

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This Environmental, Social and Governance Report (the “ESG Report”) summarises the environmental, social and governance (“ESG”) initiatives, plans and performances of the Group and demonstrates its commitment to sustainable development.

SCOPE OF REPORTING

As CFSG, subsidiary of the Company listed on the Stock Exchange, is listed separately and issue its ESG report separately, this ESG Report mainly focuses on major measures and performance of the Group in its retail management business – Pricerite group in respect of environmental and social aspect during the year. The ESG data and related ESG key performance indicator (“KPI”) of this ESG Report focuses on the head office in Kowloon Bay and 27 Pricerite retail stores in Hong Kong.

REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (“ESG Reporting Guide”) as set out in Appendix 27 to the Rules Governing the Listing of Securities on Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

During the preparation for this ESG Report, the Group has applied the reporting principles stipulated in the ESG Reporting Guide as the following:

- | | |
|---------------------|---|
| Materiality | The materiality assessment was conducted to identify material issues during the financial year ended 31 December 2022 (the “Reporting Period”), thereby adopting the confirmed material issues as the focus for the preparation of the ESG Report. Please refer to the sections headed “Stakeholder Engagement” and “Materiality Assessment” for further details. |
| Quantitative | Supplementary notes are added along with quantitative data disclosed in the ESG Report to explain any standards, methodologies, and source of conversion factors used during the calculation of emissions and energy consumption. |
| Consistency | The preparation approach of this ESG Report was substantially consistent with the previous year, and explanations were provided regarding data with changes in the scope of disclosure and calculation methodologies. |

Information relating to the Group’s corporate governance practices can be found in the Corporate Governance Report on pages 23 to 37 of this annual report.

REPORTING PERIOD

The ESG Report specifies the ESG activities, challenges, measures taken by, compliance and results of the Group during the financial year ended 31 December 2022.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

BOARD STATEMENT

Oversight of ESG Issues

The board of directors (the “Board”) holds the ultimate responsibility on monitoring the Group’s ESG issues, including ESG management approach, strategy, and policies. In order to better manage the Group’s ESG performance and identify potential risks, the Board conducts materiality assessment where necessary with the assistance of the ESG committee to evaluate and prioritise material ESG-related issues with reference to the opinions of our stakeholders.

The ESG Committee

The ESG committee, composing of core members from different departments, is established to facilitates the Board’s oversight of ESG matters. The ESG committee is responsible for collecting and analysing ESG data, monitoring and evaluating the Group’s ESG performance, ensuring compliance with ESG-related laws and regulations, and preparing ESG reports. The ESG committee arranges meetings when required to evaluate the effectiveness of current policies and procedures and formulate appropriate solutions to improve the overall performance of ESG policies. At meetings, the ESG committee discussed the existing and upcoming plans to monitor and manage the Group’s strategic goals in terms of sustainable development, mitigate potential risks, and minimise their negative impacts on our business operations. By setting ESG-related goals and targets to minimise the environmental impacts from the Group’s operation, the Group affirmed its commitment in embedding sustainability into the business operation and fulfil its corporate responsibility. The ESG committee would report to the Board, assist in assessing and identifying the Group ESG risks and opportunities, evaluate the implementation and effectiveness of internal control mechanism, and review the progress of the set goals and targets.

TOTAL CARING ORGANISATION

To become a Total Caring Organisation, the Group is dedicated to:

- Meeting the needs of our customers with quality products and innovative services;
- Creating an enjoyable work environment to highly engage our employees so as to maximise their potential;
- Minimising our operational impact on the natural environment; and
- Contributing to the betterment of the community, especially that of the next generation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their feedback regarding its businesses and ESG performance. To understand and address their key concerns, the Group has maintained close communication with its key stakeholders, including but not limited to employees, shareholders and investors, customers, suppliers and business partners, government and regulatory authorities, and the community.

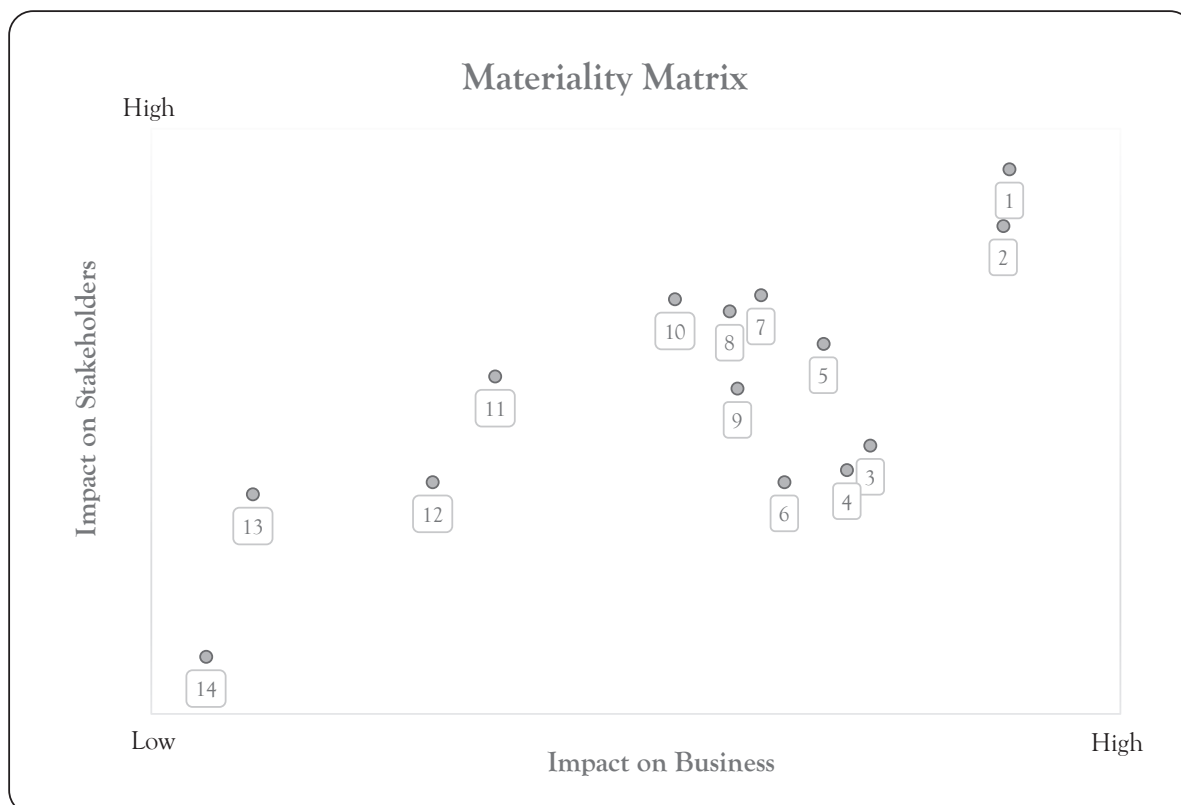
In formulating operational and ESG strategies, the Group considers stakeholders' expectations through a diverse range of engagement methods and communication channels, as shown below:

