



Serving Communities Sustaining the Planet Sourcing Responsibly

OUR BELIEF IN CORPORATE SOCIAL RESPONSIBILITY



2021 EDITION



Donating Masks to Street Cleaners
7-ELEVEN HONG KONG



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About DFI Retail Group

DFI Retail Group is a leading pan-Asian retailer that covers food (grocery & convenience), health and beauty, home furnishings, restaurants and other retail businesses. The Group has interests in 12 countries and territories, operates over 10,200 outlets, and employs more than 230,000 team members.

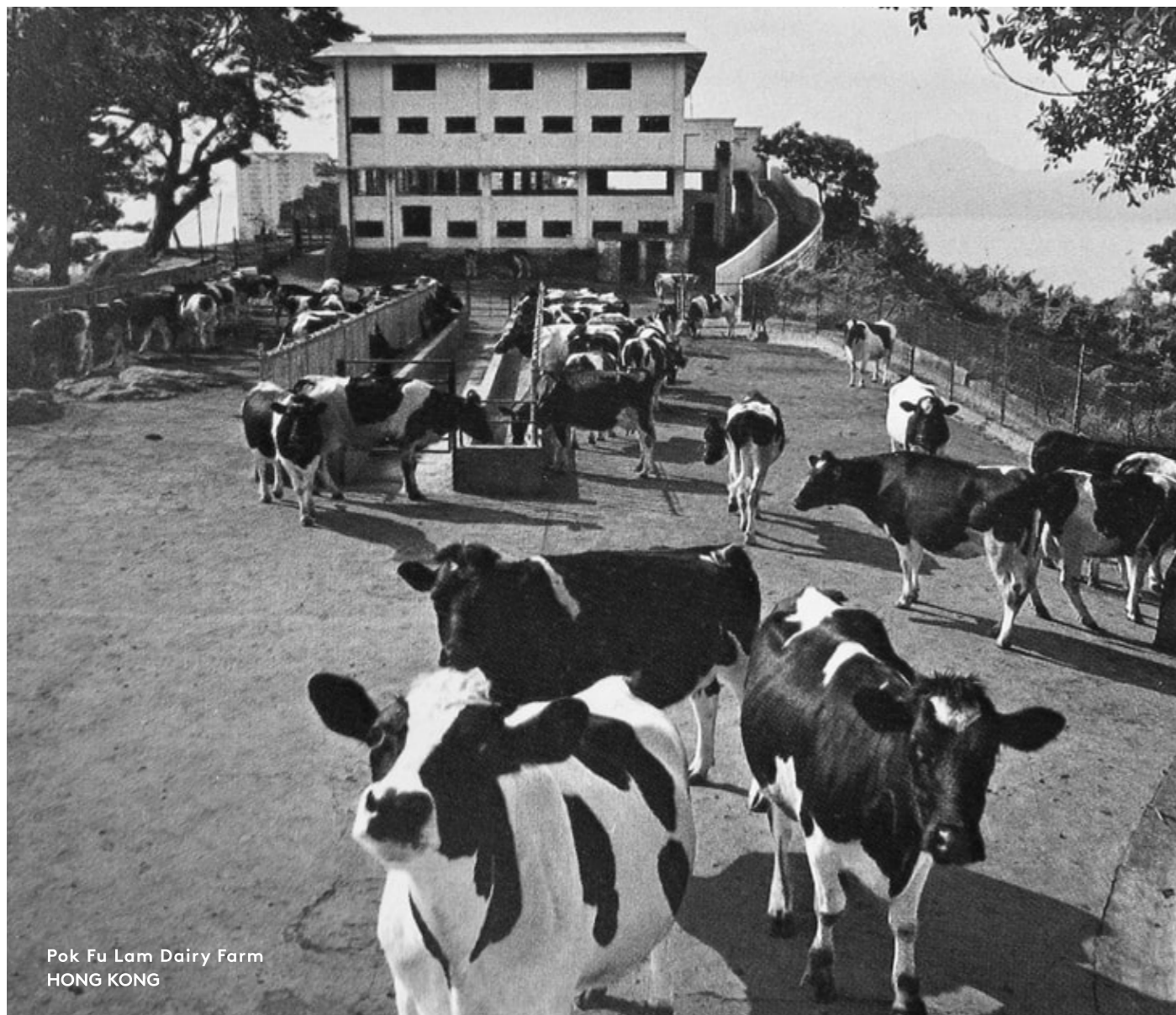
At DFI Retail Group, we endeavour to always put our customers' interests first. We strive to provide quality that our customers will enjoy; we go the extra mile to give them a service that makes them feel appreciated; and we constantly work hard to deliver the value we believe our customers deserve by keeping prices low. We know that if we truly live according to our values, our customers will put their trust in us and return to us every day. Given the number of lives we touch, we are aware that we have a responsibility not just to serve our customers in our stores, but also broader social responsibilities to our customers, to our team members and to the communities where we operate.

Our retail interests are diverse, covering food retail from small convenience stores under the 7-Eleven franchise brand in Hong Kong, Macau, Singapore and Southern China to large-scale supermarkets under the Giant brand in Malaysia and Singapore. The Group also holds the franchise for the IKEA home furnishings brand in Hong Kong, Macau, Taiwan and Indonesia, as well as operating over 1,500 health and beauty stores across Asia, trading under the Mannings and Guardian brands. DFI Retail Group also has a 50% interest in Maxim's, the largest restaurant group in Hong Kong, which also operates the Starbucks franchise in Hong Kong, Macau, Vietnam, Cambodia, Singapore and Thailand.

A History of Corporate Social Responsibility at DFI Retail Group

When DFI Retail Group makes Corporate Social Responsibility a cornerstone of its business today, it's continuing a tradition that dates back to the company's very earliest days in the 1880s. It was then that our visionary founder, Dr Patrick Manson, a physician and scientist often referred to as the "Father of Tropical Medicine", turned his attention to providing the people of Hong Kong with a ready supply of clean, affordable, fresh milk.

Before that, the only milk available had been from individual cattle, which often lived in people's basements or other unhygienic locations, meaning their milk was pricey and often unsanitary. Dr Manson imported a herd of cattle from North America, set them up at a farm in the rural surroundings of Pok Fu Lam – and the company formerly known as Dairy Farm was born.



Pok Fu Lam Dairy Farm
HONG KONG



Dairy Farm Ice Cream Stand
HONG KONG

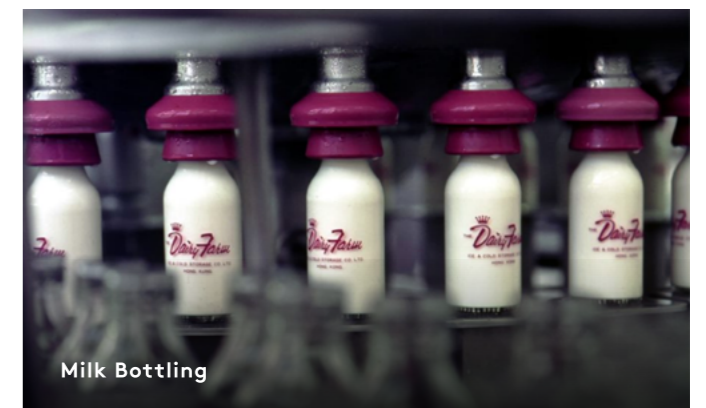
"...reduce the price so as to bring milk within the reach of the poor..."

