

# Environmental, Social, and Governance ('ESG') Report 2023

## Introduction

The purpose of this ESG report is to highlight DFI's efforts in quantifying our impact on the economy, environment, and society, along with our targets and progress made to date. We disclose all relevant performance indicators for material ESG issues (refer page 70 for ESG materiality assessment) with the aim of improving the transparency of our activities.

This report has been prepared in accordance with the Global Reporting Initiative ('GRI'), with references to the index also published online on our website [www.DFIretailgroup.com](http://www.DFIretailgroup.com). This report has also considered information from sustainability reporting standards (including, but not limited to, SASB, TCFD, CDP), sustainable development principles (including, but not limited to, UNSDGs, UNGC), ESG rating agencies (such as Morningstar Sustainalytics), and industry initiatives.

## Reporting scope

This ESG Report covers ESG data for the year ending 31st December 2023. Unless stated otherwise, the year ending 31st December 2022 is used for comparison (and the year ending 31st December 2021 if available). Operations divested in 2023 have been excluded from metrics, with prior year comparisons restated. To the extent possible, the prior year comparative figures have been restated to align with any updated ESG reporting perspectives. This is stated in this ESG report where relevant, and in addition the metrics impacted by any restatement are disclosed in the GRI Index available online at [www.DFIretailgroup.com](http://www.DFIretailgroup.com).

For the scope of coverage, we included all subsidiaries of DFI. Associates and Franchisees of DFI are out of scope unless stated otherwise.

## Reporting limitation and assumption

In preparing the ESG-related information contained in this document, DFI has made a number of key judgements, estimations, and assumptions, and the processes and issues involved are complex. The ESG data, models, and methodologies used are often relatively new, are rapidly evolving, and are not of the same standard as those available in the context of other financial information, nor are they subject to the same or equivalent disclosure standards, historical reference points, benchmarks, or globally accepted accounting principles. In particular, it is not possible to rely on historical data as a strong indicator of future trajectories, in the case of climate change and its evolution. Outputs of models, processed data, and methodologies are also likely to be affected by underlying data quality, which can be hard to assess and we expect industry guidance, market practice, and regulations in this field to continue to change. There are also challenges faced in relation to the ability to access data on a timely basis and the lack of consistency and comparability between data that is available. This means the ESG metrics discussed in this document carry an additional degree of inherent risk and uncertainty.

In light of uncertainty as to the nature of future policy, market response to climate change, and the effectiveness of any such response, DFI may have to re-evaluate its progress towards its ESG ambitions, commitments and targets in the future, update the methodologies it uses, or alter its approach to ESG analysis, and may be required to amend, update, and recalculate its ESG disclosures and assessments in the future, as market practice and data quality, accuracy, and availability develops rapidly.

## ESG data limited assurance

Selected ESG data have been subject to limited assurance by PricewaterhouseCoopers. Their limited assurance report outlines the specific scope of the assurance provided and the conclusion. The appointment of PricewaterhouseCoopers was made by the Audit Committee. For further details, please refer to the Limited Assurance Report on page 99.

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## Managing our ESG performance

### ESG governance

In line with our commitment to ESG practices, we have established working groups for various ESG topics to drive our organisation's ESG agenda and strategy.

Each working group focusses on a specific ESG aspect, such as governance, social impact, or environmental stewardship. These working groups comprise cross-functional teams consisting of experts from relevant departments across our organisation, and report progress directly to the Sustainability Management Committee on a monthly basis during dedicated working group meetings.

By adopting working groups for different ESG topics, we demonstrate our holistic approach to ESG management. These working groups enable us to focus on each aspect of ESG governance, social impact, and environmental stewardship specifically, while supporting alignment with our overarching ESG agenda. Through their collaborative efforts, we believe these working groups play an important role in embedding ESG principles into our business strategy, driving positive change, and creating long-term value for our stakeholders. Please refer to the TCFD report (page 36 of this annual report) for the graphical illustration of DFI ESG governance structure.

### ESG policies

#### DFI business ethics policies

DFI places a strong emphasis on business ethics and integrity, recognising our role in building trust, maintaining credibility, and fostering sustainable relationships. To ensure ethical conduct, DFI has established the following policies and guidelines that govern the actions and behaviours of all team members:

- Code of Conduct
- Data Privacy Policy
- Speak Up Policy
- Supplier Code of Conduct
- Information Security Policy
- No Gift Policy
- Personal Data Protection Policy

These policies encompass areas such as anti-corruption, conflicts of interest, fair competition, data protection, and confidentiality. By upholding these policies, DFI aims to conduct business with integrity, transparency, and accountability, thereby aiming to safeguard the interests of our stakeholders and upholding our reputation as a responsible corporate entity.

#### Jardine Matheson sustainability policies

As the parent company of DFI, Jardines has also established a comprehensive range of sustainability policies that outlines their commitment to responsible and sustainable business practices ([www.jardines.com/en/sustainability/our-commitment](http://www.jardines.com/en/sustainability/our-commitment)):

- Climate Change
- Resources and Circularity
- Sustainability
- Diversity and Inclusion
- Human Rights
- Health and Safety

## ESG materiality assessment

### Stakeholder engagement

Stakeholders are defined as individuals, groups, or organisations that can influence or be influenced by DFI. By engaging with these stakeholders, DFI aims to mitigate any negative impact on society and the environment where possible.

Among the many stakeholders, DFI identifies the following groups as the most impactful:

Stakeholder	Engagement method	Material ESG issues
DFI team members	Team member surveys, town hall meetings, focus groups, and regular communication channels	Community Engagement and Support, Human Capital, Health and Safety, Well-being, and Product Safety and Quality
Customers	Customer surveys and feedback mechanisms	Sustainable Packaging, Sustainable Products, Product Safety and Quality, Cyber Security and Data Protection
Suppliers	Supplier assessments, supplier code of conduct, and regular communication channels	Social Compliance, Ethics, and Anti-corruption
Investors and shareholders	Annual general meetings, result announcement investor relations communications, and sustainability reports	ESG Governance, Tax Governance
Community and non-governmental organisations (NGOs)	Partnerships, community outreach programmes, stakeholder consultations, and collaboration on initiatives	Community Engagement and Support
Regulators and government authorities	Compliance with regulations, participation in industry consultations, and regular reporting	Health and Safety, Well-being, Social Compliance, Product Safety and Quality, Ethics and Anti-corruption, Cyber Security, Data Protection, and Tax Governance
Industry associations and trade unions	Participation in industry forums, collaboration on industry-wide initiatives, and dialogue with trade unions	Climate Change, Waste, Water, Sustainable Packaging, Sustainable Products, Social Compliance, and Product Safety and Quality
Academia and research institutions	Collaborative research projects and knowledge sharing	Climate Change, Waste, Water, Sustainable Packaging, Sustainable Products, and Social Compliance
Media and public	Press releases, media interviews, social media engagement, and public events	ESG Governance
Board of directors and executive leadership	Board meetings, executive briefings, and regular reporting	ESG Governance and all material ESG issues listed above

### Materiality assessment process

DFI conducted a materiality assessment in 2023 to prioritise issues for our sustainable development strategy and ESG reporting. This assessment played a crucial role in effectively allocating internal resources to address risks and opportunities, while meeting the evolving expectations of our stakeholders.

#### 1. Identification

We identified relevant ESG issues based on a review of industry trends, international sustainability initiatives (including the United Nations Sustainable Development Goals), sustainability reporting frameworks like GRI and SASB, and material issues identified by ESG rating agencies and retail industry peers.

#### 2. Evaluation

We invited both internal and external stakeholders to participate in an online survey. The purpose of this survey was to rank each sustainability issue based on the significance of its impact on the economy, environment, and society. By gathering input from stakeholders, we aim to gain an understanding of their perspectives and priorities regarding these sustainability issues.

Furthermore, our internal ESG team has considered sustainability trends, risks, opportunities, and impacts related to our business. Based on the analysis, the ESG team prioritised sustainability issues according to the significance of their impact. This process supported us to focus our efforts on addressing the most critical sustainability issues that have the greatest impact on our business and stakeholders.

#### 3. Validation

Once ESG issues were identified and evaluated, their significance was assessed and prioritised. This analysis involved assessing the impact of the identified ESG issues on DFI and our stakeholders. Through our process of identification, evaluation, and validation, we have concluded on the below material ESG issues.

### Material ESG issues

Material ESG issues	Description of risk and impact
Climate change	The physical effects of climate change, such as increased occurrences of severe flooding, stronger typhoons, and heatwaves, pose a significant threat to both our productivity and the resilience of our supply chains. Transition risks such as the introduction of carbon tax will also impact our economic baseline.
Waste	Excessive waste can lead to increased costs for waste management and disposal, damage to reputation and stakeholder perception, and potential legal compliance issues.
Water	Excessive water consumption has negative impacts on retail businesses, including increased costs, strained resources, and environmental harm.
Plastic	There is a growing concern regarding plastic waste, particularly single-use plastic, and the negative environmental impact it can have if not properly managed at the end of its life cycle. Regulations in markets in which DFI operates are also phasing out the sales of single-use plastic (e.g. Hong Kong in 2023).
Sustainable products	Non-sustainable products can lead to reputational damage, as consumers are increasingly concerned about the environmental and social impact of the products they purchase. Moreover, the lack of sustainable products on offer could impact long-term business growth and profitability.
Community engagement and support	Poor community engagement can lead to strained relationships with local communities, resulting in potential boycotts or protests. Additionally, lack of community engagement can hinder access to local resources and license to operate.
Human capital	Poor human capital management can result in decreased team members' morale, productivity, and engagement, leading to higher turnover rates and increased recruitment and training costs. Additionally, ineffective management of human capital can hinder innovation, collaboration, and overall organisational performance, ultimately affecting DFI's profitability.
Health, safety and wellbeing	In our operations across Asia, it is crucial for us to effectively manage health, safety, and overall well-being. Failing to uphold a safe working environment can hinder our ability to attract and retain team members.
Social compliance	Human rights issues in our supply chain can lead to reputational damage, as consumers increasingly demand transparency and ethical practices throughout the supply chain. Additionally, unethical sourcing can result in legal and regulatory issues, including fines and penalties.
Product safety and quality	Product quality and safety incidents can lead to reputational damage, loss of customer trust, and decreased sales. Additionally, such incidents can result in legal liabilities, lawsuits, and financial penalties, potentially impacting DFI's profitability.
Ethics and anti-corruption	Corruption incidents can erode trust from stakeholders, including customers, investors, and partners, and potentially lead to legal consequences, fines, and penalties.
Data privacy and cybersecurity	Data privacy and cybersecurity incidents can result in compromised customer data, financial losses, and potential legal liabilities, undermining trust and confidence in DFI. Additionally, these incidents can disrupt business operations, lead to regulatory scrutiny, and require significant resources to mitigate and recover from.
Tax governance	Poor tax governance could result in legal and regulatory issues, and potential financial penalties. Additionally, it may lead to strained relationships with tax authorities, impacting DFI's overall financial stability and long-term profitability.

