



顺客隆

Simple kind life

中國順客隆控股有限公司

CHINA SHUN KE LONG HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code : 974



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

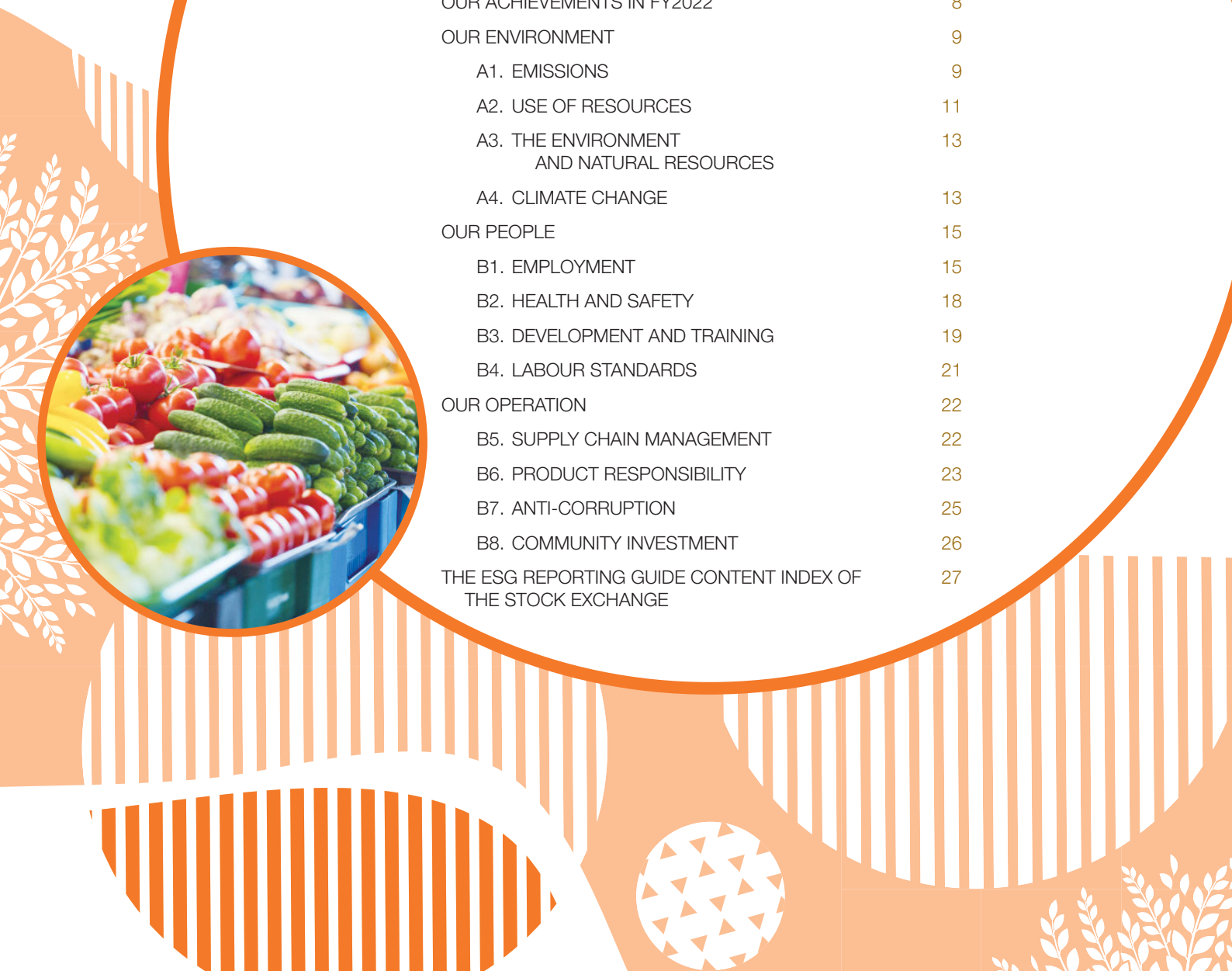
2022





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ABOUT THIS REPORT

REPORT OVERVIEW

This report is the annual environmental, social and governance (“ESG”) report (the “Report”) published by China Shun Ke Long Holdings Limited (the “China Shun Ke Long”, the “Company”, and together with its subsidiaries, the “Group” or “We”) for the disclosure of the Group’s commitments, practices and performance in ESG from 1 January 2022 to 31 December 2022 (the “Reporting Period”, “FY2022”, or “2022”). This Report is available on the websites of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Company.

REPORTING SCOPE AND BOUNDARY

This Report discloses the ESG performance of the Group’s business activities in the PRC, Macau, and Hong Kong, including retail and wholesale distribution. Since our operational stores are majorly located in the PRC, the data for environment KPIs exclude the Hong Kong & Macau offices.

REPORTING FRAMEWORK

This Report has been prepared in compliance with all the applicable provisions as set out in the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) under Appendix 27 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange.

REPORTING PRINCIPLES

In the process of preparation of this Report, the Group has adhered to the reporting principles stipulated in the ESG Reporting Guide as the following:

Materiality: The Group commenced materiality assessment to identify material issues during the Reporting Period, thereby adopting the confirmed material issues as the focus for preparing the ESG Report. The Board and the ESG Committee reviewed and approved the materiality of issues. Please refer to the sections headed “Stakeholder Engagement” and “Materiality Assessment” for further details.

Quantitative: Each department of the Group coordinates to collect and record the key performance data regarding the environment and the social aspect, thereby presenting the Group’s performance in the environmental and social key performance indicators (“KPIs”) through quantified data disclosed in the ESG Report. Additional explanations have been added to the disclosed data to explain any standards, methodologies and conversion factors used in calculating emissions, energy consumption and other social aspect’s data.

Balance: The Group describes each issue in an accurate, unbiased, and fair manner and discloses both positive and negative information about the Group during the Reporting Period to ensure the content balance and help readers reasonably assess the overall performance of the Group.

Consistency: The preparation approach of this ESG Report is substantially consistent with the previous year, and explanations are provided regarding data with changes in the scope of disclosure and calculation methodologies to ensure a year-to-year data comparison.





ABOUT THIS REPORT

CONTACT AND FEEDBACK

Your feedback is valuable to our continuous improvement, and we welcome any comments and suggestions you may have on the Report. You are welcome to provide valuable feedback on this Report or our sustainability performance by emailing to ir@skl.com.cn.