His motivation for doing so was made clear in the prospectus he wrote for potential investors: making everyday foods more affordable and helping to ensure the well-being of communities. The company, he wrote, aimed to ensure that "what has hitherto been a luxury of the rich, may become, what milk ought to be, one of the principal elements in the food of the poor." Making everyday items affordable is something we still care about today.

He added: "The principal object of the proposed dairy farm will be to reduce the price so as to bring milk within the reach of the poor ... A second object will be to secure its purity and remove it from the category of typhoid fever and other disease causes."



Dairy Products



Milk Bottling

In those aims it was a resounding success: the farm became a model of success, substantially bringing down the price of milk and helping to fight numerous diseases. It even became the largest industrial dairy farming operation in Asia, with about 2,500 cattle, and dairy operations only coming to a close in 1985.

It's been a long journey since then, as the company has grown within Hong Kong and overseas, but our values remain the same. As it has expanded, it has sought to do so by both acquiring and working with businesses that share its longstanding commitment to serving the communities in which they operate, with the aim of improving the quality of life of ordinary people who live there.

A Message from Group Chief Executive



Sik Jor Fan Mei Volunteering Event
HONG KONG



Sik Jor Fan Mei Volunteering Event
HONG KONG

I have long understood that large companies like ours carry responsibilities that go beyond our balance sheet. For many years now, our businesses around the region have been working on all kinds of different CSR initiatives. This has only intensified during Covid-19, as the pandemic has helped to bring home the scale of the impact we can have.

We have been doing all we can, but we also need to recognise that there's space for us to do more. We aim to create CSR activities that inspire our industry, our customers and our team members alike, so we can make a genuine difference.

We organise our Corporate Social Responsibility approach around three areas of focus: Serving Communities, Sustaining the Planet and Sourcing Responsibly. The first reflects our mission to improve people's lives, especially those on low incomes, by reducing costs, reducing hunger and providing employment; the second is all about our commitment to the environment, from reducing plastic use and food waste to improving energy efficiency; and the third reflects our desire to protect animals, people and land in our sourcing choices. These three focus areas are further broken down into 10 priority areas, allowing us to be more targeted and more systematic in the way we approach our CSR activities.

Being a good corporate citizen is very much a personal commitment – it's something that I believe in passionately. For that reason, I will get involved myself, helping our team members as they help those in need. It's important to me to

get a better understanding of how our CSR activities work on the ground.

I could quote all sorts of facts and figures about the impact we can potentially make, but perhaps the importance of our CSR activities is best illustrated instead with a personal example:

When we were setting up our Sik Jor Fan Mei rice donation programme in Hong Kong, I visited our partner, hunger relief charity Foodlink, who we knew were buying Wellcome vouchers to give to people in need. Rather than having Foodlink buy them, I felt we should donate them. So we did: we donated vouchers worth HK\$3 million, so they could help even more people. Their emotional response to the news, with tears in their eyes, made me realise just how big a role we can play as an organisation. And it made me determined to do everything we can to help: we've since made our commitment to Foodlink a continuous one, making long-term donations of our own brand Yu Pin King rice and donating 50 cents per kilo from every bag our customers buy. That's what our CSR programme is all about.

Ian McLeod
GROUP CHIEF EXECUTIVE
DFI Retail Group

Our Corporate Social Responsibility Framework

Our Corporate Social Responsibility Framework is built on our passion to do the right thing for our customers and the communities that we serve. We express this in three key ways: Serving Communities,

Sustaining the Planet and Sourcing Responsibly. Under each area, we focus on 10 priorities that promote and protect the welfare of all.





01 SERVING COMMUNITIES

Reducing Hunger

According to the United Nations, hunger affects about 375 million people around Asia – a number that has risen by more than 50 million since the start of the pandemic. As a leading food retailer in the region, we want to help to fight that.

Sik Jor Fan Mei Rice Donation
WELLCOME HONG KONG

Reducing Hunger at Home

Rice is Hong Kong's most important staple food, but it also has a deep cultural significance. You can hear that in the common expression "Sik Jor Fan Mei", a friendly greeting that can be variously translated as "Have you had your rice yet?" or simply "Have you eaten yet?"

That's why we used it as the name of a campaign we launched to help some of the more than 1.6 million people in Hong Kong who live at or below the poverty line. The Sik Jor Fan Mei Donation programme is a partnership with Foodlink, a local food charity with the mission of replacing hunger with a smile. It started when Wellcome donated 30,000kg of its Own Brand Yu Pin King rice to low-income groups. But we wanted to make that support ongoing, so we decided to collaborate with our customers: we donate HK\$0.5 for every kilogram of Yu Pin King rice we sell. That money is put into a fund that ensures Foodlink can constantly provide food to people in need.

"As a food support charity, our work has been seriously affected as food donations have dropped dramatically by 70% during the pandemic," says Foodlink's Head of Operations Aurea Yung. "Unable to get safe-to-eat surplus food from hotels and food and beverage outlets, we needed new ways to find new donors. As a long-term partner, we are very happy to see Wellcome launch the programme, giving support to the community during this difficult time."

We step up the support during festivals, providing nutritious food so underprivileged people can celebrate, including noodles, dried mushrooms, canned seafood, snacks and cooking sauces.

"It was great to meet some of the recipients of our donations and witness first-hand how our efforts help those in need," says our team member Jonny, who has helped Foodlink to pack and deliver food. "It was very moving to see the impact of our customers' and the company's combined support. I enjoy working at an organisation that emphasises giving back to our communities. One of my favourite things was seeing how so many of our team members from all across the business came together to pack goodie bags. There was a real sense of togetherness and motivation to give back."

Wellcome kicked off the campaign with a HK\$3 million donation, and aims to raise HK\$5 million in the first year – equivalent to 16 million bowls of rice, feeding more than 14,000 adults for a year.

Feeding Homeless and Elderly People at 7-Eleven

With its unique network of more than 1,000 stores serving customers day and night, 7-Eleven Hong Kong is in a great position to help people in need. Since 2017, we have supported Pei Ho Counterparts, a local charity that provides free boxed meals to those in need. It was founded by restaurant owner Ming Gor, who started giving out subsidised meals, then free ones, after seeing how many people in his restaurant's Sham Shui Po neighbourhood were struggling.

7-Eleven started by donating the proceeds from its 7-Eleven Charity Run to pay for more of the meal boxes. Its team members also got involved, volunteering to cook and pack meal boxes and goodie bags, and to visit the people receiving them. "It's a very happy memory because it felt like we were doing something as a team that helps people," says one volunteer. "I wanted to experience this meaningful event myself, and I also learnt from Ming Gor's generosity and spirit of sacrifice," added another.

We've donated about 250,000 meals since 2017, working with Pei Ho Counterparts to find ways to serve the community better. For example, a lot of restaurants are closed over festive periods, so we deliver packaged food that doesn't require cooking or preparation to elderly and homeless people during those times. Homeless people also often lack clean drinking water, so we have provided them with bottled water every week for the past four years.

The pandemic has posed unique challenges, disrupting supply chains and making it impossible to deliver meal boxes to elderly people. We responded with the Meal Voucher Programme: for every HK\$15 voucher our customers buy, we donate an own-brand microwavable ready-to-eat meal box. It meant many more people were able to get a hot meal quickly, easily and safely.

"We really appreciate 7-Eleven's consistent support over the past four years," says Ming Gor. "They listen carefully to the issues the homeless face and work closely with us to solve them. For example, the Meal Voucher Programme means homeless people can enjoy a hot meal."



