supplies that may be caused by the pandemic and climate change.

In every step we take on sustainability journey, we value the relationships we have developed over our long history with employees, suppliers, customers and other key stakeholders. It is in our agenda to roll out more stakeholder engagement activities in 2023 so as to engage, advocate and active change in rhythm with all stakeholders and the wider community.

Board of Directors

23 March 2023



Feature Story – Fostering Green Growth

In 2022, despite challenges including the uncertain macroeconomic environment with rising global inflation and the outbreak of the fifth wave of COVID-19, the Group was able to deliver top-line growth from corporate customers and via strategic store network expansion. During the year, the total number of stores increased from 153 to 174.

While it is our plan to explore opportunities to further develop our brands across the Greater Bay Area, we believe that business growth should not come at the expense of the environment. Therefore, we strive to achieve energy conservation through expanding the scope of energy-saving equipment and improving energy-efficient designs in all our shops.

We have been promoting 4th generation design for our new Saint Honore shops or renovation of our existing stores.



LED lights

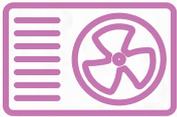
Our lightings at stores have been gradually replaced with LED lights. In 2022, new LED lights was adopted with higher efficiency and lower heating effect. Since this type of lights can be fixed directly against the ceiling grid, it could also help reduce renovation waste.



Automatic doors are fitted in street shops to better preserve indoor temperature.



Automatic doors



Inverter air conditioners with condensers are installed at well ventilated areas resulting in higher efficiency. Ceiling fans are used to supplement the cooling effect.

1. Inverter air conditioners
2. Ceiling fans



Air purifiers with formaldehyde removal function have been placed in shops to provide better air quality and sanitation.

• Air purifiers



Independent switches have been installed for water heaters so that they are turned on just before use, which can help reduce power load and save energy.

In the coming years, it is anticipated that more new stores will be opened and we will strengthen our energy saving efforts in addition to the abovementioned fittings. Besides using low-carbon and environmentally friendly materials, the new shops or existing stores to be renovated will be decorated through standard furniture arrangements so that the materials and fixtures could be reused.

Our Sustainability Approach

The Group aims to create shared value for our stakeholders and the communities where we operate, by integrating considerations relating to environmental and social sustainability into decision-making and day-to-day practices across our businesses. Its sustainability strategy focuses on four pillars – Product Responsibility, Environmental, Employment and Community Involvement.

PERFORMANCE HIGHLIGHTS:



Set key environmental metrics and make promising progress



Prepare for formulating decarbonization plan and setting social performance targets



Keep track of sustainability trends and stakeholders' feedback

Sustainability Governance

The sustainability governance structure plays a critical role in terms of exploring the potentials of sustainability throughout our operations. Overseeing the broader sustainability megatrends, the Board is devoted to leading the Group’s sustainability direction.

With leadership by the Board, the Group’s Corporate Social Responsibility Steering Committee (the “Committee”), headed by the Chief Executive Officer, has been set up to oversee the Group’s strategies, policies, initiatives and performance on sustainability matters, principally in the areas of employment, community involvement, product responsibility and environmental protection. The Committee is responsible for identifying and reviewing sustainability matters, tracking sustainability performance and recommending improvement actions, setting objectives and targets, and reporting to the Board on the relevant sustainability matters.

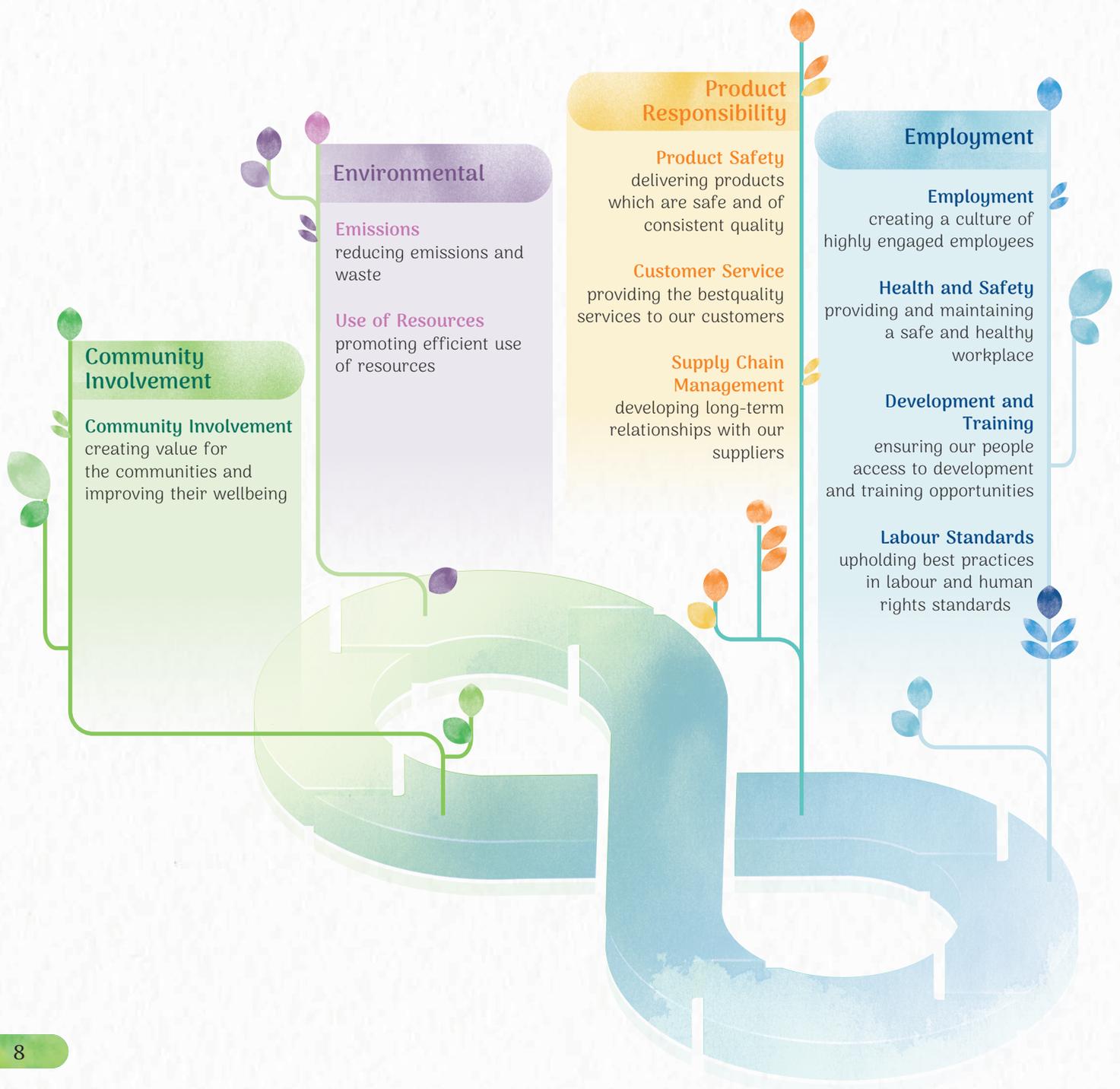
Our Working Committee coordinates sustainability activities across the Group, supported by four working teams formed within various business units, namely the Environment Team, the Social Team, the Training and Workplace Safety Team, and the Food Safety and Supply Team. It reports to the Committee on a regular basis its actions, performance and achievements. The Committee is thus able to make relevant recommendations to the Board and facilitate the decision-making process.