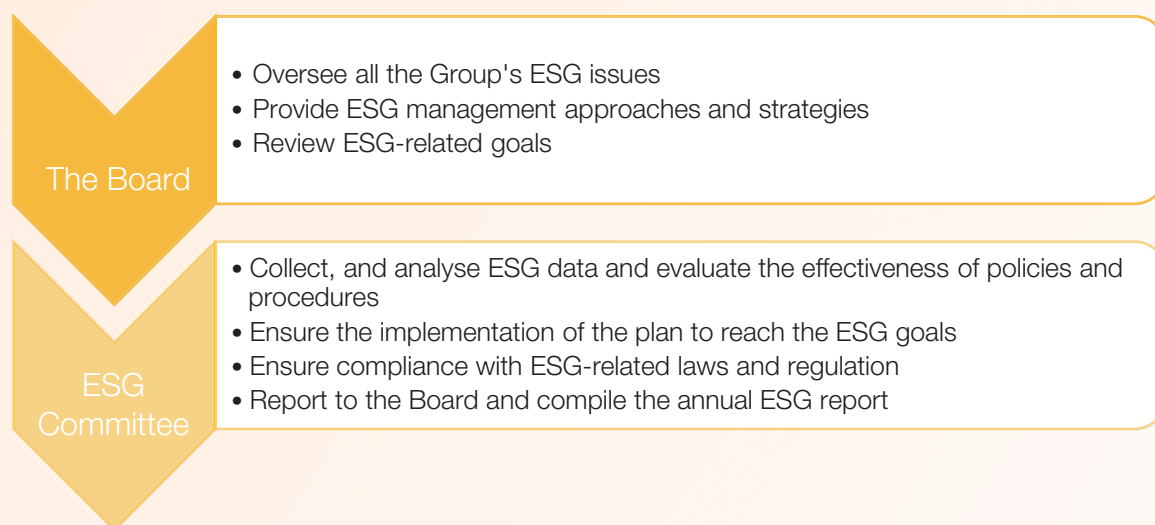
FORWARD-LOOKING STATEMENTS

This Report contains forward-looking statements based on the current expectations, estimates, projections, beliefs, and assumptions of the Group about the businesses and the markets in which it and its subsidiaries operate. The forward-looking statement is not a guarantee of future performance and is subject to market risk, uncertainties, and factors beyond the control of the Group. Therefore, actual outcomes and returns may differ from the assumptions and statements in this Report.





BOARD STATEMENT AND ESG GOVERNANCE STRUCTURE



BOARD'S OVERSIGHT OF ESG ISSUES

The Group has established a top-down ESG governance structure consisting of the Board and a ESG committee of the Company (the "ESG Committee"). As the chief decision maker, the Board sets the direction for sustainable development and takes full responsibility for the Group's ESG matters. The Board has overall responsibility for the Group's ESG strategies and results presented in this report, supervises the annual assessment of the impact of potential ESG issues on the Group and related risks and urges the Group to implement relevant ESG policies accurately. The current management system will be reviewed and improved to ensure that the evaluation mechanism will be carried out effectively.

The progress of target implementation and the performance of the goals should be closely reviewed. Rectification may be needed if the progress falls short of expectations. Effective communication about the goals process with key stakeholders is essential. This enables them to be engaged in the implementation process and makes them part of the company's desired change.

THE ESG COMMITTEE

Under the leadership of the Board, the ESG Committee, comprised of an executive director, deputy CEO, chief financial officer, and company secretary, is responsible for handling and implementing ESG issues during the Reporting Period. It includes briefing ESG targets, strategies, and initiatives to the Board, assisting in preparing ESG reports, monitoring and recording environmental and social data, assessing, and responding to stakeholders' expectations, etc. The relevant ESG results and material issues have regularly been reported to the Board for target review and effective supervision. Setting strategic goals for the coming three to five years enables the Group to develop a realistic roadmap and focus on results in achieving the visions. It requires the ESG Committee to carefully examine the attainability of the targets, which should be weighed against the Group's ambitions and goals.

The Board confirms that it has reviewed and approved this Report. To the best of its knowledge, this Report has fairly disclosed the identified material issues and presented the ESG management approach and performance of the Group.

STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their feedback regarding its business and ESG aspects. The Group regularly communicates with its stakeholders to understand their concerns and opinions. Based on the industry background and sustainable development, our key stakeholders are included but not limited to shareholders and investors, customers, employees, suppliers, communities and NGOs, media, and the public, as well as government and regulatory authorities. We aim to identify potential risks and opportunities for our Group, thus improving our business operations and creating quality service for better ESG performance.

The Group has put in place a variety of communication channels, timely disclosing information on its operations and ESG performance and other aspects to stakeholders. In this way, we increase stakeholders' understanding and recognition of the Group and integrate the collected stakeholder expectations into our operations to protect the stakeholders' right to information and participation. The following table provides an overview of the Group's main stakeholders and various platforms and communication channels to reach and respond.

Major Stakeholders	Engagement Channels
Shareholders and Investors	<ul style="list-style-type: none">- Annual General meetings- Financial reports- Announcements and circles- Company websites
Customers	<ul style="list-style-type: none">- Customer service hotline- Customer complaint mechanism- Social media- Questionnaires
Employees	<ul style="list-style-type: none">- Training, seminars, and briefing sessions- Performance reviews- Employee complaint mechanism
Suppliers	<ul style="list-style-type: none">- Supplier evaluation meeting- Supplier audit- Tender selection
Communities and NGOs	<ul style="list-style-type: none">- Community activities- Employees volunteer activities- Sponsor and donation
Media and the Public	<ul style="list-style-type: none">- ESG Report- Company website
Government and Regulatory Authorities	<ul style="list-style-type: none">- Written or electronic correspondence- Regular performance report





MATERIALITY ASSESSMENT

Due to the wide range of ESG topics, the Group made a preliminary analysis of ESG issues related to the Group with reference to different levels in the environmental and social aspects specified in the ESG Reporting Guide and global sustainability agenda and international best practices. The Board identified the 16 most relevant ESG issues for the Year after considering the overall market trends and reviewing the views of stakeholders collected by the Group through continuous communication. The Group's management and staff in major functions are involved in preparing the ESG Report to assist the Group in reviewing its operations, identifying the relevant ESG issues and assessing the importance of those relevant matters to our business and stakeholders.

A materiality assessment by means of questionnaire has been compiled by the identified material issues to solicit stakeholder views and feedback to understand and prioritise the ESG issues. The Group analysed the questionnaire responses to assess the importance of each ESG issue to the Group's sustainable operations and its stakeholders. The ESG Committee eventually reviewed the materiality assessment results to ensure all essential aspects were covered. Through internal discussion, the validated ESG issues were approved for adoption.