## Environmental

### 1. Climate change GRI 302,305

Humans are responsible for causing climate change by releasing carbon dioxide and other greenhouse gases ('GHGs') into the atmosphere. The increased concentration of carbon dioxide in the atmosphere today is unprecedented in at least the past two million years.

In the context of DFI's operations, GHG emissions can be categorised into Scope 1, Scope 2, and Scope 3 GHG emissions.

Scope 1 GHG emissions refer to direct emissions that occur from sources owned or controlled by DFI. In DFI's case, the burning of fossil fuels, such as gasoline or diesel, and the leaking of cooling refrigerant contributes to Scope 1 emissions. This can include emissions from vehicles, generators, or other equipment that directly burn fossil fuels. Cooling refrigerants, such as hydro-fluorocarbons ('HFCs'), are potent GHGs that are commonly used in cooling systems and can contribute to climate change.

Scope 2 GHG emissions are indirect emissions associated with the generation of electricity purchased by DFI. Purchased electricity from CLP or Hong Kong Electric are examples of activities in Hong Kong that can contribute to Scope 2 GHG emissions.

The majority of our Scope 1 and 2 GHG emissions come from energy consumption and refrigerant gas leakages. To mitigate climate risk, we allocate an annual investment of US\$10-20 million, which accounts for approximately 5-10% of our total capital commitments each year. These funds are directed towards climate initiatives focussed on enhancing energy efficiency, reducing refrigerant emissions, and transitioning our fleet to electric vehicles where commercially viable. With all these initiatives, we believe we have a sufficient plan to achieve our targets for Scope 1 and 2 GHG emissions reduction.

The majority of our total GHG emissions fall under Scope 3, which refers to indirect emissions occurring throughout our entire value chain. This is not unusual for a retailer, given that these Scope 3 emissions are generated through various activities such as the production, manufacturing, and use of the products we sell. Our value chain encompasses a vast network of suppliers, producers, and farmers who provide products to millions of customers in Asia on a daily basis.

#### Scope 1 and 2 GHG emissions

DFI has set a target to reduce absolute Scope 1 and 2 GHG emission by 50% by 2030 compared to 2021 levels. This target has been validated by the Science Based Targets initiative ('SBTi') in 2023. Furthermore, by 2050, DFI aims to achieve net zero emissions compared to 2021 levels. To accomplish these objectives, DFI is implementing the following:

#### Refrigerants

DFI is actively working to reduce refrigerant gas emissions (Scope 1) through various initiatives. These include:

- **Installation of Leak Detectors:** DFI is installing leak detectors in our refrigeration systems to timely identify and address any leaks. This helps to minimise the release of refrigerant gas into the atmosphere.
- **Dedicated Leak Fix Teams:** DFI has deployed dedicated teams to promptly fix any detected leaks. By having specialised personnel focussed on leak repairs, DFI can ensure timely and effective resolution of any issues.
- **Replacement of High Global Warming Gases:** DFI is replacing refrigerants with high global warming potential ('GWP') with more environmentally friendly alternatives. This transition helps to reduce the overall impact of refrigerant emissions on climate change.
- **Installation of New Systems with Lower Refrigeration Gas Charge:** DFI is installing Water Loop refrigeration systems that have a lower refrigeration gas charge. This innovative system is designed to minimise the amount of refrigerant required (reduction of approximately 80% compared to traditional centralised systems), thereby reducing the potential for leaks.

#### Energy

DFI is investing in energy-efficient technologies and practices to reduce energy consumption in our stores, and the resulting Scope 2 GHG emissions. This includes the LED lighting roll-out across our stores, upgrading HVAC (heating, ventilation, and air conditioning) systems, implementing energy management systems, and installing energy efficient building technologies. Furthermore, there have been a number of upgrades to store refrigeration in Hong Kong and Singapore food stores which have increased energy efficiency, including but not limited to:

- **Aerofoils:** Aerofoil is a shelf edge technology to retain cool air within the fridge case on open front chillers. By reducing air leakage and minimising the loss of cold air, Aerofoils help the refrigeration system work more efficiently, thereby reducing energy consumption.
- **Refrigeration LEDs:** Traditional lighting systems in refrigerated display cases often use bulbs which generate heat. By replacing these conventional bulbs with energy-efficient LEDs (light-emitting diodes), the heat generation is minimised. This, in turn, reduces the load on the refrigeration system, leading to energy savings.
- **Electronically Commutated ('EC') Fans:** Compared to traditional alternating current fans, EC fans consume less energy while providing the same or higher airflow. By upgrading to EC fans, the refrigeration system can operate more efficiently and consume less electricity.
- **Defrost on Demand:** Defrosting is a necessary process in refrigeration systems to remove ice build up on evaporator coils. However, traditional systems often rely on fixed time intervals for defrosting, regardless of the actual need. Defrost on Demand systems utilise sensors to detect when defrosting is necessary and perform it only when required. This reduces the frequency of defrost cycles, saving energy in the process.
- **Compressor Manager:** The Compressor Manager is a control system that optimises the operation of the refrigeration compressors. It ensures that the compressors run at the most efficient capacity, adjusting their speed and load to match the refrigeration demands. By optimising compressor operation, energy wastage is minimised, resulting in energy savings.
- **Gas Leak Detectors:** Refrigeration systems rely on refrigerant gases to cool and maintain the desired temperature. However, leaks in the system can lead to refrigerant loss, compromising cooling efficiency and increasing energy consumption. Gas leak detectors continuously monitor the system for any leaks and alert maintenance personnel, enabling timely repairs and preventing energy waste.
- **Central Remote Monitoring:** This initiative involves implementing a centralised monitoring system for the refrigeration systems in all DFI's Food stores. It allows real-time monitoring and control of various parameters such as temperature, energy usage, and system performance. By closely monitoring the refrigeration systems, any anomalies or inefficiencies can be quickly identified and addressed, leading to improved energy management.
- **Lead Compressor VSD:** This technology adjusts the speed of the lead compressor in a refrigeration system based on the cooling load requirements. By modulating the compressor speed, energy consumption is optimised, as the system operates at the most efficient capacity to meet the demand.

DFI is also increasing the use of renewable energy sources in our operations. In 2022, Wellcome installed one of the largest solar panel systems in Hong Kong on the rooftop of its Fresh Food Centre and is continuing to harness solar energy in 2023. There are also a total of 5 IKEA Taiwan stores with solar panels, the most recent of which was installed in 2023. This growth in solar panel installation in DFI's retail network demonstrates DFI's commitment to renewable energy and sustainability.

Furthermore, DFI continues to engage our team members and raise awareness about the importance of sustainability and energy conservation. This includes providing training, promoting eco-friendly behaviours, and encouraging team members' participation in sustainability initiatives. DFI intends to continue these efforts through 2024, aiming to further embed sustainability and energy conservation practices within the organisation.

#### Fuel for own trucks

DFI outsources most of its logistics to third party providers, therefore fuel usage is a relatively small part of our Scope 1 GHG emissions. However, DFI still recognises the importance of improving fuel usage efficiency to minimise our environmental impact. To achieve this, DFI is focussing on two key strategies:

- **Optimising Truck Loads and Routing:** DFI aims to enhance fuel usage efficiency by optimising truck loads and routes. By maximising the capacity of each truck and planning efficient routes, DFI can reduce fuel consumption and associated emissions.
- **Transitioning to Electric Trucks:** In 2023, DFI purchased our first electric truck from Scania. This step marks the beginning of DFI's journey towards electrifying our fleet. The goal is to gradually replace conventional trucks with electric ones; however, this transition will be dependent on the commercial viability of such vehicles. This transition would significantly reduce emissions associated with fuel usage and contribute to a cleaner transportation system.

By prioritising fuel usage efficiency and pursuing the adoption of electric trucks, DFI is taking proactive measures to reduce our carbon footprint and promote sustainable transportation practices.

From 2021 to 2023, DFI reduced our Scope 1 and 2 GHG emissions by 19%. This reduction reflects DFI's efforts to reduce refrigerant gas emissions and increase energy consumption efficiency. However, it is important to note that Scope 2 GHG emissions increased from 2022 to 2023 due to the net store growth, hotter summer temperatures (2023 was the hottest June to August on record in Hong Kong), and increased store trading hours (2022 still impacted by COVID-19 related restrictions).

	2023 kt CO <sub>2</sub> e	2022 kt CO <sub>2</sub> e	2021 kt CO <sub>2</sub> e	% Change from 2021 to 2023
<b>Scope 1 and 2 GHG emissions</b>				
Refrigerants	228	228	341	(33)
Fuel for own trucks	8	8	9	(9)
<b>Total Scope 1</b>	<b>236</b>	<b>236</b>	<b>350</b>	<b>(33)</b>
Electricity	341	335	361	(6)
<b>Total Scope 2</b>	<b>341</b>	<b>335</b>	<b>361</b>	<b>(6)</b>
<b>Total Scope 1 and Scope 2</b>	<b>577</b>	<b>571</b>	<b>711</b>	<b>(19)</b>
<b>Scope 1 and Scope 2 intensity</b>				
Tonnes CO <sub>2</sub> e per US\$m net sales	63	62	77	(19)

Note: The data underlined have been independently assured by PricewaterhouseCoopers.