Meal Boxes for the Elderly
7-ELEVEN HONG KONG



Meal Boxes for the Homeless
7-ELEVEN HONG KONG



Better Together Food Donation Programme
GIANT SINGAPORE

Other Life-improving Initiatives

In Singapore, we started working with the Food Bank Singapore in 2019, encouraging our customers to donate food, and supplementing this with our own donations. In the first year, the campaign donated 120,884kg of food, equivalent to 345,385 meals, or an eighth of Food Bank's total requirements.

In Malaysia, DFI Retail Group stores including Giant, Cold Storage and Mercato have partnered with the Lost Food Project and Food Aid Foundation, donating 109,978kg of food and providing 314,223 meals between 2016 and December 2021.

Nicol Ng from Food Bank Singapore says: "Not only was the DFI team open to our ideas but we also crafted a very meaningful donation drive that emphasised nutrition and needs. We believe that this is the start of a beautiful collaboration for the long haul."

02

SERVING COMMUNITIES

Reducing the Cost of Living

In 2021, while many retailers experienced price inflation and passed it onto their customers, many of our stores actually reduced prices for hundreds of items customers like to buy the most. We want to keep prices as low as possible, reducing the financial pressure on ordinary shoppers across Asia.



Meadows Own Brand Products

Everyday Low Prices: Helping to Reduce the Burden

One of the most impactful ways we do that is with our low price campaigns, which have been particularly important given the financial challenges the pandemic has posed. They include Wellcome's "Low Prices Locked" campaign in Hong Kong, which since September 2020 has guaranteed prices that don't increase with inflation on hundreds of everyday items, focusing on staples that typical customers buy. Similarly, Giant's "Lower Prices That Last" campaign in Singapore and Malaysia has cut the prices of hundreds of essentials; while Mannings in Hong Kong and Macau has made long-term reductions to the cost of more than 1,200

products; and Guardian has low price campaigns on over 1,000 items across all its markets. Across our stores, campaigns keep prices low on more than 4,700 products at a time in Hong Kong, Singapore and Malaysia alone.

In Hong Kong alone, we have helped our customers at Mannings and Wellcome save almost HK\$480 million a year. At Wellcome, for example, the price of rice rose by less than 1% between March 2020 and December 2021, compared to an average price increase for this staple product of 4.8% in Hong Kong. We have also kept price increases below inflation on key products such as fresh vegetables, pork, beef and dairy, saving our customers HK\$65 million a year.

We've received plenty of comments from happy customers. "Rice is the most important food that I use to feed my family," says one. "I've noticed that the cost of rice hasn't really changed at Wellcome over the last year, which means my growing boys can eat well."

By sustaining these campaigns for periods of several months, if not longer, we offer our customers reassurance that we're on their side. For the same reason, we constantly challenge price increases from suppliers, employing a specialist team to monitor movements in commodity prices to determine if costs are justified; in 2020, we saved our Hong Kong customers more than HK\$160 million by resisting supplier requests to put prices up. It creates a virtuous

circle, where customers who enjoy savings shop more with us, giving us the volume to further drive down prices for them. We also make savings to pass onto our customers through improved supply chain management, trying wherever possible to absorb increases in transportation costs ourselves through improved efficiency, something that also helps us to save energy.

"I've noticed that the cost of rice hasn't really changed at Wellcome over the last year, which means my growing boys can eat well."



Our Own Brand Products: a Great-value Choice

Developing a strong range of high-quality, value-for-money own brand products, focusing on the products that matter most to people, can help customers stretch their dollar further. Here we've made great strides of late, with everything from our Meadows brand, launched in 2019, to our revitalised Yu Pin King brand, to Giant, Guardian and Mannings own brands. We now have more than 3,200 own brand products in total. Across the board, we aim to equal

or better the quality of the most popular brands, but with prices an average of 20 per cent lower. We achieve that in a number of ways: by choosing our suppliers carefully and focusing on the best; by going directly to producers wherever possible for fresh food; and by buying in volume around the world so we can negotiate better prices.

“I like the fact that these products are such great value but I don't need to compromise on quality,” says one customer.



03

SERVING COMMUNITIES

Raising Self-Esteem

Our role as one of Asia's leading employers, with 230,000 team members across a very wide range of roles, is something we take seriously. It gives us the chance to provide employment opportunities for people across communities, including many who might otherwise struggle both to find a job and to integrate into the workforce.



Team Member from Apprenticeship Programme
Working in Distribution Centre
7-ELEVEN HONG KONG

Equal Employment Opportunities for People with Disabilities

People with developmental challenges can often struggle to find work. The 7-Eleven Integrated Distribution Centre in Hong Kong is helping to deal with that. In partnership with social service charity Caritas, it set up the Enterprise Linked Apprenticeship Program, which provides training and working opportunities, often for the first time, to mentally challenged people, mostly with autism.

During the 12-month training programme, they develop communication skills and learn to adapt to a workplace environment. They start working on simple tasks, but as their performance improves, goals are introduced to add further motivation and sense of achievement, with several of these team members eventually winning picking accuracy competitions. The programme started back in 2013, and since then 40 trainees have joined, with several members of the class of 2013 still with us. We work closely alongside Caritas to train and support these team members. Caritas also trains other team members, especially our supervisors, in how to communicate with them sensitively.

"Having the chance to work at 7-Eleven has definitely helped with the trainees' confidence and self-esteem," says

a Caritas spokesperson. "7-Eleven supervisors are very supportive; they give encouragement to the trainees and provide them with flexibility, assigning tasks based on their strengths and capabilities."

"My colleagues are all very friendly and they are always happy to help me," says one team member who has been through the programme, Mr Ki. "Working at 7-Eleven has helped me become more mature and responsible. I can even give some of my salary to contribute to my family's expenses."

Added his mother: "Working at 7-Eleven has given him a real sense of responsibility and he takes great pride in his work. This job has given him more independence and has allowed him to participate more fully in society. I am very grateful to the company and to his colleagues for providing this valuable opportunity and taking such good care of him."

In addition to the Integrated Distribution Centre, we also offer team members with mental challenges the opportunity to work at 7-Eleven stores in Hong Kong.

Along similar lines, we work in Singapore with MINDSET, a mental health charity founded by Jardine Matheson, and have helped 60 people who are facing challenges reintegrate into the workforce through jobs at DFI Retail Group stores.

"These job placements enhance the self-esteem of people in mental health recovery and eventually give them a sense of fulfilment through gainful employment," says Colyn Chua, Head of MINDSET Singapore. "By sharing successful employment stories, DFI and MINDSET hope that more companies will be open to hiring people in recovery and creating a more inclusive community."



Walk Up Jardine House to Raise Funds for MINDSET
HONG KONG

Allowing People to Build Their Own Businesses with Franchising

Of course, it's not just those facing mental or physical challenges who can find worthwhile employment with us. The 7-Eleven Franchising System has so far given hundreds of franchisees the chance to be their own bosses and build successful businesses. We find the best locations for

stores, build them and operate them, giving potential franchisees an easier way to start their business without massive upfront costs. We provide comprehensive training and ongoing support to our franchisees, who include everyone from homemakers to young graduates to our own team members.

"As a 7-Eleven store assistant for many years, I enjoyed serving customers, running operations and training new colleagues," says one franchisee, Ho Fu Ho. "When I eventually decided to become my own boss, 7-Eleven offered extensive training and support. Now I run five franchisee stores."