Sustainability Strategy

2030 as a milestone year for the global agenda of United Nations Sustainable Development Goals, we have set our path to impact society positively while pursuing our ongoing success. Our commitment to sustainability is built on four pillars and ten focus areas. It provides a coherent and holistic framework for advancing our sustainability performance in our operations and business plans with the targets set.



CRA has developed and brought into force the Corporate Social Responsibility Policy (“CSR Policy”) alongside a series of policies and guidelines. In 2021, the Group initiated a series of environmental performance targets. We are pleased to report that in 2022 we have made promising progress. Besides, as part of our sustainability vision, we are currently planning to take a future step to upgrade our decarbonisation plan and introduce social performance targets.

Indicator	2030 Target	Progress in FY 2022
Reduce carbon emission intensity	30%	5%
Reduce waste generation intensity	30%	0%
Reduce water consumption intensity	20%	20%

Stakeholder Engagement

Stakeholder voices are vital to the development of our sustainability strategy. We endeavour to engage our key stakeholders regularly through multiple channels to gather their feedback and strive for continuous improvement. Their expectations enable us to identify and prioritise the existing and emerging risks and opportunities across our business operations.

In 2022, different forms of stakeholder engagement are conducted. For the development of the Report, the Committee reviewed results of the previous materiality assessment as well as feedback received from different channels. The following series of topics reflect the most significant environmental and social impacts of our operations and those that considerably influence the decisions of our stakeholders.



Product Responsibility



- Product quality assurance and recall procedures
- Customer data and privacy
- Products and service related complaints
- Intellectual property rights

Environmental



- Electricity consumption and efficiency
- Packaging material consumption and efficiency

Employment and Labour Standards



- A safe and healthy workplace
- Employment system

Community Involvement



- Contribution to communities



Product Responsibility

We uphold strict quality, safety, and hygiene standards, from when food is produced to when it is consumed. Our products and processes integrate sustainability, safety and quality at every point in the supply chain. Stringent product safety policies, requirements and procedures are in place to ensure that the Group's products are harmless to customers, employees and the environment.

PERFORMANCE HIGHLIGHTS:



Invest advanced technology in food processing



Cake Easy customer loyalty programme reaches over one million members



Formulate a food safety system and improve food traceability



Product Safety

Management approach

Assessing and mitigating safety risks is the first step in ensuring product safety. We have a set of guidelines and proper measures in place across our entire supply chain, from procurement, storage, manufacturing, to distribution to customers.

Saint Honore factories have been certified with a number of quality management and food safety systems, including ISO 9001:2015 Quality Management System and Hazard Analysis and Critical Control Points (HACCP). The food safety laboratory in Shenzhen has been certified with a newer version of China National Accreditation Services for Conformity Assessment (CNAS) for its competence of laboratory testing.

ISO 9001:2015 Quality Management System	Hazard Analysis and Critical Control Points (HACCP)	China National Accreditation Services for Conformity Assessment (CNAS)
Factories in Shenzhen and Hong Kong	Factory in Shenzhen	Microbiological laboratory at Shenzhen factory

These systems focus on risk-based approach through which factories identify potential risks that may be encountered in the business processes. This is to prevent latent incidents and support implementation of our food safety measures from field to plate.

Periodic internal audits are conducted both in factories and stores to ensure the working environment and products comply with our food safety standards. To align working methods across operation units, we have also established a Common Food Safety Assessment Guideline for factories and stores of Saint Honore.

Progress areas

Adopting advanced technology in food processing

In order to maintain a high standard of food quality and safety, the Group has been investing and adopting new technology in food processing and manufacturing.

During the year, automatic packaging machines have been newly installed, together with the X-ray scanners, forming an automated production line which can minimise food contamination risks from manual packaging. Besides, we have also adopted the novel technology of “hot wrapping” in mooncake packaging to reduce the contamination possibilities.

X-ray inspection with meticulous scanning during production processes is undergone to prevent any foreign objects in our food products. Moreover, X-ray scanners can also perform quality control functions above and beyond foreign substance detection. For example, mooncakes can be checked to assure adequate roundness and salted egg yolks inside can be counted prior to packaging.

Regarding the quality assurance in our frozen supply chain, automatic cold room temperature logger with alert system has been installed in all our factories to monitor real-time changes in temperature and humidity of the cold rooms. This could ensure materials and products are kept at required conditions, so as to avoid temperature abuse due to faulty equipment or door improperly closed.