Stakeholders	Communication Channels	Expectations
Employees	<ul style="list-style-type: none"> • Regular performance appraisal • Training and workshops • Internal announcement 	<ul style="list-style-type: none"> • Remuneration and benefits • Equal opportunities • Career development • Occupational health and safety
Shareholders and investors	<ul style="list-style-type: none"> • Annual general meeting • Financial reports • Announcements and circulars 	<ul style="list-style-type: none"> • Financial performance • Information transparency • Shareholder rights protection
Customers	<ul style="list-style-type: none"> • Customer service hotline and email • Company website 	<ul style="list-style-type: none"> • Customer privacy protection • High quality customer services • Business ethic and integrity
Suppliers and business partners	<ul style="list-style-type: none"> • Supplier conferences and meetings 	<ul style="list-style-type: none"> • Supply chain management • Fair and open procurement • Mutual benefit
Government and regulatory authorities	<ul style="list-style-type: none"> • Regular performance supervision and evaluation • Written or electronic correspondences • Publications 	<ul style="list-style-type: none"> • Compliance with laws and regulations • Corporate governance
Community	<ul style="list-style-type: none"> • Community events • ESG reports 	<ul style="list-style-type: none"> • Community participation • Corporate social responsibility • Providing job opportunities • Environmental protection

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

A materiality assessment in the form of surveys was conducted during the Reporting Period, where the Group identified sustainability factors that were material to our business operations. The management and employees who are responsible for the key functions of the Group have participated in preparing the ESG Report, assisted the Group in reviewing its operations, identifying key ESG issues and assessing the importance of these issues to our businesses and stakeholders. The Group has compiled a questionnaire in reference to the identified material ESG aspects to collect the information from relevant departments and business units of the Group. The Group's material sustainability aspects will be covered in the ESG Report and the materiality matrix is as follow:



Major ESG Issues

- | | |
|--|---|
| 1. Customer services | 8. Employee recruitment and promotion |
| 2. Product and service quality assurance | 9. Anti-corruption |
| 3. Development and training | 10. Occupational health and safety |
| 4. Corporate social responsibility | 11. Equal opportunities and anti-discrimination |
| 5. Anti-money laundering ("AML") and counter-terrorist financing ("CTF") | 12. Supply chain management |
| 6. Data and privacy protection | 13. Environmental protection |
| 7. Employee remuneration and benefit | 14. Climate change |

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CONTACT US

The Group welcomes stakeholders to provide their opinions and suggestions. You can provide your valuable advice with regard to the ESG Report or the Group's performances in sustainable development by visiting our website at www.cash.com.hk.

A. ENVIRONMENTAL

A1. Emissions

Environmental protection and sustainable development rely on concerted and continuous efforts from all industries and society. We strive to promote the vision of "Green CASH", by being an environmentally responsible company. The Group proactively seeks opportunities to conserve energy, utilise resources more efficiently and reduce waste. Besides establishing environmental policies and communicating measurable environmental objectives to our employees, we also keep ourselves up-to-date with local environmental standards.

During the Reporting Period, the Group and its subsidiaries had received several awards which recognised our effort in promoting environmental protection. The Group and its subsidiaries, CFSG and Pricerite, collectively received the following awards during the Reporting Period:

Name of Award	Awarding Organisation
Hong Kong Awards for Environment Excellence (HKAEE) – Certificate of Merit in "Shops and Retailers" sector	Environmental Campaign Committee
Hong Kong Awards for Environment Excellence (HKAEE) – Wastewi\$e Certificate (Excellence Level)	Environmental Campaign Committee
Hong Kong Green Organisation Certificate Sustainable Business Award 2021	Environmental Campaign Committee World Green Organisation
Hong Kong Sustainability Award	Hong Kong Management Association
Chill Green Merchant Award	BOC Credit Card (International) Limited

The Group strives to continuously improve our performance on environmental management.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to air and greenhouse gas ("GHG") emissions, discharges into water and land, and the generation of hazardous and non-hazardous waste that would have a significant impact on the Group. The said laws and regulations include but are not limited to the Air Pollution Control Ordinance and the Waste Disposal Ordinance.