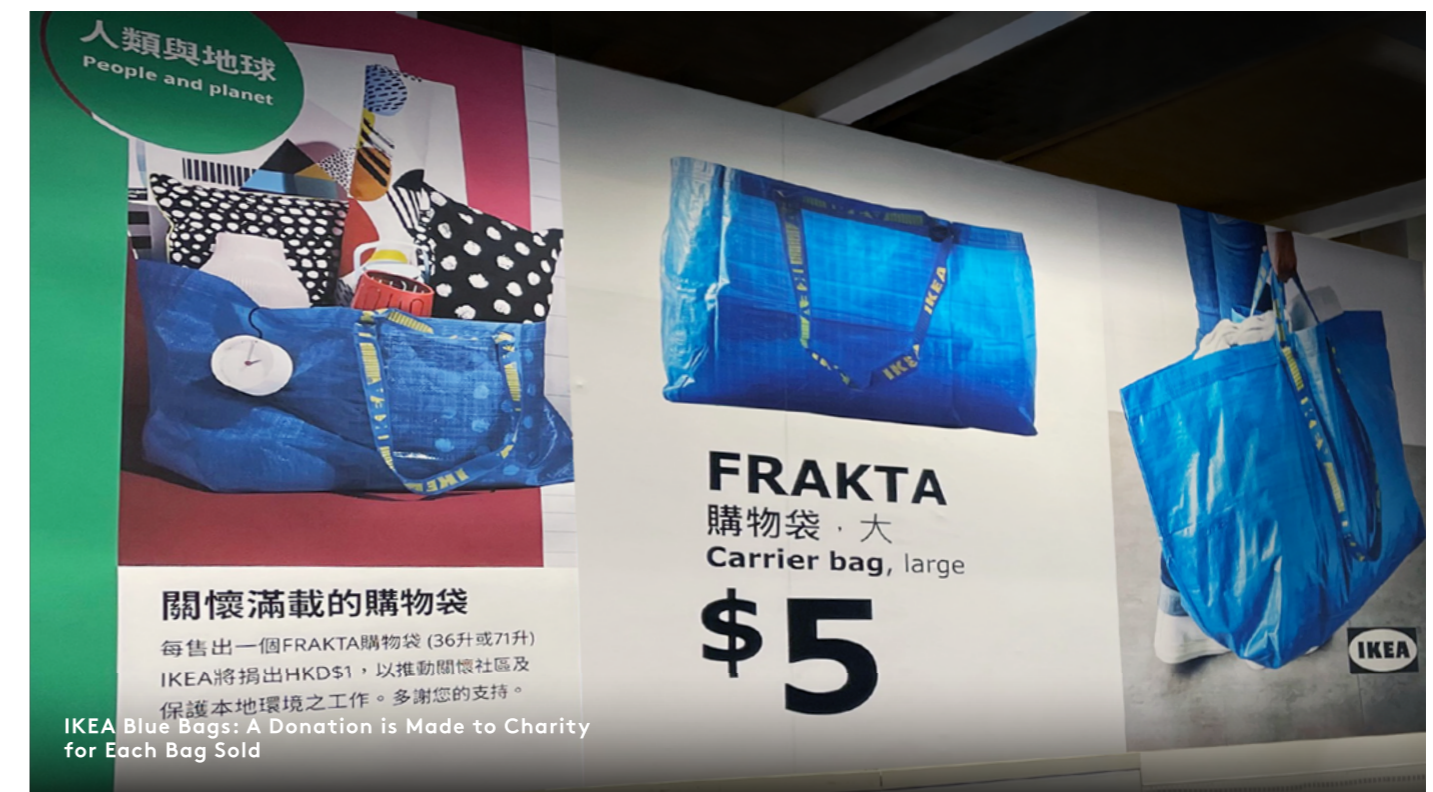


Franchise Owner with Team
7-ELEVEN HONG KONG

"When I eventually decided to become my own boss, 7-Eleven offered extensive training and support. Now I run five franchisee stores."

We also provide franchising opportunities to charities, supporting them so they can provide employment to people with special needs. So far two of them, Rehabilitation Alliance and Youth Outreach, have established stores with us.

"My mum passed away after a long illness and I was sent to a hostel because of my bad behaviour," says one team member, Gigi. "I was referred by friends to Youth Outreach. I have been working at 7-Eleven for three years now, and the store manager and colleagues are very nice to me. I need to arrange goods in order and serve customers, which helps build my communication skills. I am more confident to take care of myself now."



In Singapore, we've been working with government rehabilitation organisation Yellow Ribbon to give former offenders and prisoners employment opportunities.

IKEA Macau has used proceeds from its Blue Bag Fund, to which it makes a donation for

each FRAKTA bag sold, to partner with the charity Sisters of the Good Shepherd, renovating its short-stay shelter for women and children in need. In Hong Kong, meanwhile, IKEA has been using the Blue Bag Fund to provide furniture for families moving from subdivided flats into public housing; team members have even volunteered to help assemble the furniture for them.

01

SUSTAINING THE PLANET

Reducing Plastic Usage

Plastic is a very useful material, providing a low-cost, hygienic, convenient way to package products. However, more than 380 million tonnes of plastic are produced globally each year, and we want to play our part to help reduce that. It's an ongoing effort, but we think we've made some good progress since 2019.

We started with a question. Inspired partly by Asia's fresh food markets, where vendors sell a tantalising array of fruits and vegetables without wrapping, we asked: how do we strike a balance between plastic reduction and perceived hygiene?

"Our goal is not only to help the environment, but also to lead plastic reduction efforts that will be appreciated by our suppliers, customers and stores," says Yvonne Lee, Commercial Director of North Asia Fresh & Food.



Loose Fresh Fruit
GIANT MALAYSIA



Fresh Fish
CS FRESH SINGAPORE

"Our goal is not only to help the environment, but also to lead plastic reduction efforts that will be appreciated by our suppliers, customers and stores."

In our new Wellcome Fresh format, we sell about 70% of fresh produce loose. To discourage customers from over-handling fresh produce, we tie vegetables together in bundles so they can quickly and easily pick them up, minimising contact. We also launched an extensive audit of the different types of plastic packaging that our supermarkets were using. Changing our product tray design removed 182 tonnes of plastic. In 2021, we began trialling an alternative way of packaging our Meadows Bathroom Tissue that removes 40% of the plastic normally used.

How We Reduced Plastic Bags in Stores

An important way DFI Retail Group helps reduce demand for single-use plastic bags is by offering reusable alternatives. We began the sale of reusable bags at Guardian stores in Singapore, Malaysia and Indonesia. Our customers have

certainly been keen to use them: in just a year, we sold nearly half a million of them.

In Cambodia, we've cooperated with the Ministry of Environment for more than 10 years to encourage consumers to reduce plastic bag use. We sell our reusable blue bags in IKEA stores, with proceeds going towards good causes.



Meadows Freshly Made Meals To Go

Phasing Out Single-use Plastics

In Hong Kong alone, 200 tonnes of plastic tableware are thrown away each day, potentially threatening our wildlife and habitats on land and sea. We've responded region-wide with schemes to phase out plastics. Here are some examples of trials and initiatives – with more to come:

Region-wide Efforts (Chinese mainland, Singapore, Hong Kong and Macau)

- All 7-Eleven stores in the Chinese mainland only use degradable disposable bags
- Single-use plastic utensils replaced with biodegradable alternatives trialled in the Chinese mainland
- 'Slurpee' cups in the Chinese mainland moved from plastic to paper
- Reviewing the designs of iced-coffee cups to eliminate the need for straws in Hong Kong
- Promoting reusable coffee cups to discourage use of disposables in Singapore

Customer Comment (Chinese mainland):

"DFI Retail Group is way ahead of the market in complying with government regulation."

It's an encouraging compliment, but we know we have more opportunities to make a difference.