	Million gigajoules			% Change from 2021 to 2023
<b>Energy consumption</b>	2023	2022	2021	
Energy consumption – fuel	0.11	0.11	0.12	(8.4)
Energy consumption – electricity	2.48	2.39	2.48	(0.2)
<b>Total energy consumption</b>	<b>2.59</b>	<b>2.50</b>	<b>2.60</b>	<b>(0.6)</b>
<b>Energy intensity</b>				
Gigajoules consumption per US\$m net sales	282	273	283	(0.3)

Note: The data underlined have been independently assured by PricewaterhouseCoopers.

In 2023, DFI transitioned a loan facility (term 2023 to 2026) to a sustainability linked loan, for which a syndicate of banks have offered an interest rate discount if DFI achieve three Sustainability Performance Targets, one of which relates to GHG Emissions Scope 1 and 2 reduction targets in line with our net zero plan. Moody's assigned a sustainability quality score of 'Good' to this sustainability linked loan, and specifically commented 'the magnitude of the ambition of the Sustainability Performance Targets related to (GHG emission Scope 1 and 2) reduction is 'high' because (DFI's) performance targets are in line with the most ambitious Paris Agreement goal and validated by SBTi'. The Paris Agreement's aim is to strengthen the global response to the threat of climate change by keeping global temperature rise this century to well below 2 degrees Celsius above pre-industrial levels (the most ambitious goal is to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius).

#### Scope 3 GHG emissions

DFI have had our near-term target reduction of 25% of targeted Scope 3 categories (by 2030 from 2021 levels) validated by SBTi, indicating DFI's commitment to aligning with a trajectory below 2°C of global warming. Achievement of this target is dependent on the pace of the transition in the jurisdictions in which we operate (which includes developing economies) including the development and evolution of policy and regulatory frameworks which support the decarbonisation of the wider economy. To achieve a substantial reduction in emissions throughout our value chain, it is crucial to have the involvement of governments, collaboration with suppliers, and effective communication with customers. This means that our capacity to influence carbon reduction presents both risks and opportunities. The success of our efforts will depend on the strength of our relationships, both upstream and downstream, within our value chain.

DFI continues to work to improve the completeness of our Scope 3 GHG emission data. In 2023, DFI has transitioned from a spend-based approach to an activity-based method, focussing on the weight of the products procured (Category 1). DFI has also split the Scope 3 Category 1 inventory into Forest, Land, Agriculture ('FLAG') emissions and non-FLAG emissions. This shift allows DFI to gain a more accurate understanding of the environmental impact associated with our supply chain activities, supporting us to identify areas for improvement and implement targeted sustainability measures.

DFI has identified Category 1 Purchased Goods and Services products as the main driver of our Scope 3 emissions, which accounts for 65% of our 2023 Scope 3 GHG emissions, and structured our net zero plan around them. Among Category 1 Purchased Goods and Services, rice purchased accounts for a significant portion of DFI's Scope 3 emissions. DFI is working on a pilot to grow sustainable rice using the Alternate Wetting and Drying ('AWD') method. AWD is a water management technique that involves periodically drying and re-flooding rice fields. This practice could help consume water in a more efficient way while reducing methane emissions by up to 50%. We are also working on plans to reduce Scope 3 GHG emissions from other products purchased and categories.

For information on the limitations of our Scope 3 GHG emissions disclosures, please see the Methodology section below.

### Scope 3 GHG Emissions

Scope 3 category	2023 kt CO <sub>2</sub> e	2022 kt CO <sub>2</sub> e	2021 kt CO <sub>2</sub> e	% of Scope 3
Category 1 Purchased goods and services – Products (FLAG)	1,360	1,472	1,536	41
Category 1 Purchased goods and services – Products (non-FLAG)	818	852	866	24
Category 2 Capital goods	63	75	77	2
Category 3 Fuel- and energy-related activities	121	117	133	3
Category 4 Upstream transportation	95	91	68	3
Category 5 Waste generation	23	27	28	1
Category 6 Business travel	6	6	7	–
Category 7 Team member commuting	30	33	34	1
Category 9 Downstream transportation and distribution	3	5	6	–
Category 11 Use of sold products	54	59	57	2
Category 12 End-of-life treatment of sold products	157	152	134	5
Category 14 Franchises	78	79	75	2
Category 15 Investments	540	610	680	16
<b>Total</b>	<b>3,348</b>	<b>3,578</b>	<b>3,701</b>	<b>100</b>
<b>% of Scope 3 in total emission</b>	<b>85%</b>	<b>86%</b>	<b>84%</b>	

Note: Excluded Scope 3 categories 8. Upstream leased assets (covered in Scope 1 and 2), 10. Processing of sold products (no intermediate products sold to customers), 13. Downstream leased assets (only few assets leased to others).

The main reason for the decrease in Scope 3 from 3.7mt CO<sub>2</sub>e in base year 2021 to 3.3mt CO<sub>2</sub>e in 2023 is due to store closure in Indonesia. Note that store openings across the group are also included.

### Methodology

#### Scope 1 and 2 Methodology

DFI follows a comprehensive methodology to calculate Scope 1 and Scope 2 GHG emissions, the key elements of which are:

**Energy Consumption Calculation:** Actual electricity bills are collected from the majority of markets, accounting for 84% of total energy consumption in 2023. For the remaining markets, an analytic based on electricity spend is used to estimate energy consumption.

**GHG Emission Conversion Factors:** To convert energy consumption from kilowatt-hours (kWh) into carbon dioxide equivalent (CO<sub>2</sub>e), GHG emission conversion factors are applied. The latest 2023 emissions factors provided by the International Energy Agency ('IEA') are used. Location-based electricity emission factors are adopted, sourced from Energy Providers and Government websites for Hong Kong, Macau, Chinese mainland, and Taiwan (based on 2022 data).

**Refrigerant Gas Calculation:** Invoices for all purchased refrigerant gas are collected and the weight in kilograms is totalled by store, market, and business. Global Warming Potential emissions factors from the Intergovernmental Panel on Climate Change's Sixth Assessment Report are used to calculate the impact of each gas purchased relative to one unit of CO<sub>2</sub>.

**Reporting and Tracking:** GHG emissions are measured at the store level and reported monthly. Progress against annual targets is tracked, with these targets forming the pathway to achieving net zero GHG emissions. Divested businesses are excluded from the baseline, while emissions from store expansion are included in the total emissions calculation (in line with SBTi guidance calculation methodology). Therefore, we have excluded Malaysia Food as we divested this business in 2023. Furthermore, franchisee stores are excluded from Scope 1 and 2 figures (but included in Scope 3).

DFI's methodology supports a comprehensive and transparent approach to measuring and tracking GHG emissions, enabling DFI to monitor progress and work towards our net zero goals.

#### Scope 3 Methodology

DFI acknowledges the challenges associated with tracking and precisely calculating Scope 3 carbon emissions, especially when working with a large number of vendors who source materials and ingredients from various suppliers worldwide. To address this complexity, DFI strives to follow the guidelines provided by organisations such as the World Business Council for Sustainable Development ('WBCSD'), World Resources Institute ('WRI'), GHG Protocol, and SBTi reporting requirements. Our reporting methodology is summarised below:

- The scope for Scope 3 carbon emissions has been revised to remove businesses divested during 2023.
- The 2022 full year inventory is calculated using a spend-based analytic of the 2021 inventory. 2023 full year inventory is calculated based on the actual spend and weight data.
- Majority of the categories' emissions are calculated using the latest spend based Environmentally-Extended Input-Output ('EEIO') emission factors.
- Category 1 Purchased Goods and Services: DFI has split the FLAG and non-FLAG emissions, and changed the methodology from spend-based to activity-based (weight) for the most significant portion of product emissions. FLAG (Forest, Land, and Agriculture) emissions encompass land use change and land-related activities that impact the climate. The methodology for FLAG is to multiply the weight of food products with agricultural emission factors and non-FLAG emission factors (processing, packaging, and transportation) respectively.
- 95% of the FLAG products use emission factors from the Agribalyse database, and the remaining are from other databases and scientific research papers. Agribalyse is the most comprehensive food related emission database accessible and provides emission factors by stages. It is recognised by GHG Protocol as one of the 'Land Sector Calculation Resources'. Remaining non-FLAG emissions are calculated using EEIO emission factors where available.
- Categories 2 to 4: Calculated using spend based emissions factors (EEIO where available).
- Category 5 Waste Generation: Multiply the amount of waste by type and disposal method with corresponding UK Government Department for Environmental Food & Rural Affairs emission factors.
- Category 6 Business travel: Travel record (origin and destination for travel, hotel expense for rental) from travel system multiplied by EEIO emissions factors.
- Category 7 Employee commuting: Apply a weighted average commute emission by region, based on average commute distance and travel mode.
- Category 9: Downstream transportation and distribution: Sales in external delivery platforms multiplied by EEIO emissions factors.
- Category 11 and 12: Disposal method by country considered to apply specific emission factors.
- Category 14 Franchises: Convenience franchises in Hong Kong, China, Singapore are included (previously in Scope 1 and 2).
- Category 15 Investments: Taken from most recently available information disclosed for Yonghui, Robinsons, Maxims and Guardian Vietnam (where information is not disclosed, a proxy based on sales has been used).

## 2. Waste GRI 306

### Product and non-product waste

DFI is fostering a transition towards a circular economy by minimising and effectively managing our waste streams. Alongside our efforts to reduce food waste, we also prioritise recycling other materials such as paper, plastic, and aluminium whenever feasible. DFI is focussed on the transition towards a circular economy and has set a waste diversion target of 80% by 2030. Across our markets, we have rolled out recycling and donation initiatives to reduce waste sent to landfills and work towards meeting this target.

Since 2022, the Wellcome Fresh Food Centre ('WFFC') team has taken sustainable measures to divert waste by collaborating with NGOs to pick up our polystyrene boxes, reuse pallets, and look for recovery channels for temperature data loggers (which are traditionally single-use). We have joined the pilot scheme on food waste collection from the Environmental Protection Department and Hong Kong Organic Waste Recycling Logistics in Hong Kong, diverting about 850 tonnes of food waste generated in the WFFC this year.