Food safety culture



Food Safety Training

To integrate food safety culture across our operations, our Food Safety and Supply Team takes the lead to promote employee awareness and food safety measures through internal communications, training and monitoring. These are essential to helping employees understand the importance of food safety and be trained in the related management systems and guidelines, covering hygiene practices for food, tools and equipment. Hygiene refresher trainings to Production Supervisors are provided which cover topics on personal hygiene, environmental hygiene, proper food storage, food safety control, etc.

Besides we arranged a workshop for our key customers to have a more comprehensive understanding of our bakery materials and how to prolong the use of materials. Environmental materials and the development trend were also introduced in the workshop.



Factory Visit



Customer Service

Management approach

The Group strives to market its products and services responsibly and in line with relevant regulatory requirements to maintain customers' trust. To help customers make informed choices and correctly use the products, we truthfully describe product related information, such as allergens, product shelf life and consumption advice, on the product labels. Our customers can also access information regarding our products and services through a number of communication channels, such as leaflets, advertising media, mobile applications, social media platforms, webpages and emails.

In addition to providing clear and reliable information, we have a Customer Service Team to gather and respond to customer feedback. Customers can raise their concerns or provide feedback through various channels, such as email and phone. All customer feedbacks are distributed and handled by relevant divisions, and escalated to management where necessary.

In the event of product recall, we ensure our customers have the right to seek redress. Our Rapid Response Team is responsible for handling the recall procedures and ensuring adequate resources being allocated to implement immediate corrective actions.

Progress areas

CAKE EASY 2.0

Our Cake Easy O2O programme was further developed to enhance customer experience. Cake Easy allows customers to shop for their favourite products online and fulfil orders in-store, driving traffic to physical store locations while enabling the Group to greatly expand the reach of its marketing promotions and offers. The programme has reached over 1 million members. To deliver a brilliant customer loyalty experience and refine our targeting efforts, we launched tier membership to the programme in the second quarter of the year.

Following the launch of the Cake Easy customer loyalty programme in the Macau market in September 2021, more than 80,000 members have been successfully engaged, providing a solid base for future marketing and sales efforts.

In 2022, Cake Easy was also recognised with the Silver award in the "Best Loyalty Programme – Food & Beverage" category of Marketing-Interactive's Loyalty & Engagement Awards.

Supply Chain Management

Management approach

In the face of the ever-changing social, economic and political environment, how to ensure a sustainable supply chain has become a topic with high priority for the Group. In line with our commitment to upholding responsible, fair and ethical business practices, we take a risk-based approach for ingredients and packaging materials, which is an integral part of our business activities. And we believe a sustainable supply chain can only be achieved by greater knowledge sharing and transparency on best practices across the sector.

Assuring the quality and safety of incoming ingredients and packaging materials to meet or exceed our specifications is an integral part of the food safety management. At Saint Honore, we consider a set of factors such as product supply, purchase volume, food safety risk, and impacts of safety and quality incident. The risk level of raw materials is categorised into three classes, allowing us to implement proper control measures based on the risk categorisation. For materials with higher risk, supplier audit, annual due diligence test and in-coming material quality test are required in addition to the basic requirements. These allow us to identify and minimise risks that could potentially cause issues with our supply.

Key suppliers are evaluated through audits conducted by the Quality Assurance Team. To guide our suppliers to embed sustainability into their business practices, we present our principles for responsible and ethical operations in the Supplier's Code of Conduct. Regular evaluation is conducted on supplier qualification, material specification, supplier and material conformity. Material testing and incoming material quality check are being conducted regularly to ensure that they are in line with our standard procedures.



Progress areas

Prompt response to new regulations on harmful substances

The Hong Kong Government passed the Harmful Substances in Food (Amendment) Regulation 2021 to strengthen the regulation of harmful substances in food, including the prohibition of any edible oil or fat containing partially hydrogenated oil. Although the regulation is to commence in phases in December 2023, the Group has taken preparatory measures to ensure full compliance in the beginning of 2023.

After a thorough review of our raw material and supplier data, we requested our suppliers to provide details about the ingredients that may contain partially hydrogenated oil. Suppliers are required to make the statement to confirm that the materials supplied are free of partially hydrogenated oil. We have been identifying alternatives for materials that may contain partially hydrogenated oil with the aim to terminate the use of partially hydrogenated oil related ingredients. For products with hydrogenated oil such as pre-packaged products, information of any hydrogenated oil is stated on the revised ingredients labels. It also applies to all festival products such as the Chinese New Year, Dragon Boat Festival and Mid-Autumn Festival products.

Product Traceability

The Group has been striving to formulate a food safety system in line with our business plans. To uphold our rigorous quality and safety standards, we must be able to trace our ingredients back to the source. Therefore, we have been preparing to establish a new and more effective product traceability system for monitoring and management of food safety along the whole supply chain, from raw materials supply to its storage and further to production and delivery, to ensure that our requirements are satisfied at every stage of procurement.

In May 2022, we supported an expert group under the General Administration of Customs of the People's Republic of China to review the food manufacturing process of our Dragon Boat Festival products. The review covered every part of the manufacturing process including sourcing, preparing, production, packaging and distribution.

Environmental

Environmental protection is always among our top priorities and is an important part of our decision-making process. We are committed to minimising the environmental impact of our daily operations and work in partnership with stakeholders to contribute to a cleaner environment. The CSR Policy demonstrates our commitment to preserving the natural environment and reducing operational footprint. This guides us on carbon reduction, waste minimisation and responsible use of energy, water and other natural resources.



PERFORMANCE HIGHLIGHTS:



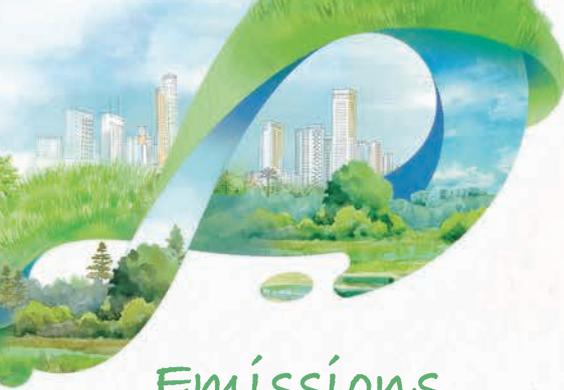
Build a sustainable supply chain in the face of climate change



Upgraded facilities for higher energy efficiency



Minimise logistic waste in supply chain during the outbreak of COVID-19



Emissions

Management approach

The Group recognises that climate change poses significant risks, both physical and transitional, not only to our operations but also to the sustainability of the whole world. We are firmly committed to reducing climate impacts and optimising resource efficiency throughout our operations.