2021 Edition



Trolleys Made from Recycled Plastic
WELCOME FRESH HONG KONG

Building Stores with Recycled Materials

Our plastic reduction efforts aren't just about packaging – we're also trying to introduce sustainable elements into the fabric of our stores. We built our Wellcome Fresh Westwood store in Hong Kong using recycled and eco-friendly

materials such as LED lights to save energy and shopping trolleys made from recycled plastic.

"Today's consumers are becoming more aware of sustainability and ethical consumption," says Yin Yin Lau, Head of North Asia Food Store Design. "Our aim is not only to become more environmentally responsible but also to respond to our customers' needs."



Recycling Drop Boxes
HERO INDONESIA

2021 Edition

Promoting Plastic Recycling

We can also help reduce plastic use by encouraging our customers to recycle. As well as offering eight reverse vending machines across four IKEA Hong Kong stores in 2021, we've also installed 13 recycling drop boxes at Hero stores in Indonesia. And for the past 10 years, Hong Kong 7-Eleven stores have taken part in the government's in-store battery recycling programme.



Fresh Ready-to-Eat Food
MARKET PLACE HONG KONG

02

SUSTAINING THE PLANET Reducing Food Waste

2021 Edition

How We Cut Food Waste with “Fresher for Customer”

Throwing unused but perfectly good food away isn't just a terrible waste; it also contributes 8% of global greenhouse gas emissions. It's a sad fact that while a third of all fresh produce goes to waste, one in nine of the world's people goes to bed hungry.

2021 Edition

As a major food retailer, we are in a unique position to tackle food waste through better stock inventory management, which is why we started our Fresher for Customer campaign in 2018. We buy directly from farms, work closely with our suppliers and try to make everything we do more efficient, from sourcing to supermarkets.

“Fresher for Customer is a campaign that's about cultural change,” says Yvonne Lee, Commercial Director of North Asia Fresh & Food. “Fresher food is no longer the domain of one department but a team effort across several departments, plus farms, suppliers and customers. We will do everything we can to improve freshness, prolong the shelf-life of fruits and vegetables, and reduce food waste.”

The programme also encompasses the way we select our suppliers around the world. By working together across the Group with our suppliers, we can source products together and work with our suppliers to establish the high standards our customers expect. We commit to working with them for the long term, improving quality, predicting demand more accurately and growing their businesses. It all combines to increase quality, improve product flow and reduce food waste.

These changes have already led to a saving of 2,000 tonnes of food waste from 2019-2021, or the equivalent of 5,217,234 meals.

“With over 3,800 team members across hundreds of stores, it is difficult to ensure consistency. But we did it together as a team, and we are grateful for the opportunity to serve the community,” says Yvonne. “We have still much more progress we want to make, but we feel we are beginning to make a difference.”



Food Donation to Taman Safari Park
INDONESIA

REDUCING FOOD WASTE

2,000 TONNES

saved through our Fresher for Customer programme

FOOD DONATION

33.5 TONNES

repurposed as animal feed

FOOD RECYCLING

OVER 650 TONNES

in 2021

Repurposing Food Waste

Food waste only becomes food waste if no one eats it, so we've been trying to make sure as much food gets consumed as possible by donating it well before it expires to charities and distributing it to people in need, among other efforts.

In Indonesia, since June 2020 DFI Retail Group has donated food to Taman Safari, a world-class safari park that's home to more than 3,000 animals and has suffered huge losses due to the pandemic. "Thanks to these donations, our animals receive a greater range of food and a better variety of nutrients, which will help them to live longer," says Ingg, the Assistant Animal Feed Curator at Taman Safari.

The Group also works with the startup Biomagg in Indonesia, using fly larvae to decompose food waste into animal feed and fertiliser.

In Singapore, we turn thousands of kilograms of food waste every month into fertiliser through a food waste management machine. At two IKEA Hong Kong stores, food waste goes through a liquification process, allowing it to be diverted away from landfills. In 2021, 44% or about 5.24 tonnes of food waste from IKEA restaurants was processed.

In Hong Kong, Maxim's Group launched a Surplus Bread Donation Programme in 2009, becoming the first bakery chain in the city to do so. It has since saved and donated more than 5.6 million bread items through nearly 90 charities.

Also in Hong Kong, DFI Retail Group sends organic food processing waste to O · PARK1 recycling facility, where it gets converted into biogas to generate electricity.

"Thanks to these donations, our animals receive a greater range of food and a better variety of nutrients, which will help them to live longer."



Solar Panel Installation
WELLCOME FRESH FOOD CENTRE HONG KONG

03

SUSTAINING THE PLANET

Reducing Energy Usage

One of the most effective ways any of us can cut our carbon footprint is by using less energy – and by getting the energy we do use from more environmentally friendly sources.

A Robust Energy Strategy

We've reduced our energy use by rolling out energy-saving campaigns across business operations, such as with devices that monitor our truck drivers' acceleration and deceleration to reduce fuel consumption, installing smart meters at our food processing facility, retrofitting equipment at our stores to make it more energy efficient, and installing inflatable shelters at the back of trucks to keep cold air in. We also run awareness campaigns that encourage our team members to help us save energy.

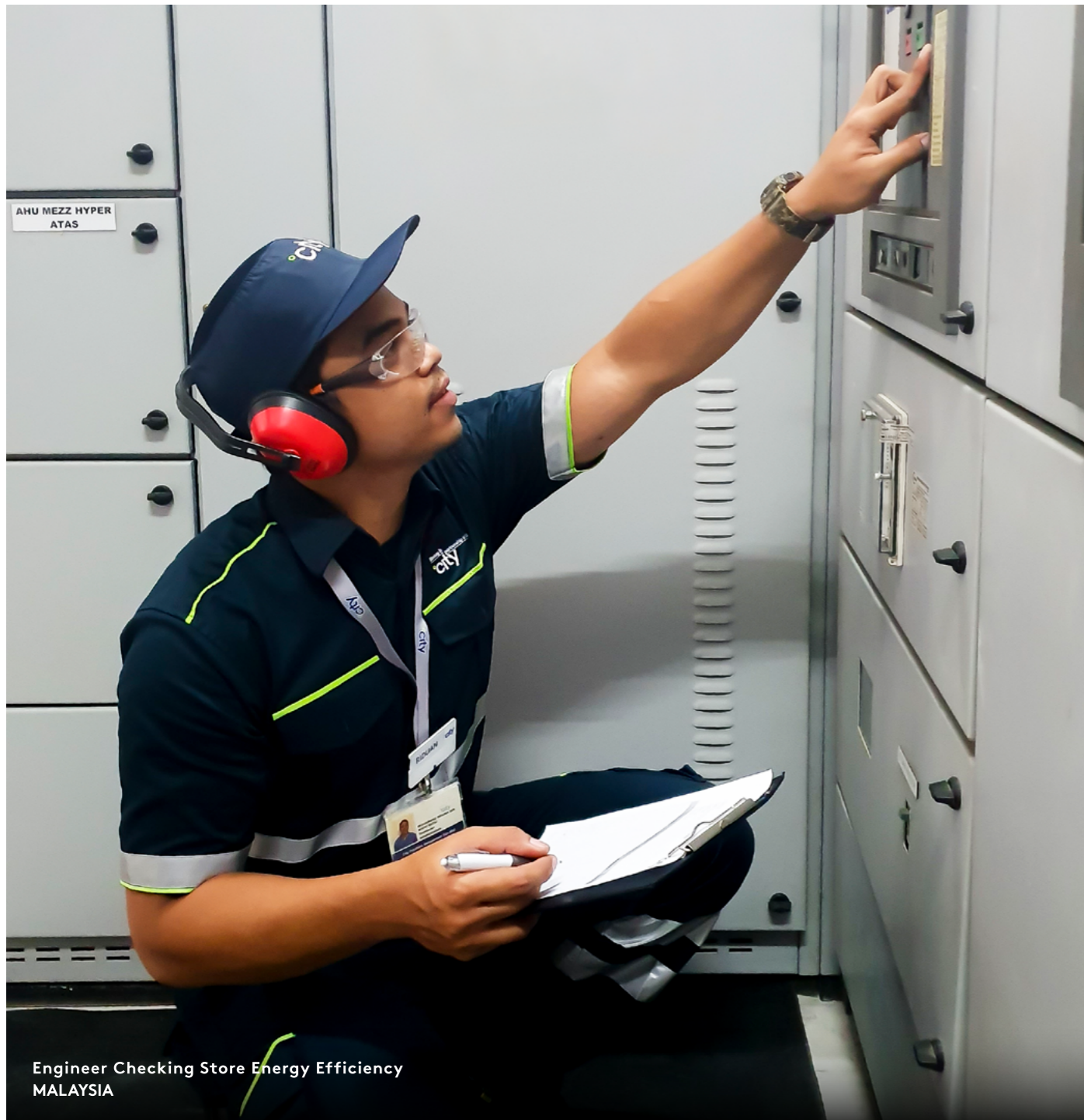
"We've educated and upskilled store managers to understand the technicalities of energy use