DFI implements paper and cardboard recycling programmes and provides appropriate recycling infrastructure through informal waste collector and third-party contractors to ensure that paper and cardboard waste generated in our distribution centres, stores, and offices are diverted from landfills and recycled into new products. Furthermore, any hazardous waste from used batteries are all targeted for recycling.

These initiatives collectively demonstrate DFI's efforts to minimise waste, promote recycling, and raise awareness among our team members. By integrating these practices into our operations, DFI is working towards a more sustainable approach to waste management.

	2023 tonnes	2022 tonnes	2021 tonnes
<b>Waste disposed and diverted</b>			
<b>Disposed waste</b>			
Product waste (Food)	15,060	16,829	21,873
Product waste (Non-Food)	773	822	1,168
General	9,691	9,167	8,943
Paper	5,582	5,696	6,067
Plastic	185	232	221
Polyfoam	257	272	221
<b>Total disposed waste</b>	<b>31,548</b>	<b>33,018</b>	<b>38,493</b>
<b>Diverted waste</b>			
Product waste (Food)	2,146	699	336
Product waste (Non-Food)	-	-	-
General	2,922	3,361	3,533
Paper	30,662	30,246	29,340
Plastic	473	493	371
Polyfoam	197	178	224
Hazardous	32	36	56
<b>Total diverted waste</b>	<b>36,432</b>	<b>35,013</b>	<b>33,860</b>
<b>All waste</b>	<b>67,980</b>	<b>68,031</b>	<b>72,353</b>
<b>Diverted waste %</b>	<b>54%</b>	<b>51%</b>	<b>47%</b>

	2023 tonnes	2022 tonnes	2021 tonnes
<b>Diverted waste by method</b>			
Recycled	33,786	33,379	33,498
Reused	1,234	989	26
Donated	1,412	645	336
<b>Total</b>	<b>36,432</b>	<b>35,013</b>	<b>33,860</b>

### Methodology

DFI has implemented a comprehensive approach to account for product waste and non-product waste in our operations:

#### Product Waste

DFI tracks product waste (both food products and non-food products) by accounting for the net weight, which is based on store shrinkage records and the article master list. This allows DFI to quantify the amount of product waste generated accurately. Diversion weight is calculated based on NGO (e.g., Foodlink) or government (EPD for OPark donations) recordings of donated or recycled waste.

DFI estimates the weight of primary packaging using proxy data provided by an external waste consultant ('ERM'). This proxy has been updated in 2023 based on site visits in Hong Kong, Singapore, and China (both stores and distribution centres) and over one thousand surveys with store managers. The conclusions drawn from this collated data is then extrapolated to estimate primary packaging weight in other markets.

#### Non-Product Waste

Store Secondary Packaging (paper carton boxes, polyfoam boxes) and General Refuse (from customers and staff, mostly consisting of food containers and packaging) waste is calculated by weighing selected sample products in Hong Kong, Singapore, and China stores, and extrapolating the collated data to other markets based on sales activity. This method, again updated in 2023 through consultation with ERM, provides an estimation of the store non-product waste generated across DFI's operations. The exception is plastic wrap/film, which is calculated using actual purchase records.

The proxy for non-product waste diversion rates is then also based on site visits across our store network and survey responses from hundreds of store managers who deal with the waste on a day-to-day basis. DFI updated this proxy for non-product packaging data based on 2023 site visits and surveys, and therefore 2021 and 2022 waste amounts and diversion rates have been updated to reflect this updated proxy and ensure comparability.

For distribution centre non-product waste, DFI calculated the disposal and diversion of non-product waste based on invoice data directly obtained from the collector of the waste. Hazardous waste includes used batteries from the distribution centres, the weight of which are traced directly to recycling records.

### 3. Water GRI 303

DFI conducted baseline analysis on water consumption and conducted a thorough mapping of our operational areas. This approach supports DFI to understand our exposure to water risks and develop appropriate mitigation strategies. By measuring water consumption, DFI can assess our current usage patterns and identify areas where water conservation measures can be implemented. This enables DFI to make informed decisions and implement targeted initiatives to reduce water consumption.

In addition to measuring water consumption, DFI has engaged third party engineering and sustainability consultant – ARUP to conduct a water risk mapping exercise to identify operational areas with high water scarcity. This mapping process involved assessing the availability, quality, and reliability of water sources in different regions where DFI operates. By understanding the specific water risks associated with each operational location, DFI can prioritise our efforts and seek to allocate resources effectively to address these challenges.

The mapping exercise also helps DFI identify potential vulnerabilities in our supply chain and operations. By having a clear picture of the areas with high water scarcity, DFI can work collaboratively with suppliers, local communities, and stakeholders to implement strategies that promote responsible water management and reduce risks.

DFI measured water consumption for the first time in 2023 and is considering plans to target reduced water consumption in the future.

Water consumption 2023 (million litres)	Source	Non-stressed area	Stressed area	Total
Water withdrawal and discharge	Third-party water	2,162	28	2,190

Water Stress Assessment: Majority of our operating locations (5,599) are in non-stressed areas. For Indonesia however, 34 of our stores in Java are classified as being in a stressed area, which is 0.6% of the total number of locations.

#### Methodology

The water consumption figures presented in this report have been obtained through a process involving the conversion of water costs from billing using specific conversion factors. In order to support accuracy and reliability, DFI collaborated with ARUP who provided their expertise in determining the appropriate spend based conversion factors for water consumption calculations. Where spend was deemed an inappropriate estimation due to utility billing consolidation (e.g. Hong Kong where water is billed from the landlord and not directly related to consumption), water bills were obtained for each store type, and the consumption per bill extrapolated based on the number of store types in that location.

Additionally, the on-site visits conducted by ARUP allowed for a detailed understanding of DFI's operational activities and water usage patterns. By examining water infrastructure, monitoring systems, and water management practices at DFI's facilities, ARUP was able to provide insights and data to support the determination of reliable conversion factors. Furthermore, samples were taken from DFI store water discharge, and subsequent lab testing concluded that the water was 'fresh' (below 1,000mg/l dissolved solids).

### 4. Plastic GRI 306

Plastic waste has various impacts on biodiversity, such as ingestion by marine life, and pollution from its toxic components if not recycled or treated properly. DFI recognise the importance of managing plastic and is working toward reducing plastic in our operations.

#### Plastic packaging

We are exploring alternative packaging materials to reduce our environmental impact. DFI is also setting targets for own brand plastic packaging to be 100% Designed for Recycling by SKU count by 2030 (see methodology for definition) wherever appropriate packaging technology is available to ensure product safety and quality. These targets reflect DFI's goal to reduce plastic waste and promote sustainable packaging solutions. DFI is a member of the Plastic Waste Coalition and has implemented the following Consumer Goods Forum Golden Design Rules to ensure the packaging is optimised for recyclability: Increase Recycling Value in PET Bottles, Remove Problematic Elements, Increase Recycling Value in PET Trays, Increase Recycling Value in Rigid HDPE and PP, Reduce Virgin Plastic in B2B Packaging, and Use On-Pack Recycling Instructions.

DFI recognises the importance of addressing the issue of plastic waste at its source. To support this, DFI is involved in policy advocacy efforts. For instance, DFI is working closely with Drink Without Waste, a coalition in Hong Kong that aims to reduce plastic waste from bottled beverages.

Own brand products with plastic packaging that is Designed for Recycling (SKUs)	2023
Own brand products with plastic packaging (SKUs)	1,290 (100%)
Own brand products with plastic packaging that is technically Designed for Recycling (SKUs)*	733 (57%)

\* To meet these criteria every component of the plastic packaging must be recyclable.

#### Methodology

Our reporting on plastic packaging is conducted at a component level for almost all of our brands. This means that we track and report the use of plastic in various packaging components. However, some brands may have less detailed data, and in these cases we will classify the product packaging as plastic if the main structural element of the packaging is plastic.

For a packaging or packaging component to be reported as Designed for Recycling, two conditions must be met. Firstly, its successful post-consumer collection, sorting, and recycling must be proven to work practically and at scale. Secondly, no materials or components should disrupt the recycling system.

The definition of Designed for Recycling in this section of the report means that the products meet these two conditions, however the local logistics of where we operate mean that there is not necessarily capacity to recycle all of these products. Whilst we hope that these logistics will improve in the future, we are not directly responsible for them.

The current data excludes all 7-Eleven and IKEA operations, and we aim to address the gap in 2024. We are committed to continuously improving our reporting and working towards a more sustainable approach to plastic packaging. This is shown through the expansion of our ESG reporting from the top 100 own brand products per category to all own brand products that are on sale.



### Plastic bags

Hong Kong and Singapore banners started charging for plastic bags due to government enforced levies (Hong Kong levy was increased from 1st January 2023, Singapore had a newly introduced levy since January 2023). This data represents the purchased number of bags for Hong Kong and Singapore business multiplied by the average weight of that bag category.

Plastic bags consumption	2023	2022
Plastic bags (tonnes sold in Hong Kong and Singapore)	1,524	2,721

### Plastic Wrap

Plastic wrap is used to provide an additional layer of protection and stability during transit. The plastic wrap helps to secure items together, preventing shifting or damage during handling and transportation. We understand the concerns regarding plastic waste and are actively exploring options to reduce our reliance on plastic wrap or find eco-friendly alternatives that still meet our transportation needs, such as:

- **Recyclable Plastic Wrap:** DFI utilises recyclable plastic wrap, which reduces the environmental impact of plastic waste. By choosing recyclable materials, DFI supports the circular economy and encourages the recycling of plastic packaging. For example, DFI's distribution centres are switching from black plastic wrap to transparent plastic wrap, which is more easily recycled.
- **Reducing Plastic Wrap Usage:** DFI works to reduce the overall use of plastic wrap. By implementing efficient packaging practices and exploring alternative packaging solutions, DFI aims to reduce the amount of plastic wrap used in our operations.