Air Emissions

Due to the Group's business nature, only an immaterial amount of air emissions was generated from the use of company vehicle. Description of mitigation measures of emissions are described in the following section headed "GHG Emissions".

Summary of air emissions performances:

Types of air emissions	Unit	2022	2021
Nitrogen Oxides (NOx)	kg	12.33	11.73
Sulphur Oxides (SOx)	kg	0.03	0.04
Particulate Matter (PM)	kg	0.91	0.86

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

GHG Emissions

The principal GHG emissions of the Group were generated from purchased electricity consumed in offices (Scope 2). To mitigate the biggest attributor of the GHG emissions, the Group has actively adopted energy conservation measures to achieve green office which are described in the section headed “Energy Management” under aspect A2.

In the retail management business, transportation and deliveries of products are provided by external transportation service providers. To reduce the carbon emissions from the mobile transportation activities of our business partners, we aim to optimise the number of deliveries, which includes:

- Working closely with logistic partners in developing a better fuel-efficient transportation practice;
- Packing and loading products more efficiently to reduce the number of delivery journeys; and
- Continuously improving our transportation management system to achieve more efficient journey planning.

On the other hand, video-conferencing systems have been installed in offices to reduce travel and as a result reduce other indirect GHG emissions.

The Group’s total GHG emissions intensity during the Reporting Period remained the same. To ensure the effectiveness of the measures, the Group decided to set a target of reducing the total GHG emissions intensity (tCO₂e/million revenue) by 2025 compared to 2021, being the year setting the target.

Summary of GHG emissions performances:

Scope of GHG emissions ¹	Unit ²	2022	2021
Direct GHG emissions (Scope 1)	tCO ₂ e	5.26	6.63
Energy indirect GHG emissions (Scope 2)	tCO ₂ e	1,729.11	1,955.18
Total GHG emissions	tCO ₂ e	1,734.37	1,961.81
Total GHG emissions intensity ³	tCO ₂ e/million revenue	1.43	1.43

Notes:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development, “How to prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange, the Global Warming Potential Values from the IPCC Fifth Assessment Report, 2014 (AR5), the Sustainability Report 2021 issued by Hong Kong Electric, and the Sustainability Report 2021 issued by CLP Holdings Limited.
2. tCO₂e is defined as tonnes of carbon dioxide equivalent.
3. During the Reporting Period, the Group recorded a revenue of approximately HK\$1,210,887,000 (2021: HK\$1,368,066,000). The data is also used for calculating other intensity data.

Sewage Discharge

Due to the Group’s business nature, the sewage discharge into land is insignificant. Similarly, there was no significant and unreasonable amount of sewage water discharged; used water was discharged to the municipal sewage network to the regional water treatment plant.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Waste Management

Due to the Group's business nature, no significant hazardous waste is generated during operation. The waste generated from the business activities in offices and retail stores of the Group is mostly paper. The Group pursues high standard in waste reduction and educates all staff on the importance of sustainability while providing them with the skills and support to implement it.

A series of programmes and activities have been launched in the office to encourage the participation of staff towards waste management, which include:

- Implementing a Green Information and Communication Technology (ICT) Platform, including systems such as E-workflow and CASHARE (intranet) to build a highly efficient "paperless, IT-driven and systematic" working environment;
- Setting pull printing features on copy machines which is an efficient way to reduce paper waste in the office by preventing uncollected printouts from piling up in the printer tray;
- Achieving waste reduction goals set under the Wastewi\$e Certificate recognition scheme;
- Posting a "Green message" reminder at all office equipment;
- Applying used envelopes for internal document circulation; and
- Recommending duplex or 2-on-1 page copying on recycled paper.

The Group hopes that our stakeholders will join us and pursue a sustainable operation. We encourage reduction of paper consumption by offering shareholders choices to consent to receiving corporate communications materials by electronic means. We also encourage customers to use e-statements on our online portal in order to save paper.

The Group's paper disposal intensity during the Reporting Period decreased by approximately 23.45%. To ensure the effectiveness of the measures, the Group decided to set a target of reducing the total non-hazardous wastes intensity (kg / million revenue) by 2025 compared to 2021, being the year setting the target.

Summary of major non-hazardous waste discharge performance:

Types of waste	Unit	2022	2021
Office paper	kg	11,230.03	16,571.07
Total non-hazardous wastes	kg	11,230.03	16,571.07
Total non-hazardous wastes intensity	kg/million revenue	9.27	12.11

In our offices, waste separation facilities have been implemented. We provide recycle bins for collecting scrap paper, plastic bottles, aluminum cans, and recyclable toner cartridges, which are then delivered to the recycling agents for further processing. In Pricerite retail stores, recycling bins are implemented to facilitate recycling for customers, and we have engaged qualified service providers for the collection and recycling on a regular basis.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The amount of recycling at our collection points in the Reporting Period is summarised as follows:

Types of waste	Unit	2022	2021
Paper	kg	5,430	3,608
Aluminum cans	Pieces	227	815
Plastic bottles	Pieces	479	742
Toner cartridges	Pieces	48	78
Battery	kg	100	273
Lighting tube	Pieces	150	303
Light bulb	Pieces	1,347	1,693

A2. Use of Resources

The Group recognises its responsibility to take the initiative in efficiently utilising finite resources and carries out its corporate social responsibility to introduce additional eco-friendly approaches to enhance the Group's sustainability performance. Therefore, the Group has established the Green Office Policy to achieve energy conservation.