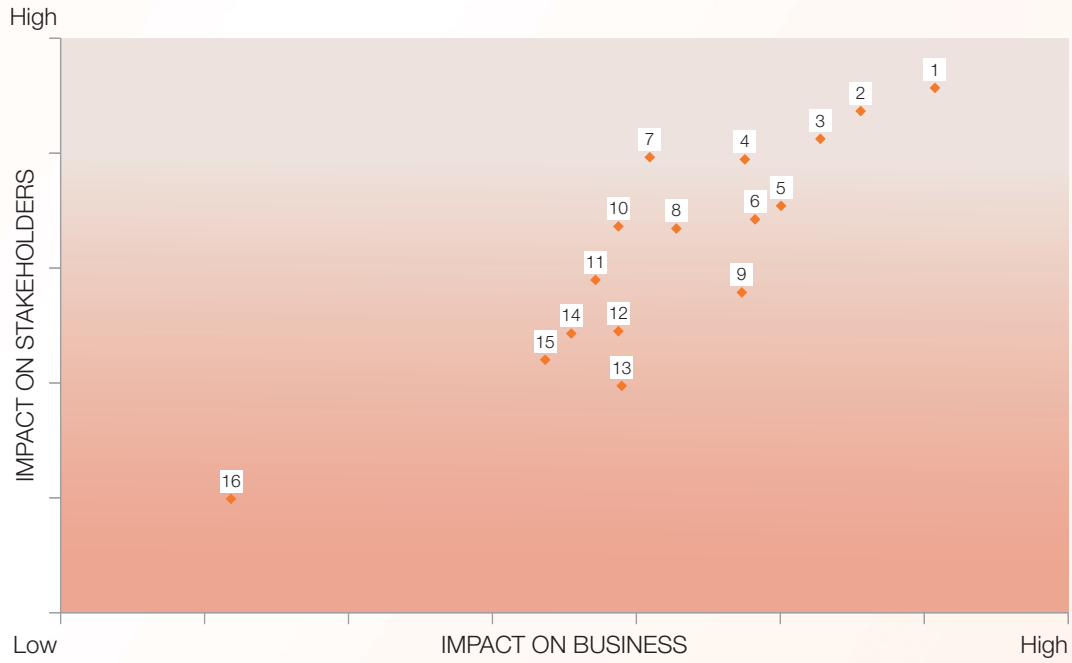
In this Report, the material issues refer to what may significantly impact the Group's retail and wholesale business or have a practical impact on stakeholders. During the Reporting Period, the Group confirmed that it had established appropriate and effective management policies and internal control systems for the ESG issues. It confirmed that the disclosed contents comply with the ESG Reporting Guide requirements. The results are summarised in the matrix below:



MATERIALITY ASSESSMENT



CHINA SHUN KE LONG'S MATERIALITY MATRIX



No. Material Issues

- 1. Product Quality
- 2. Employment Practices
- 3. Customer Satisfaction
- 4. Anti-Corruption
- 5. COVID-19 Response
- 6. Green Procurement
- 7. Community Development
- 8. Occupational Health and Safety

No. Material Issues

- 9. Product Responsibility
- 10. Development and Training
- 11. Labour Standards
- 12. The Environment and Natural Resources
- 13. Supply Chain Management
- 14. Use of Resources
- 15. Emissions and Waste
- 16. Climate Change





OUR ACHIEVEMENTS IN FY2022



- Lower GHG emissions of 26.9%
- Lower energy consumption of 23.1%



- Conduct over 4,200 hours of training for employees



- Achieve over 8 times decline on working days due to work injury



OUR ENVIRONMENT

While the Group's business activities do not significantly impact the environment or natural resources, the Group values the importance of sound environmental management. It is committed to fulfilling the commitment to the well-being of society. The Group has implemented an environmental system accredited with ISO 14001:2015 Environmental Management System ("EMS") and adopted relevant environmental policies under the principles of "Reduce, Reuse, Recycle and Replace" ("4R Principles"). The Group manages each business's emissions and use of resources, aiming to reduce operational effects on the surrounding environment under the green development philosophy.

A1. EMISSIONS

During the Reporting Period, the Group was not aware of any material non-compliance with environmental-related laws and regulations in relation to exhaust gas and greenhouse gas ("GHG") emissions, water and land discharge, and the generation of hazardous and non-hazardous waste that would have a significant impact on the Group. Such relevant laws and regulations include but are not limited to the Environmental Protection Law of the PRC, the Water Pollution Prevention and Control Law of the PRC, the Air Pollution Control Ordinance of Hong Kong, and the Environmental Law of Macau.

Air Emissions

The Group's air emissions are sourced from nitrogen oxides, sulphur oxides and particulate matter generated from the use of vehicles.

Type of Air Emissions	Unit	FY2022	FY2021
Nitrogen Oxides (NO _x)	kg	1,587.41	1,925.46
Sulphur Oxides (SO _x)	kg	1.8	1.9 ¹
Particulate matter (PM)	kg	105.74	110.92

Notes:

1. The data has been restated due to an updated calculation model.

In response to emissions from vehicles, the Group has established internal guidelines, including limiting the use and the speed of vehicles, shutting down the engine after parking, enhancing routine maintenance of company vehicles, generators, and other fuel equipment for effective emissions control, using eco-friendly unleaded petrol, requiring all internal transport to comply with the latest emission standards.



GHG Emissions

GHG is considered one of the major contributors to climate change and global warming. The primary source of GHG emissions of the Group comprises direct emissions (Scope 1) from vehicle fuel and refrigerants and indirect emissions (Scope 2) from purchased electricity.

During the Reporting Period, total GHG emissions of the Group equalled 13,403.68 tonnes of carbon dioxide equivalent (“tCO₂e”), with a consumption intensity of 12.42 tonnes per employee. This marked fall in total GHG emissions was mainly due to the effective implementation of energy-saving policies for electricity usage reduction during FY2022. The Group has set a target of lowering the GHG emissions intensity by 5% from 2021 to 2025 and expects to achieve this through continuous review of the energy-saving and GHG reduction measures.

Scopes of GHG Emissions	Unit ²	FY2022	FY2021
Scope 1	tCO ₂ e	353.20	323.79
Scope 2	tCO ₂ e	13,050.48	18,000.34
Total GHG emissions (Scope 1 and 2)	tCO ₂ e	13,403.68	18,324.13
GHG emissions intensity ³	tCO ₂ e/employee	12.42	15.91

Notes:

- GHG emission data is presented in terms of carbon dioxide equivalent and are 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 II: Reporting Guidance on Environmental KPIs” issued by the HKEX, the latest released emission factors of China’s regional power grid basis.
- The intensity data is calculated based on the number of employees (total of 1,079 employees). This data is also used to calculate other intensity data.

Sewage Discharge

The Group’s business activities do not consume a significant volume of water; therefore, the Group did not generate a material portion of sewage during daily operations. The water consumption information is detailed in the below section – Water Resources.

Waste Management

Due to its business nature, the Group do not consume a significant volume of hazardous waste. Despite this, the Group has established management guidelines for handling hazardous wastes. If any hazardous waste is produced, the Group must engage a qualified chemical waste collector to handle such wastes.

OUR ENVIRONMENT

The Group is committed to promoting the best use of resources in all operational locations to reduce waste production from sources. The Group's non-hazardous wastes are attributable to cardboard boxes used as packaging materials by suppliers and office administrative activities. To minimise the disposal of cardboard boxes, the Group actively recycles them and extends their service life for different purposes.