and saving," says Group Facilities Management Director Jon Abel. "It's no longer something we can't control."

Adds Mannings Operations Controller Ricky Leung: "It's been very rewarding to see how much energy we have saved through the team's combined efforts, and we're excited to make further improvements."

We can also cut energy use by centralising and streamlining our product deliveries. For more than a decade, 7-Eleven Hong Kong has used insulated roll cages to deliver chilled items, meaning we only need to make one delivery for both dry and chilled products. In the past year, we have further cut emissions by sharing trucks among Wellcome, Mannings and 7-Eleven.

Wellcome alone has saved 291 tonnes of greenhouse gases since 2019 by fitting products into trucks more efficiently.



Engineer Checking Store Energy Efficiency
MALAYSIA

Exploring the Frontiers of Carbon Reduction

Keen to keep pushing for energy saving benefits, the Group has also been looking into various innovative ways it can cut its carbon emissions. Working with its facilities management partner City FM, it has been trialling a series of energy-saving technologies that are mostly new to Asia. They include aerofoils that retain cool air within the chillers; EC Fans, which vary their voltage to prevent overcooling; and Compressor

Managers and electronic leak detection equipment, which both allow refrigeration systems to vary their output and operate more efficiently.

All of the trials were successful, and there are plans to roll the technologies out around the region. Together, they're forecast to result in a reduction in carbon emissions of about 8.8%.

To make it easier to test new technologies, the Group is establishing a testing facility in Hong Kong, converting an upper floor of a shopping centre into a mock-up of a store where a variety of carbon-reducing techniques can be trialled in a range of conditions.



Light Up Hope Providing Energy-Efficient Lighting
IKEA TAIWAN

Meanwhile, in Taiwan, high energy bills mean that thousands of low-income families languish in energy poverty, with children forced to study in darkness. Together with World Vision Taiwan, we lit up 500 homes by providing energy-efficient lighting. By replacing the inefficient lighting in place before, we can also help people save money on their electricity bills.

ENERGY USE

14.4 GWh

reduction from energy-saving campaigns in 2021 (Hong Kong, Singapore and Malaysia)

REDUCING CO₂

8,711 TONNES OF CO₂e

reduction in carbon emissions in 2021

Solar Panels for a Greener Planet

We can take a lot of carbon out of the air by generating electricity ourselves. We're planning to start doing precisely that at the Wellcome Fresh Food Centre in Hong Kong, where we're installing 2,000 rooftop solar panels – the largest solar panel system from a Hong Kong retailer. They'll generate 1 million kWh of electricity annually.

Along similar lines, IKEA Taoyuan in Taiwan is a certified green building (Diamond Standard) that features four wind turbines; and almost all IKEA stores in Taiwan are outfitted with solar panels on the roofs, along with a Building Management System to boost energy efficiency. We're set to install 2,000 panels at IKEA Kaohsiung in 2022, providing 740 kW of electricity.

As a result of our efforts, DFI Retail Group won the 2021 CLP Smart Energy Award for Joint Energy Saving, and the Grand Award in Energy Saving Performance. However, we recognise there is still much more to do.

ENERGY INVESTMENT

US\$ 20 MILLION

in energy saving

RENEWABLE ENERGY

2,000

solar panels at Wellcome Fresh Food Centre the largest solar panel system in the Hong Kong retail sector

04

SUSTAINING THE PLANET

Eliminating Harmful Refrigerants

CO2 EMISSIONS REDUCTION
AT LEAST 50%
by 2030 across the region

REPLACING HARMFUL REFRIGERANTS
100%
non-ozone-depleting gases by 2030



Engineer Replacing Refrigerants
HONG KONG

Leading the Way in Climate-friendly Refrigerants

Unfortunately, some of the refrigerants commonly used in the retail industry can be environmentally damaging. We're committed to tackling this in a few different ways: by replacing harmful refrigerants with new refrigerants that have a lower Global Warming Potential (GWP); by installing leak detectors at our stores that can help us detect gas leaks earlier, reducing overall refrigerant leakage and damage to the environment; and by reacting faster to repair leaks.

Refrigerants account for about 35% of our Scope 1 and 2 greenhouse gas emissions – those that we create ourselves or that are created in generating the energy we consume. Our goal is to reduce that by at least 50% by 2030. We're also trying to lead the industry in Asia when it comes to the adoption of more environmentally friendly and less carbon intensive refrigerants, and we will be partnering with local governments to develop and approve new gases and technologies.

Initially, we are working on replacing high GWP gases with lower ones like R448, which we plan to adopt around the region. We're targeting at least nine stores for conversion by June 2022.

Pioneering Natural Refrigerant Systems

In the longer term, we're developing and introducing water-cooled refrigeration systems that could help us reduce traditional refrigerant use by as much as 80%. We are also testing ultra-low GWP and natural refrigerant technologies.

Alana Leader, Sustainability Analyst at the Group's facilities management partner City FM, says: "The speed at which DFI Retail Group is implementing sustainability initiatives is admirable, and shows that they truly care about a clean, green future for our planet. I'm proud to be a part of this journey, working together for the health of society and the environment."

01

SOURCING RESPONSIBLY Improving Animal Welfare

We recognise that people today are paying more and more attention to where their food comes from, and looking for products that avoid cruelty where possible. DFI Retail Group is trying to respond to that with products that protect animal welfare. We are at the beginning of this journey but we're continuing to make improvements.



Meadows Cage-free Eggs

Protecting Sea Life

We can make a difference to the health of the oceans with products such as our Meadows sustainable seafood range, which we launched in August 2021. This sustainable canned tuna programme is certified by the Marine Stewardship Council (MSC), meaning that we meet international best practices for sustainable fishing.



Meadows Sustainably Sourced Tuna

Cage-free Eggs

In the communities we serve across Asia, we are very much aware that many of our customers survive on tight budgets, with many living at or below the poverty line. Feeding their families cost-effectively is a top priority, and the lowest cost protein available is eggs.

Unfortunately, the lowest cost eggs are mass produced by hens kept in tight cages, which isn't a pleasant way for them to live. This poses a dilemma for us: how do we bring the lowest cost protein we can to our customers while also trying to reduce harm to hens?