Energy Management

In daily operation, the Group's major energy consumption are electricity consumed in office. In order to reduce our energy consumption, the Group has launched a wide variety of green measures for awareness building towards energy conservation:

1) Lighting

- T5 energy-efficient lighting tubes have been installed at offices;
- Staff is encouraged to switch off lighting while they are duty-off;
- Partial lighting should be switched off provided that sufficient sunlight is available indoors; and
- "Light-off" during lunch hour is highly recommended.

2) Office equipment

- Computers and other electronic equipment should be powered off while they are not in use for energy conservation; and
- Security guards patrol the offices at night to ensure all non-use equipment is switched off.

Apart from the measures adopted at office, the Group participated in the "Earth Hour" campaign by turning off the offices' lighting for one hour with an aim to encourage the participation of staff and arise their concern.

The Group's energy consumption intensity during the Reporting Period slightly decreased by approximately 1.19%. To ensure the effectiveness of the measures, the Group decided to set a target of reducing the total energy consumption intensity (kWh / million revenue) by 2025 compared to 2021, being the year setting the target.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Summary of energy consumption performance:

Types of energy	Unit	2022	2021
Direct energy consumption			
– Petrol	kWh	19,167.96	24,140.59
Indirect energy consumption			
– Electricity	kWh	3,996,178.00	4,566,856.00
Total energy consumption	kWh	4,015,345.96	4,590,996.59
Total energy consumption intensity	kWh/million revenue	3,316.04	3,355.83

Water Management

The Group does not consume significant amounts of water through our business activities. Water usage in the office in Kowloon Bay and Pricerite retail stores is included in the management fee as water supply facilities are provided and managed by property managers on our rental premises, no meter reading is therefore available.

Although the water consumption is considered minimal, we also encourage saving by driving behavioural changes in the workplace. Green messages are posted in pantries and washrooms as reminders for using water efficiently. During the Reporting Period, the Group targets to promote water conservation in our offices and retail stores in the coming year.

Use of Packaging Material

In the retail management business, Pricerite, packaging material is used for delivery of goods. The major packaging material used in the business is plastic bag, which is offered to customers upon request.

We strictly implement the Plastic Shopping Bag Charging enforced by the Government. Customers are required to pay a levy in requesting a plastic bag, hence restricting the consumption of plastic bags. Furthermore, promotion material of BYOB – Bring Your Own Bag is displayed in our retail stores to raise customer awareness in order to reduce plastic bag usage. As a result, the number of plastic bags being used during the Reporting Period reduced significantly.

Summary of packaging material consumption performance:

Types of packaging material	Unit	2022	2021
Plastic bags	pieces	219,500	278,500

A3. The Environment and Natural Resources

The Group is committed to minimising negative environmental impacts occasioned by the Group's business operations. Despite that the business activities of the Group do not significantly impact the environment and natural resources, we continue to be vigilant to the potential environmental impacts arising from its business operations.

Working Environment

The Group is committed to providing employees with a comfortable and green working environment to increase work efficiency. We strive to maintain a hygienic and neat environment in the workplace. The Group signed the Hong Kong General Chamber of Commerce's Clean Air Charter to reduce emissions and create cleaner air. We acted on the Chamber's 7-7-7 Care-for-Air Guidelines for the public and called on our staff to take practical steps to contribute to improving air quality at home, at work, and while travelling. Besides, the Group engaged in many different governmental environmental protection campaigns, including Green Office Education, Green Day, Biz Green Dress Day, Reuse and Recycle Program and Action Blue Sky.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Light Pollution

Due to the high building density in Hong Kong, external lighting at night may disturb nearby residents. To reduce the impact of light pollution, Pricerite strictly follows the “Charter on External Lighting” which has been in effect since April 2016. Certain Pricerite’s stores are committed to switching off decorative, promotional or advertising lighting, which affects the outdoor environment during the preset time (i.e. midnight to 7 am). This measure also helps reduce energy wastage.

A4. Climate Change

The Group recognises the importance of the identification and mitigation of significant climate-related issues, therefore closely monitors the potential impact of climate change on our business and operations. In accordance with the reporting framework developed by the Task Force on Climate-related Financial Disclosures, there are two major categories of climate-related risks, physical and transition risks.

Physical Risks

The increased frequency and severity of extreme weather events such as typhoons, storms, heavy rains, and extreme cold or heat pose acute and chronic physical risks to the Group’s business. The Group’s assets may be damaged and store operations disrupted, resulting in reduced revenue from lower sales and higher maintenance costs. Climate change may also adversely impact our employees in terms of health and commuting and cause displacements in communities where we operate.

To minimise the potential risks and hazards of extreme weather events, such as typhoon and black rainstorm, which might cause interruptions on our business, the Group has established mitigation plans including flexible working arrangements, and precautionary measures such as regular inspection of office premises. Moreover, we maintain comprehensive insurance coverage for assets that are prone to damage by extreme weather conditions, minimising the potential maintenance and repair costs required.

Transition Risks

To achieve the global vision on carbon neutrality, the Group expects evolution of the regulatory, technological and market landscape due to climate change, including the tightening of national policies and listing rules and the emergence of environmentally related taxes. Stricter environmental laws and regulations may expose enterprises to higher risks of claims and lawsuits, which might incur additional compliance costs and affect the reputation of the Group.