During the Reporting Period, the Group generated 223.78 tonnes of non-hazardous waste, among which 220 tonnes of cardboard boxes were recycled. The slight decrease in non-hazardous waste was mainly due to the effective implementation of recycling policies on cardboard box usage during FY2022. The Group has set a target of lowering the non-hazardous waste intensity by 5% from 2021 to 2025 and expects to achieve this through continuous review of waste reduction measures.

Type of Waste Disposal	Unit	FY2022	FY2021
Total Hazardous Waste Produced	tonnes	–	–
Total Non-hazardous Waste Produced	tonnes	223.78	240.13
Non-hazardous Waste Intensity	tonnes/employee	0.21	0.21
Total Recycled Non-hazardous Waste	tonnes	220.00	236.12

A2. USE OF RESOURCES

The Group cherishes all resources, including energy, water, and raw materials, to strengthen its sustainable and responsible business in its operation. Under the guidance of the Group's Energy and Resources Policy, we are also exploring energy-saving and green management measures for our business to reduce resource consumption as much as possible.

Energy Management

During daily operations, the most significant energy consumption of the Group is attributed to electricity consumed in the retail stores and offices. The Group's energy consumption performance is as follows:

Type of Energy Consumption	Unit	FY2022	FY2021
Total Direct Energy Consumption	MWh	1,192.49	1,125.03
• Diesel	MWh	500.38	463.29
• Petrol	MWh	692.11	661.74
Total Indirect Energy Consumption	MWh	16,227.91	21,521.74
• Purchased Electricity	MWh	16,227.91	21,521.74
Total Energy Consumption	MWh	17,420.40	22,646.77
Total Energy Consumption Intensity	MWh/employee	16.14	19.66





OUR ENVIRONMENT

As mentioned in the previous section “Air Emissions”, the measures to reduce diesel and petrol consumption for mobile machinery and vehicles were described. Considering that most energy consumption is from electricity; thus, we formulated rules to achieve the energy-saving goals according to the Office Order Management Regulations. The office’s public lighting system has been improved with more energy-efficient light bulbs. We have strengthened the maintenance and repair of electronic equipment to maintain its optimal state. We also set switching times for electrical machinery and equipment to ensure proper shutdown during holidays without affecting business. Employees are required to switch off electronic devices if not in use. We have set the temperature of the air-conditioners according to weather situations and ensure that the temperature should not be set under 26°C in summer. The Group has set a target of lowering energy consumption intensity by 5% from 2021 to 2025 and expects to achieve this through continuous review of the above energy-saving measures.

Water Resources

The Group’s wastewater is mainly generated from cleaning and sanitation work. During the Reporting Period, the Group consumed 80,952 tonnes of water. The noticeable decline was primarily attributable to the closure of some retail outlets in FY2022.

Water Consumption	Unit	FY2022	FY2021
Total Water Consumption	m ³	80,952	110,827
Total Water Consumption Intensity	m ³ /employee	75.03	96.20

The Group has implemented an array of measures to improve the utilisation efficiency of water resources. Regular maintenance on the water taps, water pipelines, and water storage has been strengthened in the operational premises. Leakage tests on water taps and other defects in the water supply system have been carried out. We advocate preserving water and instil the “Water Preservation” concept in employees. Emphasis is also placed on the supply chain regarding water conservation for a high-quality and water-friendly supply chain. The Group strictly assesses suppliers’ environment and water resources, prioritising suppliers who have obtained environmental management system certification. The Group has set a target of lowering water consumption intensity by 5% from 2021 to 2025 and expects to achieve this through continuous review of the above water-saving measures.



OUR ENVIRONMENT



Packaging Materials

Due to the Group's business nature, the main packaging material is plastic roll bags for customers' storage of fresh vegetables, fruits, or frozen food. The Group's packaging materials consumption data was as follows:

Use of Packaging Materials	Unit	FY2022	FY2021
Total Packaging Materials Consumption	tonnes	36.41	37.21
Packaging Materials Consumption Intensity	tonnes/employee	0.034	0.033

To avoid excessive use of packaging materials, saving reminders have been posted in retail stores to encourage customers to use plastic bags reasonably. The Group has set a target of lowering packaging material consumption intensity by 3% from 2021 to 2025 and expects to achieve this through continuous review of related measures.

A3. THE ENVIRONMENT AND NATURAL RESOURCES

The Group has always been concerned about its impact on the surrounding environment and natural resources and is committed to reducing the negative environmental effects of daily operations. Therefore, the Group implements a series of efficient environmental protection measures, shoulders the responsibility for greening, strictly complies with laws and regulations regarding environmental protection and achieves a shared success between humanity and nature.

Working Environment

The Group heavily emphasises indoor air quality and has strict control over air quality management. We prohibit anyone from smoking in all areas of shops and offices. Any person found to have violated such rule will be subjected to disciplinary action. The Group regularly monitors and measures the indoor air quality of the workplace to ensure office order and environmental sanitation. In addition, air purification equipment has been installed in the workplace and regularly cleaned air-conditioning systems to filter pollutants and dust to maintain indoor air quality. Green plants will also be placed in the offices and shops to improve air quality.

A4. CLIMATE CHANGE

The public's awareness regarding climate change continues to increase, and climate change is also one of the most frequently discussed topics internationally. Given the severity and urgency of the climate crisis, governments recently have accelerated their action pace in coping with the climate. China has announced that it will aim to achieve carbon neutrality by 2060, and Hong Kong has also pledged to realise net-zero carbon emissions by 2050.





OUR ENVIRONMENT

The Group understands the importance of identifying and mitigating major climate-related issues, pays close attention to the potential impact of climate change on the Group's business and operations, and is committed to managing potential climate-related risks that may affect the Group's business activities. Our ESG Committee regularly oversees climate-related issues and risks, so it ensures our strategies incorporate these critical factors.

According to the reporting framework developed by the Task Force on Climate-Related Financial Disclosures (TCFD), climate-related risks are divided into physical and transition risks. The Group has incorporated climate change-related risks into enterprise risk management to identify and mitigate potential risks related to climate change.

Physical Risks

The increased frequency and severity of extreme weather events such as typhoons, storms, heavy rains, and extreme cold or heat will bring acute and chronic physical risks to the Group's operational and business facilities. The Group's productivity will be reduced under extreme weather events as the safety of our employees is threatened, and our production facilities might be damaged, which exposes the Group to risks associated with non-performance and delayed performance, leading to a direct reduction in the Group's revenue.

The Group has established comprehensive contingency plans to prevent injuries and damage to employees and stores in case of extreme weather conditions. The Group will explore and optimise emergency plans and engage with local governments and stakeholders on local resilience to enhance business stability.