As underlined in the CSR Policy, measuring and disclosing our environmental footprint as a first step helps us understand and manage our performance by developing reduction actions and targets. Reduction targets are set in our annual plan. Through our Environment Team, each business unit is responsible for formulating execution plans and monitoring performance against the reduction targets.

Progress areas

Demonstrating our supply chain preparedness amidst climate change

We recognise that climate change poses risks to our business especially that our operation success relies on high-quality raw materials from suppliers around the world. Therefore, effective management of supply chain risk is essential to our sustainable growth. A proactive approach has been adopted to mitigating the disruption of supplies that may be resulted from climate change. We have a list of substitution materials or products in case of any delivery delay or failure in raw materials supplies due to critical climate conditions.

Taking wheat flour which is one of the key ingredients of our bakery business, the crop yield in different regions varies from year to year, depending on weather. To minimise the impact of climate change, contingency plans have been formulated. If major supplying countries or regions have poor harvest due to climate situation, we are flexible to use alternative supplies from other countries or regions.

Many of our bakery products use fruits from Japan. It is agreed that when poor harvest leads to unstable supply, our vendors will shift to other grown areas. For example, the sourcing of strawberries will be shifted from Kumamoto to Nagasaki. Flexible marketing promotion period for related products is also adopted to ensure a higher resilience.

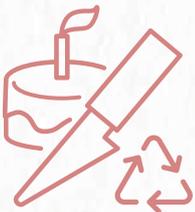
In 2022, we worked together with several egg suppliers in different regions of the Mainland China to ensure adequate stock levels during pandemic.

Minimising waste and going plastic-free

CRA generates certain amount of food waste and other waste such as packaging materials due to our business nature. We fully understand our responsibility to properly manage and reduce the amount of waste throughout our entire production chain. General non-hazardous waste was sent to public refuse stations, while recyclable waste was sent to recyclers for further handling. We also handle wastewater responsibly. For example, wastewater produced in the Shenzhen factory undergoes our in-house water treatment facility before discharging to municipal sewage treatment plant.



The issue of packaging and plastic pollution is also a key concern in our retail business. We have set up a cross-business unit team to explore sustainability packaging solutions and actions to reduce plastic packaging and consumables in factory and store. In 2022, we replaced the cotton rope handle of the paper bags for mooncakes with the paper one which is more environmentally friendly. Besides, we continued to join a number of environmental activities, including the mooncake box recycling activity.



While we have reduced providing plastic cake-cutting knives, utensils and extra plastic bags to customers unless requested, we are exploring the use of packaging materials made of biodegradable or recyclable content while upholding our quality and safety standards.



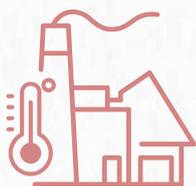
Use of Resources

Management approach

Our operations consume a significant amount of energy, water and raw materials. Therefore, using resources in an efficient and sustainable manner has been a priority in our business strategy. Our Environment Team works hard throughout the year with our line managers to identify opportunities to improve resources utilisation through improved process, improved equipment and new technology.

Progress areas

Facilities upgrade for higher energy efficiency



Energy efficiency is one of the factors which we considered when upgrading our hardware and equipment. In our factories, with the increasing proportion of supply under frozen environment, additional resources were allocated to ensure the proper maintenance of related equipment and to avoid incidents of refrigerant leakage.



To reduce air emissions from diesel consumption of our own logistics team (not including outsourced delivery fleets), we have been replacing aging trucks with more environment-friendly models. And considering the environmental impacts of the outsourced logistics operation, we will explore enhancing the data collection process and disclosing the relevant information when they become available.

We strive to achieve energy conservation through expanding the scope of energy-saving equipment and improving energy-efficient designs in all our shops. Please refer to the *Feature Story – Fostering Green Growth* on page 4 and page 5 for more details.

Promoting efficient use of natural resources



We continuously improve processes to reduce resource consumption. Cleaning our baking utensils and containers consumes vast amount of clean water. We have carefully selected autowashing machines that are both energy and water efficient and gradually upgraded them into our production lines in Hong Kong and Shenzhen factories. Besides, production of cake base had been centralised to achieve higher production efficiency and more effective use of resources.

During the year, we also continued to join a number of environmental activities, including the network-wide participation in the World Wildlife Fund's Earth Hour event.

Reducing single-use cartons during the pandemic

During the outbreak of the fifth wave of COVID-19 where the use of reusable plastic cartons for cross-border transportation had been banned by the Chinese government in consideration of the public health and infection risks, businesses have no choice but to accept single-use paper cartons.



In view of the overwhelming amount of logistic waste in supply chain, we took proactive stance to communicate with the government officials with the purpose of recycling and reducing waste. We explored new ways for businesses to ensure safe and secure transport of food products with reusable cartons and collaborated with other businesses to introduce a series of measures, such as setting up specific disinfection procedures and special transportation passage. After rounds of discussion and adjustments, we were one of the first batch of businesses in Hong Kong who were able to get the green light from the Chinese government to reintroduce the use of reusable cartons for food delivery. Based on our estimates, nearly 75 tonnes of single-use paper cartons are avoided.

Employment and Labour Standards

At CRA, employees are our momentum of success and sustainability of our business. Our HEARTS culture expresses our commitment to our employees – Happy, Energized, Achievements, Respect, Training and Success. Our human resources policies and initiatives are formulated around these values.