The answer, we believe, is to move the eggs we sell away from caged eggs to cage-free by lowering the price of cage-free eggs, making them more affordable. To that end, we've partnered with animal welfare charity Humane Society International (HSI) to improve

animal welfare standards and further our customers' understanding. That has involved working with our suppliers to establish cage-free farms.

"DFI's leadership has been a game-changer; it really marked a watershed moment for our work," says Julie Janovsky, HSI's Vice President of Farm Animal Welfare and Protection. "Working with a holding company as complex as DFI has been a major learning experience, and will further support the growing market that demands better farmed animal welfare. Companies like DFI are driving large producers to rethink their conventional production model."

By encouraging customers to switch to cage-free eggs, we can create a virtuous circle where we sell a greater volume, allowing us to negotiate lower prices for customers, meaning more of them switch. We also serve only cage-free eggs at IKEA stores in Hong Kong, Macau and Taiwan, which has been met with overwhelmingly positive customer feedback.

CAGE-FREE EGGS

20%

lower in price than average national cage-free brands

IMPROVING THE LIVES OF

3,500 HENS

in 2021

SUSTAINABLE TUNA

32,717 KG

sold in 2021

Our Commitment to Clean Beauty

Beauty products can also include ingredients that harm animals, and here we're making changes, with ranges at Guardian stores in Singapore and Malaysia that meet the growing consumer demand for clean beauty products.

None of our own brand health and beauty products are tested on animals unless required by national regulations, while we're also putting policies in place to ensure endangered animals aren't used in our own brand, white label and non-trade products.

02

SOURCING RESPONSIBLY

Improving Human Welfare

We're a leading retailer and an employer of more than 230,000 team members, and the decisions we make have a tremendous human impact. So we're trying to put people and their welfare at the heart of what we do.



Nature's Heart Healthy Snacks



Supplier Employee

Healthy Food, Healthy People

One important way we can look after people is by supplying them with healthier food. We try to source Meadows own brand products with lower salt, natural colourings and lower sugar. We also recently launched the Nature's Heart range of healthy nuts which are packed following a stringent quality system that ensures suppliers meet global food safety standards, pass quality assurance requirements and submit to regular product testing and factory audits. We also submit all our products for verification by third-party labs to ensure they contain what the product label says they do.

We are working to make our products better and better by listening to our customers," says Nicholas Martin, Group Head of Food Safety and Regulatory Affairs. "We did this not only to meet customer expectations, but also because we believe this is the right thing to do."

Improving Workers' Welfare

We try to care for the well-being of our own team members, but also of the people employed by our suppliers. We've worked with 124 of our own brand suppliers to set standards ensuring that they offer legal wages and safe working conditions, and guarantee they will not use children or forced labour.

Starting from January 2021, all our new suppliers in countries considered high risk for human rights violations must pass ethical audits to demonstrate they meet international labour requirements. We plan to work closely with our existing suppliers to develop ethical sourcing guidelines and encourage them to participate in ethical audits.



03

SOURCING RESPONSIBLY

Improving Land Welfare

Food production can put quite a strain on the environment. We hope to reduce that strain, and we're doing so in a couple of ways: local farming, and our wide selection of plant-based products.

Vertical Farm
MALAYSIA DISTRIBUTION CENTRE

Local Farming for Low-mileage Vegetables

To Asian consumers, the fresher the food, the better quality it is. So when space became available in a Malaysian Distribution Centre, we decided to build a vertical farm there.

Built with our partner Sustenir Agriculture, the indoor vertical farm grows the highest quality vegetables, free from pesticides, environmental pollution and heavy metals. Vertical farms use 95% less water than traditional farms and lessen the burden on

arable land. The leafy greens go from farm to store within 24 hours, which preserves their freshness and nutrition. Compared to imported produce, they generate 92% less carbon emissions while maintaining their nutritional quality.

In Singapore, we showcased the sustainable concept of farm to shelf with small-scale vertical farms in CS Fresh supermarkets, so customers can see the benefits up close.

We also stock local produce in Hong Kong, offering mushrooms from a local Yuen Long farm, which we sell in paper cartons rather than plastic.



Plant-based Products to Protect Land Welfare

Meat production is a major contributor to greenhouse gas emissions and land degradation. We're trying to nudge people in the direction of consuming more plant-based foods.

7-Eleven Hong Kong has launched its own brand of plant-based ready-to-eat products,

while the Group's supermarkets offer more and more vegan meat substitutes from brands such as Beyond Meat, OmniFoods and Meat Zero. Other vegan options include our Better for You range, which features a range of nut milks, from oat to cashew; and IKEA's plant-based food range, such as its plant balls.

IKEA restaurants and food markets in the region also offer more than 10 sustainably sourced food options and more than 20 alternatives to meat and dairy, from plant-based milk in coffee to MSC certified salmon.



Donating Hygiene Products to Street Cleaners
7-ELEVEN HONG KONG

HELPING DURING THE COVID-19 PANDEMIC

The past couple of years have posed unprecedented challenges for all of us. Throughout, we've been trying to do our bit to minimise the pain of the pandemic and support people in all walks of life.

Our number one priority has been to do everything we can to ensure the safety of our team members and our customers while they shop in our stores. We've given out protective equipment worth more than US\$11 million to our team members, and ensured throughout that our stores are thoroughly and regularly sanitised.

We incentivised people to get the COVID-19 vaccine with a lucky draw in Hong Kong that offered 12 winners HK\$100,000 each. We also introduced priority shopping hours around the region for potentially vulnerable groups, including people over 65, pregnant women and

individuals with disabilities.

7-Eleven Hong Kong encouraged its customers to buy \$15 meal vouchers at stores, then provided free meal box vouchers to five charities. We budgeted for 100,000 of the vouchers, but the campaign proved so popular that we exceeded that number on the first day, and eventually ended up donating 553,787 of them, many to people in subdivided accommodation who lack proper cooking equipment. Our team members went the extra mile to help out, personally delivering goodie bags containing meal vouchers direct to the city's street cleaners.

In Singapore and the Chinese mainland, meanwhile, 7-Eleven has been distributing free drinks to medical workers.



Caring Pack Donation
HONG KONG



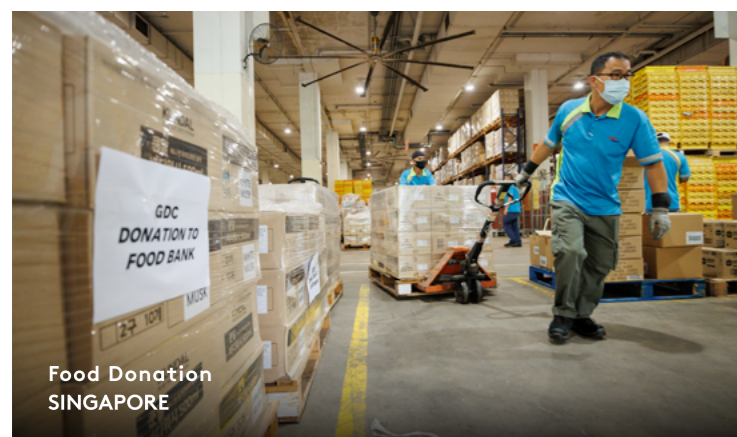
Deepavali Volunteering Event
GIANT MALAYSIA