In response to the policy and legal risks as well as the reputation risks, the Group constantly monitors any changes in laws or regulations and global trends on climate change to avoid cost increments, non-compliance fines or reputational risks due to delayed response. In addition, the Group has been taking comprehensive environmental protection measures, including GHG reduction measures, has set targets to gradually reduce the Group’s energy consumption and GHG emissions in the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B. SOCIAL

B1. Employment

Respect for the rights of everyone who works for us is fundamental to the sustainability of the Group and the communities in which we operate. Our commitment to operate with respect for individuals is reflected in all aspects of the Group's business operations and is integrated in our policies and relevant procedures. We are committed to providing a happy and family-friendly workplace.

During the Reporting Period, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance, the Minimum Wage Ordinance, the Employees' Compensation Ordinance, the Sex Discrimination Ordinance, and the Disability Discrimination Ordinance of Hong Kong.

As at 31 December 2022, the Group had a total of 624 employees (2021: total 752 employees). The fluctuating headcount is mainly due to the repositioning and optimisation of frontline business. Total workforce by gender, age group, geographical region and employment type is as follows:

	2022	2021
Total number of employees	624	752
Gender		
Male	262	321
Female	362	431
Age Group		
Below 30 years old	80	138
30 – 50 years old	386	449
Over 50 years old	158	165
Geographical region		
Hong Kong	624	752
Employment Type		
Full-time	536	614
Part-time	88	120
Temporary contract	0	18

Recruitment, Promotion and Dismissal

The Group has set out the Staff Recruitment Policy for our Human Resources Department to ensure that appropriate and standardised recruitment process is maintained. The policy will be reviewed regularly, and modified as required, to reflect changes in the Group's development, best practice in recruitment process and compliance with the relevant legislation.

The Group devised an effective performance management system where regular performance appraisal is carried out to provide a two-way communication platform for improved employee relationships with the support of timely coaching and counseling and to give feedback on employees' performance and help identify individual training needs so as to enhance performance and to develop the potential of the employee for further advancement. Procedures are set out in the Employee Handbook. Through the performance appraisal, the Group review and adjusts salary based on our transparent incentive structure.

The termination of employment contract is set out in the Employee Handbook and governed by internal policies to ensure all dismissal comply with relevant laws and regulations in Hong Kong. The Group strictly prohibits any kinds of unfair or illegitimate dismissals.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Group recorded a turnover rate of approximately 29.07% (2021: 30.87%). The table below shows the employee turnover rate by gender, age group and geographical region:

	2022 Turnover rate ⁴ (%)	2021 Turnover rate ⁴ (%)
Gender		
Male	12.35	15.04
Female	16.72	15.83
Age Group		
Below 30 years old	7.56	7.72
30 – 50 years old	6.57	18.71
Over 50 years old	4.94	4.45
Geographical region		
Hong Kong	29.07	30.87

Note:

- Calculation methodology of turnover rate: employees in the specified category leaving employment divided by the average of total number of employees of the Group at the beginning and the end of the Reporting Period.

Remuneration and Benefits

As a multi-faceted service conglomerate, the Group fully understands that our success lies in the quality of service we provide to our customers and therefore our ability to attract, retain and motivate quality employees. The Employee Handbook is formulated to stipulate general practices and policies related to employment, compensation and benefits. To stay competitive, our base salaries are within industry norms, contributing to our ability to attract and retain highly skilled and motivated staff.

To attract talented people, the Group provides fair and competitive remuneration and benefits to our employees. We benchmark our remuneration system with the market to ensure our ability to motivate our talent pool. The Group adopts a comprehensive and people-oriented leave system, where comprehensive benefits are provided to all staff, including annual leave, birthday leave, marriage leave, maternity leave, compassionate leave, and paternity leave. We have pioneered the introduction of the following benefits for employees, including marriage gift coupon, red packet for new-born babies, purchase discount and financial trade discount for our employees. In addition, to express our appreciation to staff who have contributed to the Group for many years, we regularly show our gratitude with long service awards.

Pricerite has set up the "Best Staff" and "Best Manager" award schemes, held yearly, to recognise top-performing employees and teams and to raise morale. Competition is also held on a monthly basis to present awards to recognise outstanding frontline employees and boost their confidence from time to time. The Group believes that our employees' dedication deserves recognition.

Diversity and Equal Opportunities

The Group is committed to developing, maintaining and supporting a culture of equality and diversity in employment, on the basis of age, race, colour, nationality, religious belief, disability, sexual orientation, political opinion and any other status protected by applicable legislations and ordinances. We believe that the diversity can enrich all employees by providing a more rewarding and less stressful environment. No one shall be discriminated at recruitment, selection, employment, compensation, transfers, promotion, training or development. Qualified individuals are employed to carry out our fiduciary duties based on their education, experience, and ability without discrimination.

Work-life Balance

The Group strives to help employees maintain a good work-life balance, which we believe helps them to sustain their performance at work and our business. To assist employees to balance their lives, we arrange activities under three different themes: wellness, happiness and vivacity. The Group introduces family-friendly employment practices, including offering family leave benefits and employee support schemes. To promote well-being and enhance their relationships, the Group also organised after-work activities for employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B2. Health and Safety

Ensuring the health and safety of our employees is an integral part of our business activities. Therefore, we are dedicated to maintaining a safe, hygienic, and productive workplace by minimising the potential risk of accidents, injuries and exposure in relation to health risks. We ensure all employees are competent at work and are given adequate training to comply with all local legislations and ordinances with regard to health and safety.