Plastic wrap consumption	2023	2022
Plastic Wrap used in Operations (tonnes)	486	518

### Methodology

The weight of plastic bags and plastic wrap used by DFI is calculated based on procurement data. Plastic bags are specifically considered for Hong Kong and Singapore only, while plastic wrap encompasses the entire group.

### 5. Sustainable products

DFI recognises the importance of sustainable food production and sourcing and acknowledges that through our role as a major food retailer in Asia it must work to support change in these areas. This is reflected in various initiatives and sustainable sourcing practices across our own brand product lines:

- **Sustainable Seafood:** DFI ensures that all our own brand canned tuna products are sourced from Marine Stewardship Council certified fisheries. This certification ensures that the seafood comes from sustainable and well-managed fisheries.
- **Sustainable Cocoa:** DFI's Meadows Gold Chocolate products are certified by the Rainforest Alliance. This certification ensures that the cocoa used in these products is sourced sustainably, promoting biodiversity conservation and fair treatment of farmers.
- **Sustainable Coffee Beans:** Coffee beans being used in 7-Eleven Café in Singapore, Hong Kong, and Macau are certified by the Rainforest Alliance. This certification guarantees that the coffee beans are produced using sustainable farming practices, protecting the environment and supporting the livelihoods of coffee farmers.
- **Paper:** DFI aims to ensure that 100% of our grocery paper products are FSC™-certified by 2028, demonstrating DFI's commitment to reducing waste and promoting responsible sourcing throughout our operations.

#### Own brand products with sustainability certifications

	2023	2022	2021	Scope
Total number of own brand products (SKUs, and percentage of range)	87 (24%)	48 (11%)	27 (6%)	Own brand pre-packaged products within selected categories

### Methodology

We take into account the number of own brand products (by SKU) that have received globally recognised sustainability certifications. The scope of these certifications covers a range of aspects such as protecting the environment, communities, human welfare and wildlife, and safeguarding animal welfare. The percentage is calculated as the total per own brand category, it is not the total percentage of all DFI own brand product sold. The categories included are seafood, palm oil, eggs, coffee, cocoa, and paper. Note that this metric excludes DFI IKEA, however we will endeavour to include in future years' disclosure.

### Social

#### 6. Community engagement and support

##### Community investment

At DFI, we aim to create value for our communities, with the priorities being reducing hunger and raising self-esteem. We have chosen to partner with NGOs or charity partners to address the needs of the communities in which we operate. Local organisations are prioritised given their proximity with the local stakeholders. We also actively seek feedback from local communities to improve the planning and execution of our charity programmes.

For example, one of DFI's brands 7-Eleven, launched the 'Sik Tak Fan La' Charity Programme in collaboration with Pei Ho Counterparts, a charitable organisation, which aims to provide food and assistance to individuals facing financial difficulties. For details information on the programme, please refer to DFI's website ([www.DFIretailgroup.com](http://www.DFIretailgroup.com)).

There was a higher level of community investment in 2021, mainly driven by donation of physical assets and other resources for COVID-19 relief.

Community investment	2023	2022	2021
Community investment (US\$000)	3,670	3,558	10,158

## Methodology

Community investment includes all the donations we have made to charitable organisations from both DFI subsidiaries and associates, which includes direct monetary donation, product donation and sponsorships. For product donation, monetary value is derived based on the cost of products.

### Team member volunteering

By actively encouraging and supporting team members' volunteering, we showcase our commitment to making a positive impact beyond our business operations. These activities can range from supporting education programmes for underprivileged children to environmental conservation efforts or assisting local charities. By engaging in these initiatives, DFI team members can give back to the community, contribute to social causes, and make a tangible difference in the lives of others. Further details of volunteering work DFI and team members participated can be found on DFI website, social media, and Sustainability Report.

Team member volunteering hours	2023	2022	2021
Team member total volunteering hours (Hong Kong only)	<u>1,129</u>	922	944

## Methodology

Volunteering hours refer to the amount of time team members contributes to a charitable or non-profit organisation without receiving financial compensation. Only Hong Kong is disclosed as this is the only market for which data is readily available.

## 7. Human capital GRI 401, 404, 405

### Talent development and training

Team members' training plays a key role in enhancing skills, knowledge, and capabilities of team members, ultimately leading to improved performance and productivity. Training programmes provide team members with the opportunity to acquire new skills, refine existing ones, and stay updated with the latest industry trends and technologies.

DFI invests in training programmes to prepare its team members for the evolving landscape of the retail industry. To that end, DFI offers more than 130 training programmes for team members, which cover a wide range of business skills such as data analytics, design thinking, functional skills, professional skills such as problem-solving, collaboration, influence, strategic planning, among others, to help our individual contributors enhance their capabilities at work. These programmes are delivered in various formats, including eLearning, virtual sessions, and face-to-face interactions, to accommodate the diverse preferences of our team members. Trainings are provided on cybersecurity, anti-discrimination, health and safety, diversity, and other related topics ensuring DFI team members operate in a safe, secure, and equal environment.

To support career advancement and preparing team members for managerial and leadership positions, we also provide leadership training programmes aimed at developing the necessary skills and competencies for future leaders, the DFI Commercial Graduate Trainee Programme (a DFI led functional-specific programme to cultivate a pool of Commercial talent and nurture future leaders) and Jardines Executive Trainee Programme (a rotation programme of executive trainees across the group of companies). We also offer leadership skill and development training, such as Building Better Leaders, Inclusive Leadership, and Jardines Leadership Development Programmes.

DFI aims to upskill its team members and build a capable workforce in delivering our objectives. We have targeted to achieve 14.2 average training hours per team member for all team members in 2024.

Average training hours per team member	2023	2022	2021
All team members	<u>13.6</u>	14.1	16.1

Note: The data underlined have been independently assured by PricewaterhouseCoopers.

It is noted that in 2022, we introduced a knowledge check before proceeding to mandatory training. Therefore, if team members achieve the required proficiency level in the knowledge check, they can pass the training as their knowledge and understanding of the training subject are deemed sufficient. Whilst training hours per team member has decreased, the completion rate of mandatory training in 2023 remains high.

## Methodology

Training is defined as any type of knowledge-based and skills-based session, attended by team members on a compulsory or voluntary basis. The number of training hours include in-person sessions, and virtual sessions delivered on internal e-learning platforms. It excludes 'on the job' training. For fundamental topics, all team members are required to attend at the start of their employment contract, followed by periodic compulsory refresher training.

In calculating average training hours per team member, one part time team member is counted as equal to 0.5 of a full time team member. The total number of employees used in the calculation is based on the year end number.

### Team member benefits and retention

Experienced team members possess valuable knowledge and expertise that they have acquired through their tenure with DFI. Retaining such talent ensures that this knowledge remains within the organisation, benefiting overall performance and productivity. High turnover rate also has implications on cost structure. DFI strives to retain team members with the below strategies:

Team Members Benefits and Recognition:

DFI offer a range of market competitive benefits to our team members, including but not limited to medical benefits, life insurance, purchase discounts at DFI's outlets, retirement benefits and flexible work arrangement for office team members.

To mitigate retention risk, DFI seeks to ensure that our benefits and remuneration offers are in line with market standards. Therefore, DFI conducts regular reviews of our employment policies, remuneration, and benefits packages. These reviews allow DFI to make necessary adjustments and enhancements to our compensation and benefits packages, so that team members are rewarded appropriately for their contributions with the aim that they feel valued and motivated within the organisation.

Furthermore, DFI actively seeks the sentiments and views of our colleagues through the annual 'Your Voice Counts' survey which is sent to all team members. These surveys provide an avenue for team members to voice their opinions, concerns, and suggestions, enabling DFI to better understand their needs and expectations. By analysing the survey results, DFI identifies areas for improvement and implements targeted initiatives that prioritise team members satisfaction and engagement, and enhances our talent retention strategy.

To recognise the dedication and contribution of team members, DFI offers long service awards at different service milestones as celebratory gift.

#### Performance Evaluations and Reward Principle

We conduct regular performance evaluations to assess individual and team performance. These evaluations serve as a platform for constructive feedback on performance and discussions on career development and growth opportunities. They are conducted through a transparent and objective process that evaluates team members' achievement of their individual and team goals. It ensures fairness and provides a basis for recognising and rewarding strong performance.

At DFI, we believe in recognising and rewarding team members based on their contributions, performance, and alignment with company values. Our reward framework is designed to foster a culture of meritocracy and incentivise high performance. We believe we offer a fair and transparent system that ensures team members are recognised and rewarded accordingly. We regularly conduct salary benchmarking to ensure that our team members' compensation remain competitive. Performance evaluations play a crucial role in determining the extent of pay increases, with high-performing team members receiving greater consideration.

Team member turnover	2023	2022	2021
Team member turnover (full-time voluntary)	<u>27%</u>	27%	27%

We note that the above turnover rates do not compare unfavourably to other equivalent retailers that have disclosed this information, and is reflective of the dynamic nature of the retail industry.

#### Methodology

Turnover includes only full-time team members that have chosen to leave DFI voluntarily. Turnover percentage refers to the number of leavers as a percentage of the average number of team members within the calendar year.

#### Diversity

DFI strives to create an inclusive work environment where every individual has an equal opportunity to grow and thrive. DFI recognises the value of diverse perspectives and experiences in driving innovation and fostering a positive workplace culture. DFI has the below initiatives to bolster organisational diversity culture and practices:

- **Conscious Inclusion Training for Executives and Leaders:** All top 400 leaders have been through a half day conscious inclusion training to promote cultural awareness, minimise bias in the work environment and hiring practices. These programmes aim to drive diversity awareness from top, fostering a more inclusive and diverse workplace.
- **Team Members Diversity Training:** Diversity and inclusion trainings are provided to team members which aims to reduce biases and prejudices, creating a more inclusive workplace where everyone feels valued and respected.
- **AI Technology for Diversity:** Utilise AI-powered software to track and suggest gender-neutral wording in communication materials, including job descriptions. This technology can help eliminate unconscious bias in language and promote a more inclusive hiring process. Additionally, DFI leverages software to track diversity metrics for job applicants, enabling DFI to refine our diversity strategy and ensure equal opportunities for all.
- **Targeted Recruitment for Diverse Talent:** To help ethnic minorities achieve equity within the community, in 2022, we joined the Emerging Talent Internship Programme in collaboration with The Zubin Foundation, a Hong Kong based charity that aims to improve the lives of ethnic minorities in the city, to offer internship opportunities for those who may be marginalised.