Transition Risks

To achieve the global vision of carbon neutrality, all companies face multi-faceted challenges and risks from technological, legal, policy, reputational and market level. The Group expects the evolution of the regulatory, technological and market landscape due to climate change, including the tightening of national policies, the emergence of environmentally related taxes, and the shifting of customer preference to an eco-friendlier operation.

In response to potential threats, the Group constantly monitors the updates of environmental regulations and global trends on climate change to avoid cost increments, non-compliance fines or reputational risks due to the violation of laws. In addition, the Group has been taking comprehensive environmental protection measures, including GHG reduction, and adoption of clean energy. The Group has set targets to gradually reduce the Group's energy consumption and GHG emissions in the future.



OUR PEOPLE

China Shun Ke Long's success relies on every employee's efforts, dedication, and contribution. We believe how we treat our employees and support their growth will affect how they serve our customers and communities and determine how sustainably we can develop as a company. The Group has been committed to building an equal, dignified, and inclusive work environment with fair compensation and abundant career opportunities so that our employees can make the best use of their talents.

B1. EMPLOYMENT

Recruitment, Promotion, and Dismissal

China Shun Ke Long has stipulated key human resources management practices in the Employee Handbook. The Group promises to provide all candidates with fair access to information and resources and adhere to a robust, open, and merit-based recruitment process through multiple recruitment channels such as website, headhunting, internal recommendation, and campus recruitment. Human Resources Department and the recruitment team are responsible for candidate selection and interviews. During the interviews, candidates are informed of the working environment, job duties, remuneration, and welfare. Factors such as capabilities, academic qualification, practical working requirements, functional knowledge and language proficiency are considered recruitment standards under a transparent and friendly atmosphere.

The Group prioritises the promotion of an employee who has demonstrated outstanding performance as a kind of reward through an open and fair assessment system. Staff appraisals that form the basis of promotion and salary adjustment are conducted regularly to assess employees' job performance under the principle of merits, talents, and competitiveness.

The Group respects and protects the rights and interests of employees following the Employee Handbook. We have no tolerance for unfair dismissal and ensure the dismissal procedure is fair and open. The procedures and conditions of dismissal and contract termination have been formulated in the Employee Handbook.

Working Hours and Rest Periods

The Group has specified the arrangement regarding employees' working days and hours in the Employee Book and resists all forms of forced labour. All overtime work is on a voluntary basis and is subject to appropriate overtime compensation and allowance covering meal and travelling expenses. Apart from annual leaves, the Group has provided employees with all kinds of holidays, including statutory holidays and other paid leaves such as marriage leave, maternity leave, paternity leave, compassionate leave, etc. All information related to attendance, holidays and benefits has been clearly stated in employment contract.

The Group advocates work-and-life balance culture by organising year-end parties, birthday parties and sports activities to boost their well-being. During festivals such as Women's Day, Mid-autumn Festival and Spring Festival, the Group organizes recreational activities to make employees feel happy.





OUR PEOPLE

Equal Opportunity, Diversity, Anti-discrimination

The Group is committed to creating and maintaining an inclusive and collaborative workplace culture. China Shun Ke Long treats employees of different nationalities, races, ages, genders, religious beliefs, and cultural backgrounds fairly and equitably and protects the legitimate rights and interests of female employees. The Group shall not tolerate any forms of discrimination and harassment in work and is committed to preventing it. We let employees equally enjoy their legal rights to labour remuneration, rest and leave, access to labour safety and health protection, social insurance, welfare, etc.

The Group is devoted to building a diversified working team. Anyone who is intimidated, humiliated, bullied, or harassed, including sexual harassment, may report to the employee's representative or file complaints directly to the management representative or the general manager, and we will take serious approaches to resolve the issues upon receiving the said complaints.

Remuneration and Benefits

The Group has established fair, reasonable, and competitive employee remuneration. All qualified employees are entitled to competitive wages, comprehensive insurance coverage, and medical benefits. By the Social Insurance Law of the PRC, the Group pays "five social insurance and one housing fund" for all Mainland employees, namely, endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance, and housing provident fund. The Group also pays Mandatory Provident Fund for employees in Hong Kong in accordance with the Mandatory Provident Fund Scheme Ordinance of Hong Kong. The Group reviews the remuneration packages annually to ensure they meet the market standards to attract and retain talent.

Employee Communication

To enhance employees' work experiences, the Group has established an array of communication channels, such as work reporting and assessments, staff satisfaction surveys, and suggestion boxes, to understand their opinions on corporate development, employment relationship, work remuneration, responsibilities, and obligations. All the information received from employees is kept confidential.

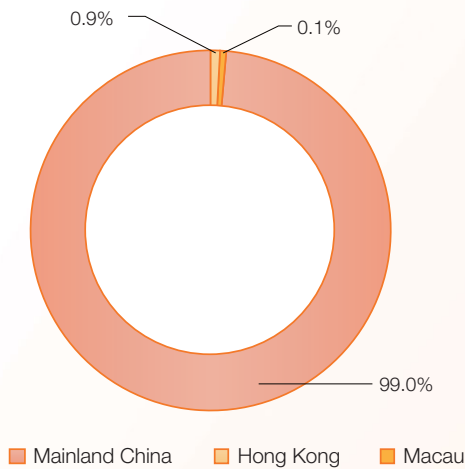


OUR PEOPLE

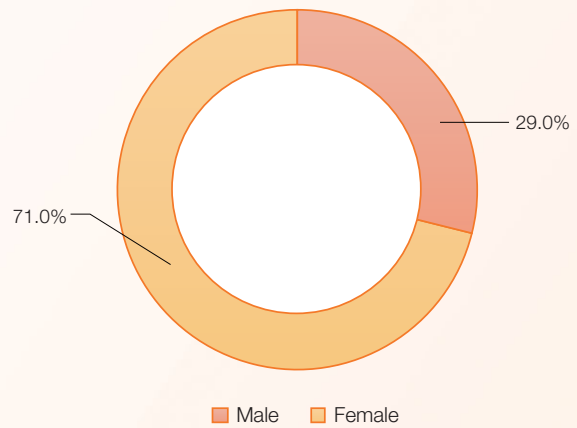
During the Reporting Period, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group. Such laws and regulations include but are not limited to the Labour Law of the PRC, the Labour Contract Law of the PRC, the Employment Ordinance in Hong Kong and the Labour Relations Law of Macau.