HERO Wave Volunteering Event
INDONESIA



Mask Donation
HONG KONG



Food Donation
SINGAPORE



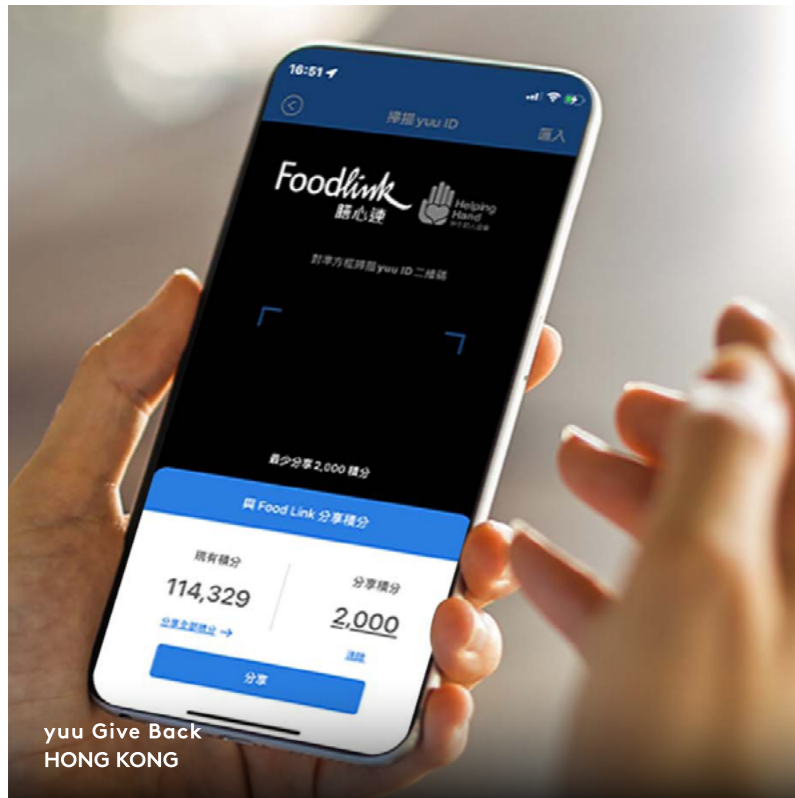
Hand Sanitiser and Wet Wipe Donation
MANNINGS HONG KONG



Vaccination Lucky Draw
HONG KONG



Lunar New Year Volunteering Event
MALAYSIA



Wellcome has long been involved in hunger relief efforts, donating HK\$1 million to the food bank Feeding Hong Kong every year for nine years, but has stepped up those efforts of late through its Heartfelt Give-Back programme. It has given away about HK\$80 million worth of cash and meal vouchers to about 250,000 needy families through more than 250 charities – mostly small, community run organisations that don't normally benefit from big corporate donations.

Our customer rewards club yuu launched its Give Back Programme in July 2020. We give our customers a simple way within the yuu app to donate their points to charity. More than 52 million points have been donated by our customers, with Wellcome donating a further HK\$5 million.

We tackled another pandemic-related shortage, one of education, with the Hero Online Learning House in Indonesia. With many children stuck at home without internet access, the house, a partnership with local charity Human Initiatives, provided laptops, smartphones and internet access, allowing them to carry on learning. Located in Greater Jakarta, it was funded by customer donations.

We made a US\$20,000 donation to the government of Cambodia to fund vaccines, as well as making donations of food, face masks and hand sanitiser.



Hand Sanitiser and Wet Wipe Donation
MANNINGS HONG KONG



Maxim's Volunteering Event
HONG KONG



Care Pack Donation
GUARDIAN SINGAPORE

Mannings Hong Kong donated more than 350,000 wet wipes and bottles of hand sanitiser in 2021 to vulnerable groups, focusing particularly on people with visual disabilities, who need to use their hands to orient themselves. Similarly, Guardian Singapore has donated personal care essentials such as hand sanitiser, shampoo and body wash to nursing homes, low-income families and migrant workers; while Guardian Malaysia has distributed 10,000 packs containing COVID-19 handbooks, hygiene products and vitamin gummies to low-income children in 30 schools.

Mannings Hong Kong and Guardian Singapore have partnered with their cities' hospitals since 2020 to provide a medication collection service, a pioneering programme that has also relieved some of the burden on the cities' public healthcare system.

In Brunei, Guardian has been offering low-cost antigen rapid tests to its customers at its new ART Stations. They provide a certificate, valid for 48 hours, that allows vaccinated people to attend large-scale events, or visit places of worship or hospitals; and allows unvaccinated people, including children under 12 and those with certain medical conditions, to go to public places.

Guardian went beyond its usual business in Vietnam, temporarily moving into food retailing to help alleviate shortages. Ho Chi Minh City was placed under a particularly strict lockdown in July 2021 and important foods such as vegetables started to disappear from shelves. Guardian helped with a government scheme to get food into the city, and then sold it at cost price: some 84 tonnes of vegetables, as well as 10 tonnes of rice, 3 tonnes of oranges and 138,000 eggs.

In Indonesia, the Hero Wave event in December 2021 encouraged volunteers to work at orphanages in six cities, with IKEA donating nearly 2,700 pieces of furniture, and team members helping to assemble them; while IKEA Bandung provided drop boxes for customers to donate non-perishable foods to Food Bank Bandung.

Maxim's helped put a smile on the faces of elderly people during the pandemic, transforming several care homes into Maxim's Palace restaurant settings, complete with trolleys serving dim sum and talent shows and dances run by volunteers including DFI Retail Group team members. The Virtual Yum Cha events were part of Maxim's Group's Silver Hair Kitchen programme, which has been promoting active ageing since 2015.



Sik Jor Fan Mei Volunteering Event
HONG KONG

FUTURE OUTLOOK

We are encouraged by the CSR progress we've made during 2021, as well as the enthusiasm of our team members to drive these initiatives. But we also acknowledge that we are still at an early stage in our CSR journey. Our goal is to develop and refine programmes that we can introduce across countries and brands to serve communities around Asia.

As a leading pan-Asian retailer, we also see lowering the cost of living as one of our core responsibilities, particularly as we operate in a number of emerging markets where many people live at or below the poverty line. In the coming years, we will endeavour to help our customers stretch their dollar further by making our operations more efficient so that we can keep prices down, developing our own brand offering and continuing to invest in our low price campaigns.

Over the last year, we have measured our baseline performance across a range of sustainability metrics, from energy use in our stores to plastic wrapping in our logistics operations. Now that we understand where we are, we can determine what we need to do. We see improving and replacing

our refrigeration systems to reduce energy use and eliminate harmful refrigerants as a key way we can make a difference. We are now in a position to set ourselves challenging goals to reduce our impact on the environment as we make the long journey towards net zero.

We are also committed to continuously improving our sourcing practices to protect human, animal and land welfare. In particular, the growth of our own brand ranges gives us an opportunity to make our ethical sourcing requirements even more rigorous. We want to provide our customers with greater transparency and a range of more ethical products at affordable prices.

"I'm encouraged with all the improvements we've made so far, but I'm very much aware that we still have a long way to go," says DFI Retail Group Chief Executive Ian McLeod. "We're looking forward to working alongside the communities we serve to help tackle the issues that matter most to them."



THANK YOU!

In our CSR work, as in our business generally, nothing that we do would be possible without the enthusiasm, energy and dedication of our team members, as well as the support of our customers. We'd like to thank everyone for joining us on this journey. By working together, we can continue to increase our impact.

DFI Retail Group At-a-Glance

GEOGRAPHICAL LOCATIONS

- Grocery Retail
- Convenience Stores
- Health and Beauty
- Home Furnishings
- Restaurants
- Other Retailing



12 ASIAN MARKETS AND TERRITORIES

10,286 OUTLETS
(Including associates and joint ventures)