The Group attaches prime importance to ensure a safe working environment, with measures in place to deal with natural disasters, fire, disease and accidents. We encourage our employees to treat health and safety as parts of their individual responsibility. The Group's health and safety procedures are revised from time to time to ensure that they are risk-focused and that responsibilities are clearly defined.

During the Reporting Period, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group including but not limited to the Occupational Safety and Health Ordinance and the Employees' Compensation Ordinance of Hong Kong. The Group has achieved zero work-related fatalities in the past three years, including the Reporting Period. During the Reporting Period, there were 36 lost days due to 5 work-related injuries, mainly occurred on our frontline staff during products and inventories transportation. Immediate investigation was carried out and the effectiveness of occupational health and safety measures was evaluated with the aim of improving the safety of workers. To avoid similar accidents in the future, the Group provided frontline staff with training regarding personal safety during operation, equipment handling, and report procedures for accidents.

Occupational Health and Safety

Occupational health and safety record is maintained to ensure that a healthy and safe workplace is provided for our employees at all times. Preventive measures were undertaken with the use of appropriate office equipment as well as performing periodic office risk assessment to enhance workplace safety. We also regularly arrange vaccination programme to protect our staff from various diseases, and dental packages to subsidise scaling and check-ups. In addition, we purchase comprehensive medical insurance plans for our employees and their families.

Under the COVID-19 pandemic, the Group places close attention to our employees health condition and strives to protect them from the diseases. Emergency Contingency Plan has been implemented and the Group has adopted various working arrangement as precautionary measures. The Human Resources and Administration Department has circulated internal memo to our employees regarding the flexible working arrangement, office hygiene measures, and personal health monitoring measures. We also provide COVID-19 antigen rapid test swab for our employees to self-test effectively.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B3. Development and Training

We are committed to ensuring that the talents, skills and abilities of our employees are recognised and are utilised to their full capacity. The Group has implemented various training policies and organised a number of training programmes aiming specifically at improving the skills and developing the talents of our employees and generally increasing the competitiveness, productivity and efficiency of the Group.

Our training programmes are developed based on business needs and capabilities of employees. We provide tailor-made management training workshops for management-level employees and high-calibre talent to enhance their professional knowledge and competency, the mindset to take on leadership roles, the ability to face adversity and team spirit. During the reporting period, we organized tailor-made internal training and learning activities to let employees understand the latest business trends, industry needs, and the Group's business direction and strategy for this year. In order to improve frontline performance, we regularly provide training programmes to strengthen employee's communication and cooperation, cultivate the spirit of competition and stimulate team spirit. Furthermore, we leveraged our digital platforms to promote online courses and e-learning to accommodate the post-pandemic "new normal".

The Group conducts an initial staff orientation for new employees in order to familiarise them with the Group's history and strategy, corporate culture, quality management measures and rules and regulations. This orientation aims to prepare the new employees for the positions by establishing a sense of belongingness and cooperation; by supplying necessary information that resolves an employee's concerns; and by removing any potential barriers for job effectiveness and continuous learning.

During the Reporting Period, the Group has achieved a total training hour of 3,114 hours. The table below shows the employee training data by gender and employee category:

	Percentage of employees trained ⁵ (%)	Average training hours per employee (hours) ⁶
Gender		
Male	57.63	9.31
Female	55.52	8.50
Employee Category		
Senior Management	78.95	21.40
Middle Management	53.57	13.60
General	55.81	8.04

Notes:

- Calculation methodology of percentage of employees trained: number of employees in the specified category who took part in training divided by number of employees in the specified category.
- Calculation methodology of average training hours: total training hours of employees in the specified category divided by number of employees in the specified category who took part in training.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B4. Labour Standards

Prevention of Child and Forced Labour

The Group prohibits the recruitment of child and forced labour as prescribed by laws and regulations. The Group strictly complies with local laws and shall not provide job opportunities to those who are under the legal working age of respective jurisdictions.

To avoid illegal employment of child labour and underage workers, the Human Resources and Administration Department of the Group is responsible for verifying personal data such as the identification card during the recruitment process. If violation is involved, it will be dealt with according to circumstances. No employee shall be compelled to work against his or her will through force or intimidation of any form or subjected to corporal punishment or coercion of any type related to work. Overtime compensation procedures are set out in the Employee Handbook where overtime compensation leave will be provided to eligible employees when they are required to work overtime.

During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations, that would have a significant impact on the Group including but not limited to the Employment of Children Regulations and the Employment Ordinance of Hong Kong.

B5. Supply Chain Management

The Group is committed to creating a sustainable relationship with our suppliers and consultants through operating in an open and fair manner. Our major suppliers are mainly engaged by Pricerite Home Limited, Pricerite Food Limited, and Pricerite Pet Necessities. During the Reporting Period, the Group has engaged 422 suppliers (2021: 443 suppliers), which breakdown by geographical regions as below:

	2022	2021
Geographical Regions		
Hong Kong	379	394
China (excluding Hong Kong, Macau and Taiwan)	34	36
South Korea	2	5
Japan	2	2
Taiwan	1	2
India	1	1
Thailand	1	1
United Kingdom	1	1
Vietnam	1	1
Total number of suppliers	422	443

To ensure that the suppliers meet our requirements in regard to quality, environmental and social standards, we carry out assessment for review, approval and disapproval of suppliers and subcontractors. Prior to making any procurement decisions, we will conduct assessments on suppliers and consultants to avoid environmental and social risks. We maintain a list of approved suppliers and consultants; they may be suspended or removed from the approved list if they fail to fulfil the agreed standards.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Green Procurement