PERFORMANCE HIGHLIGHTS:



Support employees and their families during the fifth wave of COVID-19



Reduce work-related injury rate (per 100 employees) to 0.9



Provide training to 3,269 employees, achieving average 5.42 training hours per employee

Employment

Management approach

It is the Group's culture to uphold fairness, respect, diversity, equity, and inclusion in the workplace. Our Equal Employment Opportunity Policy and a Code of Conduct and Business Ethics are in place to reinforce these important values within the Group. We strive to provide equal and fair opportunities to all employees based on their abilities through an impartial and transparent recruitment system. We acknowledge the value of diversity and do not tolerate any form of discrimination or harassment based on race, ethnicity, nationality, religion, beliefs, disability, gender, age, birthplace, sexual orientation, values and workstyles.

In addition, the Group strictly upholds best practices in labour and human rights standards and strives for maintaining a respectful workplace, free from discrimination and harassment of any form and with equal employment opportunities, training, performance assessment, disciplinary and grievance processes, etc. We prohibit the employment of child labour and eliminate all forms of forced and compulsory labour in any of our operations.

Our employment practices including recruitment, employee development and other benefits and welfare are stated in the Employee Handbook for employees to better understand the employment policies and terms.

Progress areas

Promoting family-friendly employment culture

To enhance employees' well-being, we deliver comprehensive welfare and benefits schemes. Our remuneration packages provide eligible employees with a number of benefits in addition to the statutory requirements. For example, eligible employees receive extra one-day family-friendly leave every year, as a pro-family initiative.

During the year, Saint Honore Cake Shop Limited and Omni Beauty Retailing Limited (Zoff) have been accredited as signatory organisations of the "Good Employer Charter" 2021, and "Family-friendly Good Employer" by the Labour Department, in appreciation of our continuous efforts in promoting family-friendly employment culture and implementing various friendly human resource management practices. We also once again received a Certificate of Appreciation to acknowledge our commitment to promoting a Breastfeeding Friendly Workplace.



Caring for employees' wellness



We always put our employees' wellness as our top priority and encourage them to maintain a healthy lifestyle. To promote mental and physical well-being, an employee assistance programme is designed to provide support for employees encountering stress or difficulties. Employees can approach our third-party counsellors either face-to-face or through hotline counselling services in confidentiality.



In addition to our Wellness Wednesday activity where fresh fruits were distributed to colleagues for maintaining a healthy lifestyle, we organised health talks to cover different topics. For example, health eating tips.



To protect our colleagues from the peak season of winter influenza, CRA rolled out a seasonal influenza vaccination programme to provide onsite vaccination at their ease and convenience.

Festive celebration

It has been our tradition to celebrate festivals with colleagues. Through activities and giving out goodies, we wish to share positive energy among our people:



- A "Fai Chun" D.I.Y. Zoom class was organised for staff to design and make their own lucky decorations for the Chinese New Year.
 - Scented tea bags were distributed to colleagues in celebration of the Mother's Day.
 - Giving out of fruit to all colleagues to celebrate Mid-Autumn Festival.
-

Health and Safety

Management approach

Employee health and safety is a priority at all times across all our business operations. In line with its commitment stated in the CSR Policy, the Group seeks to ensure a healthy and safe working environment by means of risk management and systematic measures. Emergency procedures are well in place to manage risks brought by a range of ad-hoc incidents. The emergency guideline sets out proper procedures in handling emergencies for employees and emergency drills are conducted from time to time.

Progress areas

Combating against COVID-19

During the COVID-19 pandemic, to provide better protection for all staff members, in Saint Honore factories, uniform cabinet with UV light and HEPA-filter sanitisation function were installed to maintain an exceptionally high level of hygiene. Professional sanitisation company was hired to sanitise the entire production area, warehouse and trucks on a regular basis. Our stores have been provided with air purifiers to provide clean environment for our staff and customers.

Amidst the outbreak of the fifth wave of COVID-19 where the pandemic situation was serious, many cases were confirmed among our staff or their families. Anti-pandemic supplies were prepared and delivered to colleagues' home as a support for them to overcome the difficult quarantine time.

An online workshop on the "comprehensive strategies for physical and mental health after recovery from COVID-19" was organised during the year. Training consultants and nutritionists share information and tips with participants on how to resume their post-pandemic health.

Safety practices and facilities

To provide a hygienic and safe working environment for our people, we have invested in different automation, equipment and machines to reduce the physical burden of employees. Our factories are equipped with labour protective equipment, automated external defibrillator (AED), non-slip lights and carpets, air-purifiers, etc. Also, automatic door were installed for frequently used freezer to reduce strain on hands. At our smart warehouse, inspections are regularly conducted for continuous enhancement, including the installation of the new ventilation system.



Risk evaluation and inspection at Shenzhen factory

Regular safety inspections are conducted by our Training and Workplace Safety Team to identify any potential risks. For general risks, relevant units will be notified for ratification, upon which the concerned areas will be re-examined. In case of any major risks, enhancement project will be implemented to minimise the risks.

Besides, risk assessments are also carried out on new machines such as case washers and dough kneaders periodically to detect any potential danger. Precautionary measures will be formulated upon evaluation.

Injury and follow up

Where there are any injury incidents, our Training and Workplace Safety Team is responsible for performing a thorough investigation of root causes and implementing follow-up course of actions and preventive measures.



In 2022, the work injury rates recorded in

Hong Kong

0.9%

Macau

1.1%

Shenzhen

0.8%

Common work injury incidents were sprain, clash, cut, slip and fall, and burnt.

The Team conducted investigations and implemented follow-up course of actions to prevent reoccurrence, such as refreshing employees' knowledge over proper operation procedures and safety guidelines, improving work environment and provision of appropriate personal protective equipment.

Development and Training

Management approach

We believe that investing in employee training and development is a key driver for building a talented and engaged workforce. Through learning and development opportunities, our employees are able to acquire professional knowledge and skills to enhance competencies in terms of career growth and development.

Our Competency Model sets out a clear framework for our employee development approach. It defines the knowledge, skills and attributes needed for different positions, which help us make informed decisions about talent recruitment, retention, succession, and career development strategies. We consistently communicate these competencies to our employees through our Employee Handbook.

Performance management is an essential part of promoting engaged and high-potential employees. There is a performance management and career development process for our employees. We evaluate employees' performance, provide continuous feedback and assess and identify training needs during annual performance appraisal.