We are monitoring the diversity of DFI with the below metrics:

Team members diversity	2023	2022
<b>Gender</b>		
Male	<u>16,525 (35%)</u>	15,810 (35%)
Female	<u>30,940 (65%)</u>	29,809 (65%)
<b>Age group</b>		
Under 30 years old	<u>15,737 (33%)</u>	15,280 (33%)
30-50 years old	<u>22,071 (47%)</u>	21,351 (47%)
Over 50 years old	<u>9,657 (20%)</u>	8,988 (20%)
<b>Work region</b>		
Hong Kong	<u>20,167 (43%)</u>	18,687 (41%)
Macau	<u>1,880 (4%)</u>	1,953 (4%)
Chinese mainland	<u>6,631 (14%)</u>	6,469 (14%)
Singapore	<u>6,148 (13%)</u>	5,966 (13%)
Indonesia	<u>4,891 (10%)</u>	4,816 (11%)
Others	<u>7,748 (16%)</u>	7,728 (17%)
<b>Job type (permanent and temporary)</b>		
Permanent*	<u>40,755 (86%)</u>	n/a
Temporary†	<u>6,710 (14%)</u>	n/a
<b>Job type (full time and part time)</b>		
Full time	<u>29,547 (62%)</u>	29,384 (64%)
Part time	<u>17,918 (38%)</u>	16,235 (36%)
<b>Total</b>		
Total team members	<u>47,465 (100%)</u>	45,619 (100%)

\* Permanent team members are contracted for full time or part time work for an indeterminate period.

† Temporary team members are contracted for a defined duration.

Note: The data underlined have been independently assured by PricewaterhouseCoopers.

Gender diversity in senior leadership in %	2023	2022
Male	<u>62%</u>	65%
Female	<u>38%</u>	35%

Note: The data underlined have been independently assured by PricewaterhouseCoopers.

DFI is targeting 40% female gender diversity in senior leadership by 2025.

New hires	2023	2022
<b>Age</b>		
Under 30 years old	<b>16,083 (60%)</b>	14,982 (60%)
30-50 years old	<b>7,911 (30%)</b>	7,617 (31%)
Over 50 years old	<b>2,628 (10%)</b>	2,153 (9%)
<b>Total</b>		
Total new hires	<b>26,622 (100%)</b>	24,752 (100%)

### Methodology

A thorough process is put in place to extract data from our Human Resources system, which automatically calculates the metrics shown above. All data above is as of 31st December 2023. Senior leadership is defined as Grade 17 or above according to the Willis Towers Watson Global Grading System, which we have matched to the DFI grading system for direct comparison.

### Gender pay equity

DFI recognises the significance of gender equity and has taken a proactive approach to review and monitor gender pay ratio per job level in two of our most significant markets, Hong Kong and Singapore. DFI will regularly monitor gender pay equity, and attempt to bridge any observed pay gaps.

Gender pay ratio per job level	Hong Kong		Singapore	
	Median	Mean	Median	Mean
Senior leadership	0.95	0.87	1.06	1.09
Middle manager and senior professional	0.98	0.98	0.99	1.00
Supervisory and professional	0.95	0.95	1.01	1.02
General support staff	0.94	0.95	0.95	0.98
<b>All team members (simple average of all 4 levels)</b>	<b>0.95</b>	<b>0.94</b>	<b>1.00</b>	<b>1.02</b>

Data as of 1st January 2024. Ratio based on rate of basic salary for full time team members.

### Methodology

The Gender Pay Ratio is a metric used to assess the disparity in basic salary between men and women. It measures the difference in salary across genders with female being the nominator. The Gender Pay Ratio is reported by 4 levels: Senior Leadership, Middle Manager and Senior Professional, Supervisory and Professional, and General Support Staff. For each of the locations, both the median and the average are provided for full transparency. The Gender Pay Ratio for All Team Members is the simple average of the Gender Pay Ratio for each of the 4 levels. The mean is the average value obtained by summing all data points and dividing by the total number of team members, while the median is the middle value in a dataset when arranged in ascending or descending order.

## 8. Health, safety, and well-being GRI 403

### Health and safety

Team members health and safety is important to DFI. It is crucial for several reasons, including the well-being of team members, customers, legal compliance, and overall business success. Prioritising team members health and safety creates a positive work environment, fosters team members morale, and contributes to increased productivity.

We endeavour to create a safe working environment that promotes the well-being and success of our team members and to comply with all Health and Safety ('H&S') regulations across all operating countries and businesses. Managed and implemented by DFI's Health and Safety team, DFI has implemented a Health and Safety Management System to ensure safety across our stores, store support centres, and distribution centres. The system consists of below key activities:

- **Occupational Health and Safety ('OHS') Risk Assessment:** DFI prioritises risk assessment and prevention to reduce workplace accidents and protect the health and safety of our team members. DFI focusses on the health and safety risks faced by team members working in stores and warehouses. For example, the distribution centres' risks are associated with access to loading docks and operating machinery.
- **Awareness and Training:** To promote workplace accident prevention, DFI starts awareness training during the team members' orientation process. Our objective is that new hires receive training upon arrival where possible to familiarise themselves with the professional risks associated with their work environment. This training helps them to learn how to protect themselves against these risks and whom to notify in case of hazardous situations.
- **Promote Safe Practices and Culture:** DFI has established and promotes good practices throughout our operations. This includes fostering a safety culture that encourages team members to prioritise their own safety and the safety of others. By promoting awareness, communication, and adherence to safety guidelines, DFI aims to create a culture of safety and accountability.
- **Safe Working Practices:** DFI has integrated safe working practices into our operations. This includes implementing standardised procedures and protocols that prioritise the safety of team members. By following these practices, DFI aims to minimise workplace hazards and create a secure environment for our team members.
- **Modern and Well-Maintained Equipment:** DFI provides our team members with modern and well-maintained equipment. By regularly inspecting and maintaining equipment, DFI ensures that it operates safely and efficiently. This proactive approach helps prevent accidents and injuries caused by faulty or outdated equipment.
- **Monitoring and Reporting:** DFI actively encourages our team members to report any injuries or near-miss incidents to OHS responsible officers. By promptly reporting such incidents, team members contribute to creating a safer working environment. Additionally, DFI advises team members to follow the guidelines provided and remove themselves from the area if necessary. This proactive approach ensures that potential hazards are addressed promptly and that team members are protected from further harm.
- **Monitoring and Review:** DFI actively reviews and monitors data related to injury rates and injury hotspots to enhance our OHS system and practices. By analysing this data, DFI identifies areas for improvement and implements measures to achieve continuous enhancement in our OHS system.

DFI's focus on providing a safe working environment demonstrates our dedication to the well-being and success of our team members. By integrating safe working practices, maintaining modern equipment, and establishing good practices, DFI strives to create an environment where team members can thrive while minimising the risk of workplace accidents and injuries.

DFI are continuing to ensure we have oversight of the work-related injury reporting framework, ensuring that all markets are tracked. Several initiatives were undertaken in 2023 to raise awareness on H&S, including reporting on incidents through reporting near misses and dangerous occurrences, 'raising awareness campaigns' monthly newsletter, and new QR code reporting system launch. This has inevitably had an impact on the number of injuries reported in 2023, which is potentially reflective of an improvement in reporting culture.

Whilst we have strived to create a safe working environment across all of our businesses, there was unfortunately a fatality recorded during the year. We believe that this fatality was not work related, however the cause is pending confirmation as at the date of this report publication.

<b>Fatalities and injuries</b>	<b>2023</b>	2022	2021
Number of fatalities	<u>1</u>	0	0
Number of high-consequence work related injuries	<u>7</u>	0	0
Number of recordable work-related injuries	<u>593</u>	614	696
Number of hours worked (million hours)	<u>83.7</u>	80.7	91.3
Fatalities rate	<u>0.002</u>	0	0
High-consequence work-related injury rate	<u>0.02</u>	0	0
Recordable work-related injury rate	<u>1.42</u>	1.51	1.53

Note: The data underlined have been independently assured by PricewaterhouseCoopers.

### Mental Health

DFI has taken steps to support our team members by launching a Mental Health Awareness programme. This programme includes various initiatives such as webinars, self-evaluation tools, and expanded benefits. These resources aim to raise awareness about mental health and provide support to team members.

The webinars provide valuable information and insights on mental health topics, helping team members better understand and manage their mental well-being. The self-evaluation tools enable individuals to assess their own mental health and identify areas where they may need additional support or resources.

DFI has also expanded our benefits to include provisions specifically related to mental health. These benefits may include access to counselling services, mental health resources, or other forms of support.

To ensure the success of these initiatives, DFI has a responsible team in place that advocates for mental health and raises awareness within the organisation. This team plays a crucial role in promoting a supportive and inclusive environment where team members feel comfortable seeking help and discussing mental health concerns.

### Methodology

We take into account the number and rate of injuries because of work-related injury, both high-consequence work-related injuries (excluding fatalities), and recordable work-related injuries (including fatalities) of our team members. Work related injuries are defined as negative impacts on health arising from exposure to hazards at work. High consequence work-related injuries are defined as work-related injuries that result in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six months. Recordable work-related injuries result in any of the following: days away from work, restricted work, medical treatment beyond first aid, loss of consciousness, or significant injury diagnosed by a physician or other licensed healthcare professional. Fatalities include team member deaths that occurred whilst they were working, however not necessarily as a result of or caused by their work.

Recordable work-related injury rate and fatalities rate are calculated based on 200,000 hours worked, which indicates the number of work-related injuries and fatalities per 100 full-time team members over a one-year timeframe, assuming that one full-time worker works 2,000 hours per year. To calculate hours worked, most store and distribution centre team members are based on actual clock in clock out records. For office-based team members, the methodology is based on standard hours less leave using average headcount by month by banner.