As of 31 December 2022, the Group had a total of 1,079 employees, including 815 full-time and 264 part-time employees based in Mainland China, Hong Kong, and Macau, among which there are 310 male employees and 769 female counterparts. Regarding age, 112 were aged 30 or below, 748 were aged from 31 to 50, and 219 were above 50. Among the employees, 127 were from management, and 952 were from the general staff. The employee breakdown and employee turnover rate are as follows:

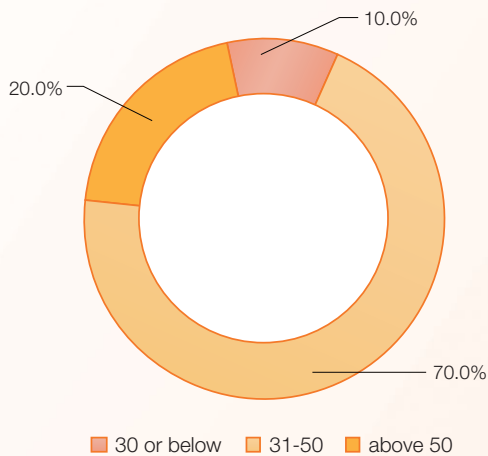
Employee Profile, by Geographic Region



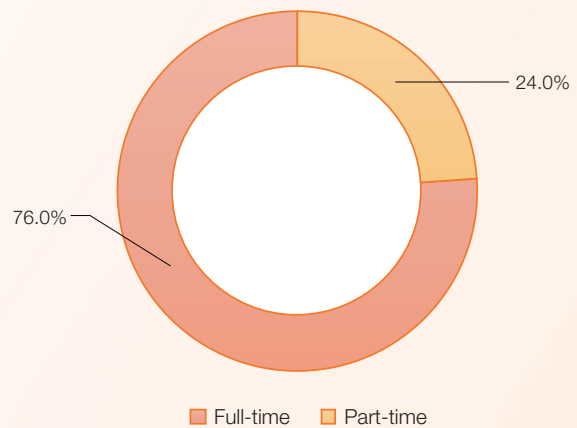
Employee Profile, by Gender



Employee Profile, by Employment Age



Employee Profile, by Employment Mode





OUR PEOPLE

During the Reporting Period, the overall employee turnover rate of China Shun Ke Long was approximately 51%. Figures below present details:

Employment Turnover Rate ⁴ (%)	FY2022	FY2021
By Gender		
Male	49%	60%
Female	52%	60%
By Age Group		
30 or below	188%	184%
Age 31-50	40%	38%
Above 50	19%	63%
By Geographical Region		
Mainland China	51%	57%
Hong Kong	20%	33%
Macau	300%	850%
Overall	51%	60%

Notes:

- Employee turnover rate is calculated by the number of employees left during the Reporting Period/Total number of employees as of 31 December 2022×100%.

B2. HEALTH AND SAFETY

The Group attaches great importance to providing a healthy and safe work environment and cares deeply about our employees' well-being and comfort.

The Group has been certificated with OHSAS 18001 Occupational Health and Safety Management System. Risk assessments have been conducted by third parties on a regular basis to reduce our employees' potential safety hazards. The Group reviews and, if necessary, revises the relevant measures and practices annually to ensure its health and safety standards continuously improve. The Group has also formulated a range of occupational health and safety measures and guidelines, including the provision of personal protection equipment and complimentary drinks and breaks during the hot season.

To raise employees' safety awareness, the Group provides compulsory induction safety and health training to new hirers and occupational safety education for existing employees in response to emergencies such as traffic accidents and epidemic prevention and control. The Group has formulated fire safety systems in accordance with the Fire Protection Law of the PRC. The Group has trained employees in using fire equipment such as fire extinguishers and conducted fire drills periodically. Fire evacuation plans are also formulated and evaluated regularly to ensure fire safety.

In addition, the Group organises physical examinations for all qualified employees. We have insured labour, industrial injury and commercial insurance for our employees. In case of work-related accidents happened, the insurance department would assist employees in supporting employee recovery and other living expenses as soon as possible. The employees were given paid sick leave for their recovery. The Group has also continued to organise work-life balancing activities for employees and other activities to promote healthy living practices.

OUR PEOPLE

The Group has achieved zero work-related fatalities for 3 consecutive years. During the Reporting Period, there were 7 work injury cases, and the Group had lost 49 working days due to work injury. The Group was also not aware of any material noncompliance with employment-related laws and regulations that would have a significant impact on the Group. Such laws and regulations include but are not limited to the Law of the PRC on the Prevention and Control of Occupational Diseases, the Production Safety Law of the PRC, the Occupational Safety and Health Ordinance of Hong Kong, and Macau's Decree Law No. 37/89/M.

	Unit	FY2022	FY2021	FY2020
Fatalities due to work injury	Case	0	0	0
Work injury	Cases	7	20	11
Lost days due to work injury	Days	49	418	241

Fight Against the COVID-19 Pandemic

During the Reporting Period, in response to the normalisation of the COVID-19 pandemic, the Group has complied with the government's public health and safety measures. China Shun Ke Long promptly implemented new prevention measures.

To effectively prevent and control stronger variant strains, the Group has formulated policies and measures to safeguard health and safety. All personnel, whether employees or guests, entering the Group's premises must have their temperature recorded to prevent the potential spread of the virus. Clear guidelines are also in place to respond to situations where employees or their family members are found to have contracted the virus. To ensure a hygienic environment, every store is sanitised twice a day. Different air conditioning ventilation system parts, such as cooling towers, filters, and purifiers, will be sanitised or replaced periodically.

B3. DEVELOPMENT AND TRAINING

The Group recognises the importance of people development by establishing an internal management training and development system. The Group endeavours to meet employees' different needs through various training programs, including orientation courses, best-practice sharing, and business skill set training. Different training courses and development programs are provided for frontline employees and management. All new recruiters are required to attend induction courses to ensure that they are well-equipped with the necessary skills to perform their duties. The Group also provides regular on-the-job training to existing employees. Training contents are regularly updated to ensure that training materials can enhance employees' skills, knowledge, and competency to perform duties and tasks. Staff training helps enhance the employees' comprehensive competency and identify the technological and organisational development for the Group.





OUR PEOPLE

Human Resource Department and Administrative Department are responsible for planning and evaluating training activities, setting training goals and designing training programs. All related training records have been kept in Human Resources Department. An evaluation is performed after completion of the training by employee questionnaire forms, which will form the basis for future training plan development. The Group will constantly improve the quality of training through employees' evaluation of trainers, training effectiveness and structure.



During the Reporting Period, the Group has conducted approximately 4,202 hours of training, with the average training hour being approximately 3.9 hours per employee. The percentage of the employee received training by gender and by employment category as well as average training hours, are as follows:

Percentage of Employees Received Training	FY2022	FY2021
Overall	44%	85%
By Gender		
Male	43%	84%
Female	44%	85%
By Employment Category		
Management Staff	57%	99%
General Staff	42%	83%

The composition of the employees who received training by gender and employment category was as follows:

Composition of Employees Received Training	FY2022	FY2021
By Gender		
Male	28%	28%
Female	72%	72%
By Employment Category		
Management Staff	15%	14%
General Staff	85%	86%



OUR PEOPLE

And the average training hours by gender and employee category during the Reporting Period were as follows:

Average Training Hours Received per Employee ⁵	FY2022	FY2021
Overall	3.9	3.8
By Gender		
Male	3.9	3.5
Female	3.9	4.0
By Employment Category		
Management Staff	8.1	6.6
General Staff	3.3	3.5

Notes:

5. Average training hours received per employee is calculated by the total number of training hours/Total number of employees on 31 December 2022×100%; Average training hours for employees in relevant categories is calculated by the total number of training hours for employees in the specified category/Number of employees in the specified category on 31 December 2022×100%.