Progress area

Occupational safety training

A wide range of specialist trainings are provided to our colleagues. During the year, training sessions were provided covering knowledge on occupational safety and new professional topics.

Safety induction training are mandatory for all new factory workers on applicable standards and regulatory requirements. To enhance safety standards in our operations, trainings on workplace health and safety were conducted by certified safety engineers or safety officers on a regular basis, covering topics such as prevention of falls and cuts, and manual handling operations. Trainings on fire safety were also provided, with topics including fire drills, review the use and operation of fire extinguishers, fire prevention knowledge, and basic wound care.

Our internal e-learning platform Ho2Hok launched in 2020 continued to provide online safety trainings for colleagues to attend courses anywhere and anytime. Topics in 2022 included safety on display screen device and knowledge about eye protection.

Future food knowledge learning

In 2022, we joined the "Made-in-Hong Kong Food Technology Forum" organised by the Hong Kong Productivity Council to acquire new knowledge on future food technology. During the forum, food industry leaders shared their insights on food tech development and advanced food manufacturing.

Community Involvement

Our business priorities and corporate social responsibilities are to serve the public, while making a positive contribution to the communities in which we operate. Through various initiatives including public education, donation, volunteering, and community programmes, we engage and support our communities to thrive.



PERFORMANCE HIGHLIGHTS:



Donate over HK\$1 million in-kind to support a series of community programmes



Volunteer team participated in 26 community activities and contribute over 4,260 service hours



Donated more than 224,000 loafs of bread and 5,900 boxes of festive products to the community

Community Engagement

Management approach

In line with its commitment stated in the CSR Policy, the Group emphasizes stakeholder engagement with the aim to build an inclusive community. Our Social Team has strived to understand the needs of our employees and the communities, which forms the basis for developing engagement plans aligned with their expectations and our strategy. Employees are encouraged to share their views and ideas on designing community initiatives, as we believe that active employee volunteerism delivers more meaningful impact when engaging with our communities. Employees' feedback and ideas into our engagement plans and some of them have been put into practice.

A Volunteer Leave Policy is in place to encourage employees to participate in voluntary activities to contribute their parts to society.

Progress areas



In 2022, our volunteer team participated in **26** activities and contributed over **4,260** volunteer hours

The Group provided over **HK\$1 million in-kind** to support community initiatives focusing on social, environmental protection as well as people.

Saint Honore Cake Shop Limited and Omni Beauty Retailing Limited (Zoff) received the “10 Years Plus Caring Company Logo” and the “Caring Company Logo 2019–22” respectively by the Hong Kong Council of Social Service (HKCSS), in recognition of our contribution to society over the years, as well as our colleagues' active involvement in charitable and volunteer programmes.

Public education on food safety

We see raising the public's awareness on food safety as our corporate responsibility. In September 2022, we supported the video shooting for the food safety promotion week jointly organised by the Customs and the State Food and Drug Administration. In the video, we shared information such as food packaging procedures and food product labels. Besides, we arranged several factory tours which took representatives from the Customs, media and other businesses partners inside the factory and covered our history and the production process. We also demonstrated our efforts to ensure food safety in an interview which was broadcast on Phoenix TV in July 2022.



Bakery product donation

As a leading bakery group in the city, we always wish to share our bakery delicacies with the community.

During the Chinese New Year, Saint Honore donated 100 packs of brown sugar sachima to the Tung Wah Group of Hospitals (TWGHs) Wilson T.S. Wang District Elderly Community Centre for distribution to the elderly living alone.



◀ Saint Honore Cake Shop Limited - Mooncake Donation

In 2022, the Group donated a total of 5,900 boxes of mooncakes to the community for celebrating the Mid-Autumn Festival. For instance, on 31 August, our Shenzhen Factory sent 180 boxes of mooncakes and 120 boxes of sachima to a children relief centre in Jiangxi. Also, on 1 September, Saint Honore donated 80 boxes of low-sugar mooncakes to the TWGHs Lim Por Yen Integrated Home Care Services Centre for the elderly.



◀ Saint Honore Cake Shop Shenzhen Factory - Mooncake Donation



In addition, we have continued to work with Foodlink Foundation Limited, the Women's Service Association and Breadline to donate bread to the less fortunate.

During the year,

224,000 loafs of bread
were donated to
48 charitable organisations

Our volunteers also helped on the logistics of bread donation,

contributing
3,600 volunteer hours

Sending warmth to the community



◀ Saint Honore Cake Shop Limited - In Kind Donation



In March and April, the Group donated over 25,000 rapid antigen test kits to TWGHs Tin Sau Bazaar, TWGHs Social Work Service for Pre-primary Institutions, and Evangelical Lutheran Church Social Service – Hong Kong (ELCHK) for students, their parents, and those in need during the pandemic.

On 31 August, colleagues from Saint Honore and Zoff, together with their families and friends, participated in the TWGHs Flag Day to raise funds to help the disadvantaged.

On 2 and 5 September, Saint Honore staff members visited Kwai Chung District Support Centre, Login Club For New Arrivals of ELCHK, and the Po Leung Kuk Padma & Hari Harilela Integrated Rehabilitation Centre to distribute mooncakes and share warmth with the families in need and the elderly.



◀ CRA Group x TWGHs - Flag Day 2022



Performance Data Summary

Environmental Performance

GHG Emissions		
Indicator and Unit	2022	2021
Scope 1 emissions (in tonnes of CO ₂ -e)	5,776	6,011
Scope 2 emissions (in tonnes of CO ₂ -e)	16,742	15,946
Total carbon emissions (in tonnes of CO ₂ -e)	22,518	21,957
Intensity of carbon emissions by Saint Honore stores in Hong Kong and Macau (tonnes of CO ₂ -e/number of store day)	0.12	0.13
Intensity of carbon emissions by Saint Honore factories in Hong Kong, Macau and Shenzhen (tonnes of CO ₂ -e/finished products produced in kg)	0.0009	0.0010
Intensity of carbon emissions by our own logistics team (tonnes of CO ₂ -e/travel distance in km)	0.0008	0.0008

Air Emissions [^]		
Indicator and Unit	2022	2021
Nitrogen oxides (NOx) (in tonnes)	4	5
Sulphur oxides (SOx) (in tonnes)	-	-
Respiratory suspended particles (RSP) (in tonnes)	-	-

[^] Air emissions refer to those emitted by our own logistics team.