Note for 2021 we are unable to split out Malaysia Food hours worked, and therefore this metric still includes the data for Malaysia Food for 2021 (excluded from 2022 and 2023).

## 9. Social compliance GRI 414

DFI has taken steps to establish goals, monitor key indicators, and share best practices with our teams and suppliers, which supports us to identify areas for improvement and rectify any practices that may be detrimental to human rights in our business operations and value chain. We believe we are working towards creating a positive impact and ensuring that our operations align with ethical standards.

In addition to our internal practices, we are dedicated to continuing to drive ethical labour practices across our supply chain. As a member of the Amfori Business Social Compliance Initiative ('BSCI') since September 2022, we actively communicate to our suppliers that we will not tolerate forced labour or any other exploitative practices.

All our own brand suppliers are required to respond to key ethical questions as part of the supplier pre-qualification onboarding process. Should any red flags be identified from the responses, regarding for example child labour or forced labour, we will not enter into business relations until we have conducted a full investigation and we are satisfied that all the potential issues have been remediated before supply may commence. DFI's Supplier Code of Conduct outlines the expectations we have of ourselves and our supplier partners concerning business ethics, human rights and fair labour practices, and respect for environment. We recognise our suppliers operate in diverse legal and cultural environments where they are based across the globe, therefore the Supplier Code of Conduct sets the guidelines for consistent evaluation across our diverse and complex supply chains.

94% of DFI's own brand production facilities located in high-risk locations have been audited against Amfori or other equivalent ethical standards. By the end of 2024, we target all own brand supplying factories to meet DFI ethical requirements.

Since rolling out our Ethical Sourcing Programme in 2021, DFI has increased our insights into ethical compliance in our existing factories. This has provided opportunities where we can actively support our supplying factories through coaching and sharing of industry best practices to drive effective corrective actions. We are on a continuous journey to engage with factories to progress towards full ethical compliance. However, if a factory continues failing to implement the necessary measures in timely manner, DFI may consider ending the business partnership with the factory.

By upholding these principles and expectations, we strive to create a responsible and inclusive ecosystem that respects human rights, promotes equality, and ensures the well-being of all individuals involved in our operations and supply chains.

### Suppliers' factories social audit

	<b>2023</b>	2022	2021
% of factories in high-risk countries supplying own brand products audited against Amfori or equivalent standards (Cumulative)	<b>94%</b>	44%	24%

### Methodology

To ensure ethical and responsible sourcing practices, all own brand products' factories located in high-risk countries are subjected to comprehensive audits. Factories in countries which are categorised as 'high-risk' according to the Amfori BSCI Countries Risk Classification and other published country risk indexes on labour rights protection, are required to undergo full on-site audits based on Amfori or other equivalent ethical standards. These ethical audits aim to identify any instances of child labour, forced labour, or slavery, ensuring that the factories meet the required ethical standards and have not been associated with such practices in the past.

## Governance

### 10. Product safety and quality GRI 416

#### Product safety and quality management

Product safety incidents erode consumer confidence and trust in consumer products and the companies that produce them. When consumers lose faith in the safety of products, they may change their purchasing habits, leading to financial losses for businesses. Restoring consumer trust can be a challenging and time-consuming process. Product safety issues can also cause significant reputational damage to businesses. News of recalls, or contamination incidents can spread quickly through media and social networks, tarnishing the reputation of the company involved. Rebuilding a damaged reputation can be costly and may take years to achieve.

DFI has implemented several programmes and processes to ensure the quality, safety, and legal compliance of our own brand products. DFI's Sustainability Management Committee has accountability to ensure the quality and safety of the products we offer.

#### Quality and Safety Programme:

DFI Supplier Technical Standards are the core standards, and Suppliers are required to comply with all applicable aspects to protect DFI product and brand integrity by ensuring compliance and consistency. In developing and manufacturing DFI own brand products, as a minimum, we expect Suppliers to adhere to:

- Local regulations and relevant legislation in DFI operating markets
- Other technical policies and guidelines as outlined in DFI Product Quality and Safety Programmes
- Product specifications
- Additional brand standards agreed and specified by DFI

DFI's Quality and Safety Programme is designed to facilitate risk management and effective communication between cross-functional departments and Suppliers. This seeks to ensure that our products meet both local standards and DFI's own stringent quality, safety, and legality standards.

As a Consumer Goods Forum ('CGF') signatory, we have embedded the Global Food Safety Initiative ('GFSI') into our own brand requirements which encourages continuous improvement of food safety management standards across the supply chain. This certification seeks to ensure suppliers meet internationally recognised food safety standards. For non-food categories we leverage other global certifications or the DFI audit standard.

Prior to launch of any own brand product, each product is assessed internally and validated by a third-party accredited laboratory for quality, safety and legal compliance. While the launch phase is critical for introducing a product to the market, post-surveillance becomes crucial for ongoing success. Our post-surveillance programme includes manufacturing and product compliance, supporting continuous monitoring and evaluation, helping DFI to identify and address any emerging issues or opportunities for improvement. In the event of a product recall or withdrawal, our procedures outline the necessary steps to be taken to minimise any potential risks associated with the product and to swiftly remove it from the market. In 2023, 81% of own brand product factories were third-party audited for a globally recognised food safety certification, while 19% of factories who do not have a GFSI certification were audited against our DFI second party audit scheme by one of our nominated third-parties.

Food safety certification	2023	2022	2021
% of production factories of DFI own brand products that have a globally recognised food safety audit certification	81%	67%	61%

## Methodology

Metric includes production facilities of own brand food and non-food products that have been certified by one of the GFSI approved schemes. GFSI is a CGF Coalition of Action that promotes continuous improvement of food safety management across the supply chain. Production facilities that are not certified by one of the GFSI schemes, must be audited by a DFI appointed third-party auditing partner. All suppliers must also comply with DFI's Supplier Technical Standards, which are protocols set by a team of Supplier and Product Technical subject matter experts. We have taken into account the percentage of production facilities with GFSI or other globally recognised audit certifications.

### Responsible marketing communication

At DFI, we endeavour to conduct responsible marketing activities to support the safety and reliability of our products and services. Our Responsible Marketing Policy guides our approach, emphasising the importance of truthful, accurate, and ethical communication with our customers.

When transmitting information to our customers, we strive to adhere to the following principles:

- **Appropriate Expressions:** In our commercials and advertisements, we use appropriate expressions that resonate with our target audience. We ensure that any images or recordings used are suitable and align with the intended message.
- **Legal Compliance:** We provide information that meets or exceeds the legally mandated requirements concerning health, environment, and other sustainability aspects. We are committed to upholding the highest standards in these areas and strive to exceed the minimum legal requirements whenever possible.

By adhering to these principles, we aim to build trust with our customers and ensure that they have access to accurate and reliable information about our products and services. We regularly review and update our marketing practices to align with evolving industry standards and customer expectations. Our goal is to provide our customers with the information they need to make informed decisions while maintaining integrity and responsibility.

## 11. Ethics and anti-corruption

### Anti-corruption and anti-bribery GRI 205

DFI is dedicated to conducting our business with a strong commitment to ethical responsibility and adherence to laws and regulations in all the regions where it operates. This commitment extends to compliance with anti-corruption and bribery laws. DFI's Code of Conduct and Supplier Code of Conduct (available on our website [www.DFIretailgroup.com](http://www.DFIretailgroup.com)) explicitly prohibits any form of corruption or bribery such as illicit payments. The Code of Conduct is a mandatory policy applicable to all team members and is included as part of the onboarding process when team members join DFI. Team Members are also required to comply with DFI's No Gift Policy which provides for a general prohibition against receipt of gifts in order to avoid the risk of team members being placed in a position where actions or offers might be misconstrued as being offered for personal gain. DFI also has a Speak-Up Policy to encourage team members to raise serious and genuine concerns about malpractice that may affect DFI's business and reputation. DFI is committed to investigating such matters and will take appropriate and timely action to address such concerns.

DFI regularly conducts code of conduct training sessions to strengthen ethics and compliance awareness and training among our stakeholders. These training initiatives aim to enhance understanding and knowledge of ethical standards, ensuring that employees and relevant parties are well-informed about the organisation's expectations and requirements.

In 2023, the code of conduct training courses were completed by over 92% of the total team members.

These training and awareness initiatives demonstrate the commitment of DFI to equip team members with the necessary knowledge and tools to uphold ethical standards and mitigate corruption risks. By reaching a significant portion of the workforce, DFI aims to foster a culture of compliance and integrity throughout the organisation.

To mitigate corruption risks, DFI has also implemented a range of control procedures. These procedures include reviews and audits conducted by the Internal Audit team. These reviews and audits assess the effectiveness of the Group's compliance programme across all countries. Based on their findings, the Internal Auditor teams formulate recommendations to enhance DFI's ethics, compliance, and anti-corruption programme. These recommendations aim to improve the overall integrity and effectiveness of the programme, ensuring that it remains effective.

By regularly reviewing and auditing the policies and procedures of the compliance programme, DFI demonstrates our commitment to continuous improvement and the proactive management of corruption risks. These control procedures help to identify areas for enhancement and strengthen the organisation's ability to prevent, detect, and address any potential instances of corruption.

#### **Speak Up programme (whistleblower programme)**

A Speak Up programme is important in a corporate setting. It provides a mechanism for team members to report any wrongdoing, misconduct, or unethical behaviour they witness within the organisation. This aims to empower team members, suppliers, and applicable stakeholders to speak up without fear of retaliation, helping potential issues to be brought to light and addressed promptly.

It also helps to maintain transparency and accountability within the organisation. By encouraging mentioned stakeholders to report concerns, it creates a culture of integrity and ethical behaviour. This can deter unethical practices and promote a positive work environment where everyone is held accountable for their actions.