To support sustainability, our Green Supply Chain initiative applies strict environmental, social and ethical criteria to the suppliers of our business. We place high demands on suppliers and the Group shall select suppliers with similar standards set by the Group as our preferred suppliers. We have incorporated sustainability considerations into our sourcing and outsourcing practices, requiring suppliers to meet the basic standards. For example, all suppliers are expected to adhere to these basic principles:

- Operating as an equal opportunity employer and recognising the right to collective bargaining as well as minimum and prevailing wages and benefits;
- Maintaining probity and accountability standards;
- Minimising discrimination against small and medium-sized enterprises or local vendors;
- Providing a healthy and safe working environment, not using any forced or child labour, and refraining from harassment or abuse of employees; and
- Supporting sustainable development, acting responsibly with regard to the environment, observing environmental criteria to conserve resources, minimising the negative environmental effects of the production, application and disposal of products, and reducing the use of hazardous products as much as possible.

B6. Product Responsibility

As a total caring organisation, it is our mission to provide our customers with a meaningful experience when utilising our services, therefore the Group understands the importance of expertise for ensuring service quality. Satisfying our clients is our central focus. This principle guides all our activities and applies to all business divisions. The key elements are transparency and high-quality advice, which enable us to improve client satisfaction and achieve customer loyalty in the long term.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations that would have a significant impact on the Group, including but not limited to the Trade Descriptions Ordinance and the Personal Data (Privacy) Ordinance of Hong Kong, concerning health and safety, advertising, labelling and privacy matters relating to products and services and methods of redress.

Quality Assurance

In the sales of furniture and household items, the Group strives to achieve the highest standard in terms of quality, safety, and consistency. We have implemented the Product Approval & Pre-Shipment Inspection Policy to regulate the quality assurance procedure regarding our products, covering the New Product Quality Assurance Approval for our electrical appliances, household products, and pet products. Pricerite has received Q-Mark Service Certification from Hong Kong Q-Mark Council since 2006, and TMF has received the certification since 2018. The certification recognises our competency on providing high standards of service to customers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To safeguard our baseline, we involve an independent Quality Assurance Team in assuring product quality and safety. The team assures the satisfaction of customer expectations by the following means:

- Product development – review of new designs, examination of product specifications, analysis of customer expectation conformance;
- Supplier assessment – inspection of suppliers' capability in satisfying quality requirements, solving supply problem by establishing communication channels with suppliers;
- Pre-shipment inspection – inspection of functionality and safety of finished goods to ensure conformance to required specifications; and
- Complaint handling – review of product defects and mismatches against customer expectation, provision of improvement plans on product quality.

As part of the standard operating procedure, the Group also has in place the Product Recall Procedure to mitigate the distribution and sale of the affected product, so as to protect customer health and safety. With the procedure, we ensure that the removal of affected product from the marketplace as well as the stores is carried out efficiently. After the recall procedure, Improvement Note will be completed by the quality assurance department to analyse the root cause and determine the nature of the problem while corrective action plan is implemented to prevent another recall. During the Reporting Period, the Group did not recall any products for safety and health reasons.

During the Reporting Period, the Group received approximately 380 complaints regarding product issues, such as product defect and missing parts, and approximately 480 complaints regarding delivery and installation services. To conduct immediate investigation, we collected information, including sales transaction, detailed complaints content with photo and video, and acknowledge the customer's case within 3 working days to provide solution that meet customer's need. All follow up action were ensured to be strictly complied with our standard operating procedures and tickets in CRM System were created for record.

The Group considers the customers' feedback as an opportunity to improve our product quality and business operation. After the follow-up actions were taken, the root causes of complaints are analysed and review meetings with stakeholders are conducted. We implement remedy plans such as continuous quality improvement plan (CQI) and scorecard marking scheme. To ensure the effectiveness of our procedures, the Group sets relevant KPIs and reviews standard operating procedure periodically through monthly performance tracking reports, so that prompt adjustment can be made and action plan can be fine-tunes where necessary.

Customer Services

The Group maintains an open and welcoming attitude to feedback and complaints from the Group's customers and guests, as the Group views it as an opportunity to improve its service. Procedures for handling complaints are detailed in the Complaint and Suggestion Handling Policy for the reference of relevant employees. Should the Group receive any complaints, the Group will strive to act immediately to resolve the issue with effective corrective actions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Group received approximately 90 complaints regarding customer services. With immediate response to the customers, investigation and interview were conducted by store operation management with the staff concerned. To ensure similar issues will be avoided, relevant staff is provided with intensive training course, while case study and field sharing are conducted by staff training department with frontline staff. The improvement plan regarding the complaints is closely monitored and reviewed by staff training department and operation management team.

Handling of Personal Data

The Group strictly adheres to regulatory requirements on data privacy, through fulfilling high security and confidentiality of personal data privacy protection. We are committed to maintaining and protecting personal data.

Internal policy has been established to govern the collection and handling of personal data received from a data subject. Under our data protection principles, a Privacy Policy Statement ("PPS") is acknowledged to enable the public to ascertain the data user's general policies and practices in relation to the collection, holding and use of individual personal data.

Furthermore, in accordance with our data protection principles, a Personal Information Collection Statement ("PICS") is acknowledged whenever there is collection of personally identifiable information from individuals to notify data subjects of certain matters in relation to specific collections of personal information from them. The Group will not use or provide personal data to any person for use in direct marketing unless we have obtained the data subject's consent in writing. Meanwhile, the Group maintains sound safety system and measures to prevent unauthorised use of personal data.