Energy Consumption		
Indicator and Unit	2022	2021
Petrol (in MWh-e)	50	55
Diesel (in MWh-e)	3,871	4,493
Towngas (in MWh-e)	419	405
Natural Gas (in MWh-e)	6,349	6,372
Electricity (in MWh-e)	30,415	27,902
Total energy consumption (in MWh-e)	41,104	39,227
Intensity of energy consumption by Saint Honore stores in Hong Kong and Macau (MWh-e/number of store days)	0.24	0.25
Intensity of energy consumption by Saint Honore factories in Hong Kong, Macau and Shenzhen (MWh-e/finished products produced in kg)	0.0014	0.0016
Intensity of energy consumption by own logistics team (MWh-e/travel distance in km)	0.0033	0.0032

Water [^]		
Indicator and Unit	2022	2021
Total water consumption (in cubic metres)	188,554	191,379
Intensity of water consumption by Saint Honore stores in Hong Kong and Macau (cubic metres/number of store days)	0.41	0.52
Intensity of water consumption by Saint Honore factories in Hong Kong, Macau and Shenzhen (cubic metres/finished products produced in kg)	0.0090	0.0109

[^] The Group sourced water from municipal supply and faced no issue in sourcing water fit for purpose.



Waste [^]		
Indicator and Unit	2022	2021
Total hazardous waste produced (in tonnes)	0	0
Total non-hazardous waste produced (in tonnes)	2,103	2,094
Intensity of non-hazardous waste produced of Saint Honore factories in Hong Kong, Macau and Shenzhen (tonnes/finished products produced in kg)	0.0001	0.0001

[^] Amount of waste produced only covers Saint Honore factories in Hong Kong, Macau and Shenzhen as waste generation of Saint Honore stores in Hong Kong and Macau is not considered as material to our operations.

Packaging materials [^]		
Indicator and Unit	2022	2021
Total packaging materials used (in tonnes)	1,984	1,329
Packaging materials used per unit produced of Saint Honore factories in Hong Kong, Macau and Shenzhen (tonnes/finished products produced in kg)	0.0001	0.0001

[^] Amount of packaging materials used only covers Saint Honore factories in Hong Kong, Macau and Shenzhen. Packaging materials use of Saint Honore stores in Hong Kong and Macau is not considered as material to our operations.

Social Performance

Employment and Labour Practices		
Indicator	2022	2021
By Employment Type		
Full-time	2,001	1,916
Part-time	692	575
Temporary	293	272
Total Workforce	2,986	2,763
By Gender		
Female	1,868	1,708
Male	1,118	1,055
By Age Group		
Below 40 years old	1,555	1,449
40 years old and above	1,431	1,314
By Geographical Location		
Hong Kong	1,536	1,421
Macau	262	231
Shenzhen	1,188	1,111



Turnover Rate		
Indicator	2022	2021
Total Workforce	55.1%	55.7%
By Gender		
Female	45.4%	40.6%
Male	71.2%	80.1%
By Age Group		
Below 40 years old	75.4%	75.8%
40 years old and above	32.9%	36.7%
By Geographical Location		
Hong Kong	25.6%	21.0%
Macau	19.5%	16.9%
Shenzhen	101.1%	108.0%

Health and Safety		
Indicator for Work-related Fatalities	2022	2021
Number and rate of work-related fatalities [^]	0	0
Indicator for Work-related Injuries		
No. of lost days due to work injuries	1,483	1,050
Work-related injury rate	0.9%	1.8%
Hong Kong	0.9%	2.0%
Macau	1.1%	1.7%
Shenzhen	0.8%	1.5%

[^] No work-related fatality and occupational disease in the past three years.

Development and Training									
Indicator	2022				2021				
	Employee Trained Rate	Number of Employee Trained	Total Training Hours	Average Training	Employee Trained Rate	Number of Employee Trained	Total Training Hours	Average Training	Hours per Employee
				Hours per Employee				Hours per Employee	
Total Workforce	109%	3,269	17,713	5.42	94%	2,606	22,977	8.32	
By Gender									
Female	98%	1,824	10,003	5.48	95%	1,625	14,648	8.58	
Male	129%	1,445	7,710	5.34	93%	981	8,329	7.89	
By Employee Category									
Office employees	66%	195	1,846	9.47	51%	154	1,215	4.05	
Frontline employees	78%	990	5,782	5.84	99%	1,112	10,310	9.18	
Factory/Warehouse Employees	147%	2,084	10,085	4.84	100%	1,340	11,452	8.55	

Number of Suppliers			
By Geographical Location of Suppliers	Chinese Mainland	Hong Kong	Macau
Total number of suppliers for Saint Honore factories	173	129	22

By Supplier Type	Food	Packaging	Other
Total number of suppliers for Saint Honore factories	236	65	23



Our Reporting Approach

This Report covers the Group's environmental, social and governance performance for the financial year from 1 January to 31 December 2022 ("reporting year"), and focuses on the following operations in Hong Kong, Macau and the Mainland. These operations account for 84% of the Group's total revenue.

- Saint Honore store operations in Hong Kong and Macau; and
- Saint Honore factories in Hong Kong, Macau and Shenzhen

This Report satisfies the "comply or explain" provisions of the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") issued by The Stock Exchange of Hong Kong Limited. In the preparation of the Report, the Group have also followed the related reporting principles from the ESG Reporting Guide:

Materiality



Material sustainability topics are identified through various stakeholder engagement activities. Different factors including the Group's strategy and stakeholders' concerns are taken into consideration. The issues identified were endorsed by our CSR Steering Committee and approved by the Board. More details are available at Stakeholder Engagement section.