B4. LABOUR STANDARDS

The protection of human rights is of great importance. The Group respects human rights and prohibits using child and forced labour. During recruitment, the Group will review candidates' identity documents and conduct a background screening to prevent child labour. A person under 16 is not allowed to work in the Group.

All employees are required to sign labour contracts with the Group voluntarily and legally. The employment contract specifies the employee's working hours, location, and primary work duties to avoid executing work outside their terms of reference. If overtime is needed, overworking is consensual and compensated by extra pay or time off in lieu based on relevant laws and regulations to prevent forced overtime work.

Any actions involving verbal abuse, oppression and sexual harassment against employees are prohibited for any reason. Anyone who violates the regulations will be subject to dismissal or termination of the probationary period. The Group has also clearly stated in the contracts with cooperative suppliers and subcontractors that illegal labour is prohibited to prevent any violation of human rights.

During the Reporting Period, the Group was not aware of any material noncompliance with child and forced labour-related laws and regulations that would have a significant impact on the Group. Such laws and regulations include but are not limited to the Labour Law of the PRC, the Labour Contract Law of the PRC, the Employment Ordinance of Hong Kong, and the Labour Relations Law of Macau.





OUR OPERATION

B5. SUPPLY CHAIN MANAGEMENT

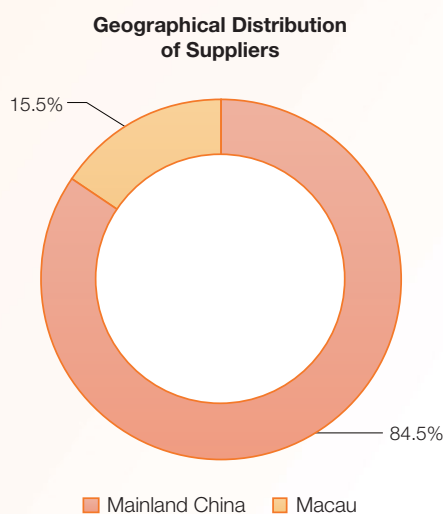
The Group treats every supplier as a vital business partner. China Shun Ke Long specifies its commercial, environmental, and social requirements on suppliers, including compliance with business ethics, human rights protection, environment protection, health, and safety.

The Group has established a strict supplier selection system by ISO 20400: 2017 Sustainable Procurement Guidance. The Group's quality management and procurement department jointly conduct on-site assessment of suppliers. The Group incorporates environmental and social factors into the assessment indicators during the assessment process. The Group pays attention to whether the supplier has passed the environmental management system certification, whether the environmental and sanitation conditions are qualified, whether the formulated regulations comply with the requirements of relevant laws and regulations, and whether there have been any incidents involved in environmental pollution, employee gender discrimination or employment of child labour incidents in the past three years.

According to its internal "Material Procurement Management Regulations", the Group selects suppliers based on compliance, price, quality, supply stability and after-sales service criteria. Food quality for the Group has priority over other elements, so suppliers are required to provide regular testing reports of products to ensure they meet the Group's standards. The Group utilises a unified procurement platform, which implements the group's relevant confidentiality disciplines and the application for withdrawal regulation. A complete supplier database has been established to update suppliers' information, where all suppliers will be reviewed. For new suppliers, the Group evaluates the proposed suppliers in terms of their basic qualifications, scale requirements, quality systems, business level, environmental and social responsibilities, etc.

Suppliers who fail to demonstrate a good standard or meet the Group's supplier selection criteria may be excluded from the supplier list for future engagements. In addition to the supplier selection system, the Group has formulated policies and procedures to ensure all suppliers can compete transparently and fairly. The Group invites suppliers to participate in technical seminars on industry and market trends for technology-related discussions and information sharing. The interaction channels with suppliers include seminars, training courses, on-site visits, meetings, and audits. We will not tolerate any form of discrimination against any supplier nor allow any forms of corruption or bribery. Employees and other individuals interested in the suppliers are not allowed to participate in relevant procurement activities. The Group only selects suppliers with good track records in the past and has no serious violations of business ethics.

The Group aims to reduce environmental and social risks throughout the supply chain and build a sustainable relationship with our business partners through the above practices. During the Reporting Period, the Group had a total of 483 suppliers. The Group recognises our suppliers to comply with all environmental and social standards.



OUR OPERATION

B6. PRODUCT RESPONSIBILITY

Responsible corporate practices are the key to business development. The Group believes quality products and customer services are crucial to building stable and healthy customer relationships. Hence, it has formulated a series of relevant policies and guidelines, committed to continuously improving the quality of the Group's products and services.

Product Quality and Safety

The health and safety of customers are always our priority. The Group's senior management is responsible for maintaining high-quality food standards and providing a healthy and safe shopping environment in accordance with the Group's guidance. A Food Safety Management System has been established in which raw materials and food ingredients are sourced primarily from the list of qualified suppliers. The Group examines the freshness and quality of the raw materials and food ingredients and would cease sourcing from those suppliers who fail to provide quality food ingredients as specified.

Employees are prohibited from smoking, chewing gums, eating, and drinking at work to guarantee a perfectly hygienic condition in the supermarket. They must sanitise their hands and wear gloves before touching raw food ingredients. Frontline employees must provide health certificates and conduct body checks annually to ensure that they are in good health conditions when handling food products.

The Group has also formulated an Expired Food Management Policy that is documented in the Food Safety Management System to specify different instructions and measures to standardise the daily logistics of the warehouse. Such efforts include scanning food products daily to ensure food products are not expired. For food products which have already expired, responsible personnel should dispose of such food products in a destructive manner and record the amount of disposed of product.

Customer Service Quality

The Group considers customer complaints a vital part of continuously improving its quality management. To improve the customer experience and prevent potential churn, a variety of customer service channels can offer support, including email, phone, social media, and in-person. The Group will process and record complaints with dedicated personnel and keep the process and record confidential to protect all parties' interests to ensure that the complaint process is conducted fairly. The Group requires each complaint to be properly submitted and processed through relevant functions. It prohibits employees from reaching private settlements with the complainant to ensure that the Group can accurately receive customer feedback to enhance the quality of business operations.

A service team is designated to investigate the complaints received and address customers' major concerns. If the root cause is an issue with the current internal service processes, the Group will update them to make them more apparent to the team and provide more training if necessary. We are committed to empowering our service teams to do the best work for high-quality service.