DFI's Speak Up Policy reinforces our mandate to all of our business units and departments to comply with all applicable laws and regulations and maintain proper standards of business conduct. In line with this, DFI actively encourages all team members to voice their concerns and report any issues that are of serious and genuine concern, as these matters may impact the operation of DFI's business and our reputation. By fostering a culture of open communication and accountability, DFI aims to address and resolve any potential issues promptly and maintain the integrity of our operations.

DFI has established a reporting system which includes an outsourced whistleblowing system that operates 24/7 and is accessible through the internet, by email or by telephone. This system serves as a channel for all team members to report any suspicions of unethical practices. The scope of reports includes various serious concerns such as discrimination, harassment, health and safety issues, theft, fraud, corruption, misappropriation of funds, conflicts of interest, and unethical behaviour.

DFI's reporting system allow cases of misconduct reported by team members to trigger an alert within the DFI team, prompting a thorough investigation for cases that are confirmed to be valid. Once a reported case is validated, DFI takes appropriate measures to address such misconduct.

## **12. Data Privacy and Cybersecurity** GRI 418

Organisations that experience data and cybersecurity breaches may face legal, regulatory, financial, and reputational consequences. Many jurisdictions have enacted data protection and privacy laws that require organisations to implement appropriate security measures and notify affected individuals in the event of a breach. Cybersecurity is a critical component of data protection, as it encompasses the practices and technologies used to safeguard sensitive information from unauthorised access, theft, or damage.

### **Data privacy**

DFI understands that safeguarding personal data is crucial in maintaining a strong relationship of trust. By complying with data protection regulations, DFI can demonstrate our commitment to protecting the privacy and confidentiality of personal information. To securely guard customer privacy and data, DFI has established a comprehensive Group Privacy Policy. This policy outlines our commitment to:

- **Requiring Third-Party Compliance:** We ensure that any third parties with whom we share data are obligated to comply with our privacy policy and data protection standards.
- **Transparency and Clear Terms:** We maintain transparency by providing clear and easily understandable terms regarding the collection, use, sharing, and retention of user data, including data transferred to third parties.
- **Lawful and Transparent Data Collection:** We obtain user data through lawful and transparent means, ensuring explicit consent from the data subject when required by applicable regulations.
- **Limited Data Collection and Processing:** We collect and process user data only for the stated purpose, ensuring that it is limited to what is necessary and relevant.
- **Timely Notification:** In the event of policy changes or data breaches, we notify data subjects promptly and in accordance with local laws and regulations.
- **Implementation of Data Protection Standards:** We adhere to data protection standards as outlined in local regulations, ensuring that our practices align with the requirements set forth by the relevant authorities. To ensure the commitment outlined in the Group Privacy Policy, DFI has implemented the Data Privacy Programme. It is designed to protect customer data from mishandling.

#### **Data Privacy Programme**

- **Data Subject Access:** DFI provides mechanisms for data subjects to access their accounts and exercise their rights to erase, rectify, complete, or amend their personal information as required by applicable regulations.
- **Concerns and Complaints:** DFI has implemented mechanisms for data subjects to raise concerns or lodge complaints regarding data privacy. These channels ensure that any issues related to data privacy are addressed promptly and appropriately.
- **Team members Training:** DFI conducts regular training sessions for team members on data management and data privacy. These training programmes aim to enhance team members awareness and understanding of data privacy best practices.
- **Data Privacy Risk Assessment:** DFI performs regular assessments to identify and mitigate data privacy risks associated with technologies and practices. These assessments help ensure that data privacy measures are up to date and aligned with evolving threats and regulatory requirements. Detail of the risk assessment that are conducted and reported regularly can be found in the Risk Management section of the annual report.

## Cybersecurity

Cybersecurity is the practice of protecting computer systems, networks, and data from unauthorised access, attacks, and disruptions. DFI has a cyber security programme to implement measures and protocols to safeguard our digital assets.

### Cybersecurity Programme

- **Endpoint and Mobile Data Protection:** DFI has implemented preventive measures such as endpoint protection, including ransomware protection and anti-virus software, to safeguard our endpoints from malicious attacks, as well as mobile data protection practices such as two-step verification to enhance security and protect sensitive information on mobile devices.
- **Data Breach Monitoring and Response:** DFI has implemented measures to monitor and respond to data breaches and cyber attacks promptly. These measures include incident response plans and protocols to minimise the impact of any potential breaches.
- **Team members Training:** DFI conducts regular training sessions for team members on cybersecurity and internet threats. These training programmes aim to enhance team members awareness and knowledge of cybersecurity best practices, reducing the risk of cyber incidents.
- **Audits:** DFI conducts regular external and internal audits of the company's systems that handle user data. These audits help identify vulnerabilities and ensure that appropriate security measures are in place to protect customer data.
- **Penetration Testing:** DFI conducts penetration testing regularly, which simulate cyber attacks on the organisation's infrastructure to identify vulnerabilities and weaknesses, allowing DFI to proactively identify and address potential security gaps.

By implementing privacy and cybersecurity programme, DFI demonstrates our commitment to safeguarding customer data, maintaining data privacy, and protecting against cyber threats. These initiatives contribute to building trust and confidence among customers, team members, and partners.

## 13. Tax governance GRI 207

Activities across the Group generate a variety of direct and indirect taxes, such as corporate income taxes, property taxes, sales taxes, employer payroll, and social security taxes, among others. We view our compliance with relevant tax laws and regulations as consistent with sustainable business practices and aligned with our responsibilities and societal obligations as a good corporate citizen. We submit all appropriate tax returns covering all areas of taxes and ensure the correct amounts of taxes are paid by the due dates.

Given the complex nature of taxation in an environment with rising tax obligations associated with global minimum taxation initiatives, increased transparency may result in greater scrutiny and increased reputational risk. The Group operates a risk-based system of controls, processes, and training to manage tax risks and minimise instances of error. The Group has a low tolerance for tax uncertainty. We engage with tax authorities in a timely and transparent manner. The Group manages a team of experienced tax professionals overseeing the Group Tax function and providing support to the Finance and Human Resources teams of our group companies, who have collective responsibility for ensuring that the Group adopts appropriate tax accounting treatment and reporting standards.

Tax contribution	2023	2022	2021
Tax contribution (US\$m)	<u>118</u>	127	158

Note: The data underlined have been independently assured by PricewaterhouseCoopers.

Tax contribution (by country)	
Region	2023 Tax contribution (US\$m)
Hong Kong	47
Macau	3
Chinese mainland	15
Taiwan	19
Singapore	12
Malaysia	7
Indonesia	11
Cambodia, Brunei, and Philippines	1
Non-Asian based	3
<b>Total</b>	<b><u>118</u></b>

Note: The data underlined have been independently assured by PricewaterhouseCoopers.

## Methodology

We have taken into account DFI's total tax contribution on an accrual basis, which includes corporate income taxes, property taxes for real property holdings or transactions, non-creditable VAT ('GST') and other sales or similar taxes, employer's portion of payroll taxes, social securities and other taxes paid that constitute costs to the company (such as stamp duty, consumption tax, royalties, dividend, interest withholding tax).

## Appendices

### GRI index

Please refer to our website [www.DFIretailgroup.com](http://www.DFIretailgroup.com) for a full listing of GRI index and related responses.

### Feedback

We appreciate your interest in providing feedback on this ESG report. For further information, to share your comments, or to utilise the information presented in this ESG Report and draw conclusions from the data, please email us at: [DFIcontactus@DFIretailgroup.com](mailto:DFIcontactus@DFIretailgroup.com)



## Independent practitioner's limited assurance report

To the Board of Directors of DFI Retail Group Holdings Limited

We have undertaken a limited assurance engagement in respect of the selected sustainability information of DFI Retail Group Holdings Limited (the 'Company') listed below and identified as the numbers underlined in the Company's Environmental, Social and Governance Report for the year ended 31st December 2023 (the '2023 ESG Report') (the 'Identified Sustainability Information'), which is included in the Company's Annual Report 2023.

### Identified Sustainability Information

The Identified Sustainability Information for the year ended 31st December 2023 is summarised below:

#### Climate Change

- Total Scope 1 and Scope 2 GHG emissions
- Total energy consumption

#### Human Capital

- % of male team members / % of female team members
- Gender diversity in senior leadership
- Average hours of training

#### Health, Safety, and Well-being

- Fatalities
- High-consequence work-related injury rate
- Recordable work-related injury rate

#### Tax Governance

- Tax contribution

Our assurance was with respect to the year ended 31st December 2023 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2023 ESG Report and, therefore, do not express any conclusion thereon.

### Criteria

The criteria used by the Company to prepare the Identified Sustainability Information is set out in the 'Climate Change', 'Human Capital', 'Health, Safety, and Well-being' and 'Tax Governance' sections of the 2023 ESG Report (the 'Criteria').

### The Company's responsibility for the Identified Sustainability Information

The Company is responsible for the preparation of the Identified Sustainability Information in accordance with the Criteria. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Identified Sustainability Information that is free from material misstatement, whether due to fraud or error.

### Inherent Limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

### Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standards on Quality Management, which require the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Identified Sustainability Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Identified Sustainability Information is free from material misstatement.

A limited assurance engagement involves assessing the suitability in the circumstances of the Company's use of the Criteria as the basis for the preparation of the Identified Sustainability Information, assessing the risks of material misstatement of the Identified Sustainability Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Identified Sustainability Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included enquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- made enquiries of the persons responsible for the Identified Sustainability Information;
- understood the process for collecting and reporting the Identified Sustainability Information;
- performed limited substantive testing on a selective basis of the Identified Sustainability Information at the Company's corporate head office to check that data had been appropriately measured, recorded, collated and reported; and
- considered the disclosure and presentation of the Identified Sustainability Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Company's Identified Sustainability Information has been prepared, in all material respects, in accordance with the Criteria.

### Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Company's Identified Sustainability Information for the year ended 31st December 2023 is not prepared, in all material respects, in accordance with the Criteria.

### Restriction on Use

Our report has been prepared solely for the Board of Directors of the Company and is not to be used for any other purpose. We do not assume responsibility towards or accept liability to any other parties for the content of this report.

### PricewaterhouseCoopers

Certified Public Accountants

Hong Kong

7th March 2024