Protection of Intellectual Property Rights

Policies and measures regarding the protection of intellectual property rights are in place. For any infringement of the Group's intellectual property rights, the Group will urge infringers to cease such action. The Group shall take further action should infringement continue.

B7. Anti-corruption

The Group strives to promote and maintain the highest standards of honesty, integrity and fairness. All of our staff must ensure that the Group's reputation is not tarnished by dishonesty, disloyalty or corruption. Policies on the aforementioned matters are clearly stated within the Employee Handbook.

During the Reporting Period, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering, including but not limited to the Prevention of Bribery Ordinance of Hong Kong that would have a significant impact on the Group. During the Reporting Period, there were no concluded legal cases regarding any forms of fraud brought against the Group or its employees.

Whistle-blowing channels

The Group maintains a Whistle-blowing policy to encourage employees to report any suspected misconduct contrary to our ethical belief in confidence without the fear of recrimination. Procedures are established for employees to raise complaints directly to the Compliance Department, which will evaluate the complaint and determine whether an investigation is appropriate. Compliance Department coordinates with relevant departments for investigation where necessary and recommendations on improvements are communicated to the respective management for implementation. Audit procedures, investigation results and subsequent follow-up actions taken are reported to the Audit Committee on an annual basis.

Anti-corruption Training

Training related to anti-corruption are rendered to our management and employees to boost their awareness on the prevention of any kind of unethical behaviour such as bribery, extortion, fraud and money laundering. During the Reporting Period, 7 directors of the Group attended training on ethics legacy, while 473 employees attended training on Prevention of Bribery Ordinance for a total of 18 training sessions with 480 hours. Training for employees was carried out virtually for the sake of our employees' health and safety.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B8. Community Investment

Adhering to our core value of “Total Caring”, the Group has been caring for different sectors and groups in society for many years. We and our employees are dedicated to working hand-in-hand with local communities in a variety of initiatives ranging from job creation to youth education and disaster relief.

In recognition of the Group’s “People-Oriented” and “Total Caring” commitments, Pricerite Group and CFSG were honoured with the World Green Organisation’s Sustainable Business Award.

“Total Caring” Amid Pandemic

During the pandemic, the Group continued to join hands with Hong Kong people in hard times, encouraging the community to fight the virus together.

- As long queues developed at many testing centers for compulsory testing across Tuen Mun in January 2022, Pricerite Home offered folding chairs to citizens in need for free.
- To support florists suffering heavy loss as a result of cancellation of the Lunar New Year Fair, Pricerite Home invited them to sell festive flowers in our stores instead, helping to reduce their burden and tide over difficulties.
- Further combating the pandemic, Pricerite Home offered free SECO CareÜ face masks in our stores in January 2022.
- Committed to contributing to improving public health, Pricerite Home together with Momax and Savewo promptly arranged installation of new air purifiers and heaters for patients waiting outside emergency rooms of public hospitals in Hong Kong in February 2022, protecting the health of medical staff and patients. Pricerite Home again joined hands with Savewo in March 2022, donating new smart air purifiers to protect medical staff and patients at Pamela Youde Nethersole Eastern Hospital.
- Helping grassroots families, the Group donated masks, rapid test kits and other anti-epidemic supplies through Christian Action in March 2022.

Community Engagement

The Group believes that contributing to society is the due responsibility of every local organisation – and we contribute to a variety of causes in Hong Kong every year. Apart from taking care of the needy during the pandemic, the Group also contributed to the community, engaging in various big and small activities.

- Caring for the underprivileged and grassroots families, the Group and its subsidiary Pricerite Group donated Lunar New Year lucky food bags through Christian Action. Extending the festive warmth, all remaining supplies were donated to Christian Action’s Emergency Food Programme to help others in need.
- Embracing diversity and respecting individual needs, Pricerite Home and CFSG supported the campaign #SayYesToBreastfeeding, establishing private breastfeeding-friendly zones in our stores and offices. Our effort was recognised by UNICEF and the Department of Health with a Blue Label certificate presented to Pricerite Home.
- Promoting sustainable development and supporting local arts, Innoverse, a technology innovator under Pricerite Group, joined hands with Articoins to launch the “Green NFT and Local Art” campaign in June 2022. As a demonstration of support for the work of local artists, customers who redeemed NFT were awarded an ESG (Environmental, Social and Governance) e-certificates for their support for ESGs and SDGs (United Nations Sustainable Development Goals).
- Supporting initiatives to rescue homeless stray animals in June 2022, for each new customer who successfully opened an Alpha i trading account, CFSG made donations to “Merit Veterinary Medical Centre – House of Joy and Mercy” (阿棍屋善行動物診所), a charity offering free medical services for homeless animals.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- In additional support for furry friends, CFSG and Pricerite Pet sponsored provision of furniture for the “Merit Veterinary Medical Centre – House of Joy and Mercy” in July 2022, facilitating appropriate medical treatment for homeless strays, ensuring that every life is respected and cared for.
- Sparing no effort to respond to various needs of the community, Pricerite Home joined hands with Caring For Children Foundation In August 2022, to launch the “NFT Charity Sale” – where a number of famous local artists were invited to aid grassroots children and families through creative technology and art.
- As part of our efforts to help grassroots families, our staff volunteered at the “Food Angel” Kitchen in September 2022, preparing surplus food as nutritious meals redistributed to underprivileged communities.

On behalf of the Board

Dr Bankee P. Kwan, JP

Chairman & CEO

Hong Kong, 24 March 2023