OUR OPERATION

Protection of Data and Privacy

The Company observes and recognises its responsibilities in relation to the collection, holding and processing or use of the personal data of its customers. The Business Confidentiality Agreement Policy, specified in the Employee Handbook, guides the protection of confidential information. Personal information must be collected with customers' consent, and information is restricted to designated business purposes and only accessed by authorised personnel. The Group has set up a Confidentiality Committee responsible for the confidentiality of our business and consumer data.

Advertisement and Labelling

The Group strictly abides by the laws and regulations relating to retail and wholesale services to ensure the advertising content is factual, non-biased and not misleading nor deceptive. The Group also regularly assesses updates of applicable laws and regulations to improve product advertising and label management.

Intellectual Property Rights

China Shun Ke Long values and protects intellectual property rights. The Employee Handbook stipulates that employees are strictly prohibited from disclosing confidential information, including but not limited to the Group's strategies, business interests, know-how, etc., invention and intellectual property to any third-party during employment and even upon termination of employment.

Regarding intellectual property protection, the Group stipulates that when cooperation with an external organisation, the terms of the contract shall be set to ensure that products or services provided by the partner are free from infringement of any intellectual property right. In addition, the Group avoids infringing the intellectual property rights of other companies and individuals and conducts regular research and tracking of patent information of its peers.

During the Reporting Period, the Group was not aware of any material non-compliance with any laws and regulations concerning health and safety, advertising, labelling and privacy matters in relation to products and services provided that would have a significant impact on the Group. Such laws and regulations include but are not limited to the Law of the PRC on the Protection of Consumer Rights and Interests, the Product Quality Law of the PRC, the Patent Law of the PRC, the Advertising Law of the PRC, the Personal Data (Privacy) Ordinance of Hong Kong, the Food Safety Law of Macau, and the Consumer Protection Law of Macau.

Product Responsibility Performance	FY2022	FY2021
No. of products subject to recalls for safety and health reasons	0	0
No. of products and services-related complaints received	0	0



OUR OPERATION

B7. ANTI-CORRUPTION

The Group's Anti-corruption Policy stipulates the daily behaviours of employees and that employees must not engage in acts or activities revolving around bribery, extortion, fraud, and money laundering. Employees should avoid engaging in any circumstances that might have involved a conflict of interest with the Group or its associated companies. Employees must sign to confirm that they have understood and will follow the code of conduct before employment. In case of any violation, the Group will terminate the labour contracts without paying any compensation. Any losses suffered by the Group due to misconduct would be reimbursed at its discretion. The suspected criminal offence would be transferred to enforcement authorities in accordance with the law.

The Group has set up a high transparency and accountable whistleblowing channel to identify and handle violations early. Employees can report any misconduct or reasonably suspected corruption by suggestion boxes and email. All reported cases will be handled confidentially to protect the whistle-blower's identity and privacy. They will not be subjected to unfair dismissal or unreasonable disciplinary action and will protect other legal rights of the whistle-blowers. To raise awareness of bribery prevention among management and general employees, the Group provides self-learning pamphlets to help strengthen the staff's ability to manage conflicts of interest and increase their vigilance against corruption.

The Group also requires its trading collaborators to comply with anti-corruption practices strictly. All business partners must sign an acknowledgement letter of the Group's anti-corruption policy. Our statement of anti-corruption policies is placed in all open meeting areas to remind employees and our business partners to comply with such practices.

Since the establishment of an internal Anti-Corruption and Bribery Policy in FY2022, the Group also organised the senior management to study the latest bribery prevention policies for a total of 10 hours and discuss how to improve the internal system. The Group also provides self-learning pamphlets to all employees to help strengthen their vigilance against corruption.

During the Reporting Period, there was no concluded legal case regarding corrupt practices brought against the Group or its employees. The Group was also not aware of any material non-compliance with related laws and regulations of bribery, extortion, fraud, and money laundering that would have a significant impact on the Group. Such laws and regulations include but are not limited to the Anti-Unfair Competition Law of the PRC, the Criminal Law of the PRC, the Company Law of the PRC, the Prevention of Bribery Ordinance of Hong Kong, Prevention and the Law Suppression of Bribery in Private Sector, and the Prevention and Suppression of the Crime of Money Laundering of Macau.





OUR OPERATION

B8. COMMUNITY INVESTMENT

In pursuit of business success, contributions to the community are also crucial to building a solid relationship with stakeholders in the operational regions, which stimulates our sustainable development. To show the Group’s commitment to fulfilling its corporate responsibility, it has formulated a relevant policy, which properly sets out the work for community investment. We focus on inspiring our employees’ sense of social responsibility and encouraging them to participate in activities that contribute to the community.

The Group has participated in many charitable activities by itself or in cooperation with local non-profit organisations to maintain good relationships with local communities. Based on this, the Group won the “25th Anniversary Social Responsibility Benchmark Chain Enterprise of Guangdong Province (廣東省25週年社會責任標桿連鎖企業).” During the Reporting Period, the Group, as one of the anti-epidemic emergency suppliers, spares no effort on the procurement, transportation, and distribution of the daily necessities for the residents in the epidemic control area promptly. The Group’s services and dedication were recognised with the “Excellent Guaranteed Supply Company in COVID-19 from 2020 to 2022 (抗疫保供企業2020–2022)” award for stabilising prices and ensuring food supply. The Group will stick to its social responsibility through continuous contributions to the community.



The local volunteer federation of the Group organises public welfare activities in the community



The Group undertakes to provide and supply daily necessities for communities during the COVID-19 epidemic



THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE



Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	Emissions – Greenhouse Gas Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions
KPI A1.6	Description of how hazardous and non-hazardous waste are handled, and a description of waste reduction target(s) set and steps taken to achieve them.	Emissions – Waste Management
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water, and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources – Energy Management
KPI A2.2	Water consumption in total and intensity.	Use of Resources – Water Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources – Energy Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources – Water Resources
KPI A2.5	Total packaging materials used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources – Packaging Materials





THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE

Subject Areas, Aspects, General

Disclosures and KPIs	Description	Section/Declaration
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer and the actions taken to manage them.	Climate Change – Physical Risks, Transition Risks
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full-time or part-time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the Reporting Period.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted and how they are implemented and monitored.	Health and Safety



THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE



Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid the child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
Aspect B5: Supply Chain Management		
General Disclosure	Percentage of total products sold or shipped subject to recall for safety and health reasons.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers and how they are implemented and monitored.	Supply Chain Management





THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE

Subject Areas, Aspects, General

Disclosures and KPIs	Description	Section/Declaration
Aspect B6: Product Responsibility		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recall for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility – Customer Service Quality
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Product Quality and Safety
KPI B6.5	Description of customer data collection and privacy policies and how they are implemented and monitored.	Product Responsibility – Protection of Data and Privacy
Aspect B7: Anti-Corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud, and money laundering.	Anti-Corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Anti-Corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures and how they are implemented and monitored.	Anti-Corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-Corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