Quantitative



As approved by the CSR Steering Committee, the Group has established a series of environment targets. The progress towards these targets will be evaluated by the Board regularly. In addition, information is presented with quantitative measures whenever feasible. By doing so, it enables a transparent comparison of trends over years.

Balance



To provide an unbiased picture of its performance, the Group reviews and discloses its achievements as well as areas for improvement.

Consistency



To allow meaningful comparisons of environmental and social data over time, the Group uses consistent methodologies over time. A due diligence process is conducted to ensure quality and accuracy of information disclosed.

Our GHG emissions inventory is prepared with reference to the Greenhouse Gas Protocol, a corporate accounting and reporting standard developed by World Business Council for Sustainable Development ("WBCSD"). More details are available at Performance Data Summary section.

ESG Reporting Guide Index

Description of Disclosures		Chapter	Page Number	Remarks
A. Environmental				
A1 Emissions				
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Environmental Our Sustainability Approach Performance Data Summary	17-21 6-10 32-37	No reportable cases of breaches in legal or regulation compliance
A1.1	The types of emissions and respective emissions data			
A1.2	Greenhouse gas emissions in total Intensity of greenhouse gas emissions			
A1.3	Total hazardous waste produced Intensity of hazardous waste produced			
A1.4	Total non-hazardous waste produced Intensity of non-hazardous waste produced			
A1.5	Description of emissions target(s) set and steps taken to achieve them			
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them			



Description of Disclosures		Chapter	Page Number	Remarks
A2 Use of Resources*				
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Environmental	17-21	
		Our Sustainability Approach	6-10	
A2.1	Direct and/or indirect energy consumption by type in total	Performance Data Summary	32-37	
	Direct and/or indirect energy intensity			
A2.2	Water consumption in total			
	Water intensity			
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them			
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			
A2.5	Total packaging material used for finished products			
	Total packaging material used for finished products with reference to per unit produced			

* denotes material issues

Description of Disclosures	Chapter	Page Number	Remarks
A3 The Environment and Natural Resources			
General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources	Environmental	17-21	
A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them			No significant impacts of activities on the environment and natural resources
A4 Climate Change			
General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Environmental	17-21	
A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them			



Description of Disclosures	Chapter	Page Number	Remarks
B. Social			
B1 Employment*			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Employment and labour standards	22-27	No reportable cases of breaches in legal or regulation compliance
	Performance Data Summary	32-37	
B1.1 Total workforce by gender, employment type, age group and geographical region			
B1.2 Employee turnover rate by gender, age group and geographical region			

* denotes material issues

Description of Disclosures		Chapter	Page Number	Remarks
B2 Health and Safety*				
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Employment and labour standards Performance Data Summary	22-27 32-37	No reportable cases of breaches in legal or regulation compliance
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year			
B2.2	Lost days due to work injury			
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored			
B3 Development and Training				
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Employment and labour standards Performance Data Summary	22-27 32-37	
B3.1	The percentage of employees trained by gender and employee category			
B3.2	The average training hours completed per employee by gender and employee category			

* denotes material issues



Description of Disclosures	Chapter	Page Number	Remarks	
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	Employment and labour standards	22-27	No reportable cases of breaches in legal or regulation compliance
B4.1	Description of measures to review employment practices to avoid child and forced labour			
B4.2	Description of steps taken to eliminate such practices when discovered			
B5 Supply Chain Management*				
General Disclosure	Policies on managing environmental and social risks of the supply chain	Product Responsibility	11-16	
B5.1	Number of suppliers by geographical region	Performance Data Summary	32-37	
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored			
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored			
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored			

* denotes material issues

Description of Disclosures	Chapter	Page Number	Remarks
B6 Product Responsibility*			
<p>General Disclosure</p> <p>Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress</p>	Product Responsibility	11-16	No reportable cases of breaches in legal or regulation compliance
<p>B6.1</p> <p>Percentage of total products sold or shipped subject to recalls for safety and health reasons</p>			There were no recalls concerning the provision and use of products and services for safety and health reasons
<p>B6.2</p> <p>Number of products and services related complaints received and how they are dealt with</p>			In 2022, we received a total of 185 complaints from our reporting operations. There were no substantiated complaints received relating to the provision and use of products and services that have a significant impact on our operations.

* denotes material issues



Description of Disclosures	Chapter	Page Number	Remarks
<p>B6.3 Description of practices relating to observing and protecting intellectual property rights</p>	<p>Product Responsibility</p>	<p>11-16</p>	<p>Applications for access to information are reviewed and approved by the department head or senior management. In 2022, no complaint was reported.</p>
<p>B6.4 Description of quality assurance process and recall procedures</p>			
<p>B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored</p>			<p>To protect customer privacy, employees are expected to follow Code of Conduct and Business Ethics which provides guidelines on handling and securing customer information. In 2022, no complaint was reported.</p>

Description of Disclosures	Chapter	Page Number	Remarks
B7 Anti-corruption			
<p>General Disclosure Information on:</p> <ul style="list-style-type: none"> (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 			<p>No reportable cases of breaches in legal or regulation compliance</p>
<p>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</p>			<p>In 2022, there were no concluded legal cases of corruption brought against the Group or its employees.</p>
<p>B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored</p>			<p>We have a Whistleblowing Policy in place that enables employees to raise concerns on any actual or potential misconducts, possible improprieties or frauds to either senior management or the Group Chief Compliance and Risk Management Officer. In 2022, no complaint was reported.</p>



Description of Disclosures	Chapter	Page Number	Remarks
<p>B7.3 Description of anti-corruption training provided to directors and staff</p>			<p>The Group has zero tolerance for bribery, extortion, fraud and money laundering. The policies and guidelines provide guidance to our employees on appropriate conduct with regard to anti-bribery and anti-corruption.</p> <p>In 2022, we did not provide anti-corruption online training to directors and employees. Looking ahead, training will be provided to further enhance their understanding on the ethical awareness and knowledge on anti-corruption law</p>
B8 Community Investment*			
<p>General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests</p>	Community Involvement	28-31	
<p>B8.1 Focus areas of contribution</p>			
<p>B8.2 Resources contributed to the focus area</p>			

* denotes material issues