

DFI's ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) REPORT 2022



Solar Panel Installation
WELLCOME FRESH FOOD CENTRE HONG KONG

INTRODUCTION

The purpose of this ESG report is to highlight DFI's efforts in quantifying our impact on the environment and society, along with our targets and progress made to date. The report is guided by the international frameworks of the Global Reporting Initiative (GRI) and the United Nations Sustainable Development Goals (UNSDGs). The table below illustrates DFI's strategy in Environmental, Social, and Governance aspects

and their linkage with the UNSDGs. Material ESG issues are described under each topic, along with our key sustainability priorities. We disclose all relevant performance indicators for these material ESG issues with the aim of improving the transparency of our progress.

ENVIRONMENTAL

We strive to address climate change, protect biodiversity, and conserve natural resources through efficiency enhancement in our operations and the promotion of sustainable consumption. To that end, DFI focuses on five major areas to achieve the SDGs when it comes to the environment.

ESG TOPICS INCLUDE:

- 1 CLIMATE CHANGE
 - Reducing Energy Usage
 - Eliminating Harmful Refrigerants
- 2 TOTAL WASTE
- 3 FOOD WASTE
 - Reducing Food Waste
- 4 PLASTIC PACKAGING
 - Reducing Plastic Usage
- 5 SUSTAINABLE PRODUCTS AND BIODIVERSITY CONSERVATION
 - Improving Animal Welfare
 - Improving Land Welfare



SOCIAL

We believe that a sustainable business relies on the support from its team members, stakeholders, and the community it operates within. In view of such, we have adopted comprehensive policies to create lasting values for our customers and communities as well as our workforce.

ESG TOPICS INCLUDE:

- 6 COMMUNITY ENGAGEMENT AND SUPPORT
 - Reducing Hunger
 - Reducing the Cost of Living
 - Raising Self-esteem
- 7 DIVERSITY OF WORKFORCE
- 8 TRAINING AND DEVELOPMENT
- 9 HEALTH, SAFETY, AND WELL-BEING AT THE WORKPLACE
- 10 HUMAN WELFARE AND SOCIAL COMPLIANCE
- 11 PROMOTE HEALTHY AND CONSCIOUS EATING



GOVERNANCE

A robust and well-organised governance structure is instrumental in helping us achieve our ESG goals. We have a robust governance framework in place to effectively manage climate risk, ensure food and product safety, cultivate a culture of integrity, and protect our customers' information from cyber intrusion.

ESG TOPICS INCLUDE:

- 12 CLIMATE RISK MANAGEMENT AND GOVERNANCE
 - Reducing Energy Usage
 - Eliminating Harmful Refrigerants
- 13 PRODUCT SAFETY AND QUALITY
 - Improving Human Welfare
- 14 ETHICS AND ANTI-CORRUPTION
- 15 CYBERSECURITY AND DATA PROTECTION
- 16 TAX CONTRIBUTION AND GOVERNANCE



DFI's KEY ESG TOPICS

We have identified 16 key ESG topics, based on materiality to DFI and benchmarking with peers. For each of these topics we offer an overview of the current situation and performance, and methodology of data collection.

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UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UNSDGs)

DFI's sustainability strategy is interlinked with the United Nations Sustainable Development Goals (UNSDGs). The UNSDGs are part of the 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015. The UNSDGs were developed as a call to action by all countries to tackle climate change, reduce poverty, improve health and education, promote equal and inclusive growth, and preserve our oceans and forests.

SCOPE

The ESG Report covers ESG data in the financial year 2022 (from 1st January 2022 to 31st December 2022). Unless stated otherwise, calendar year 2021 was used as a baseline for comparison). For the scope of coverage, we included all brands and subsidiaries of DFI. Associates are out of scope unless stated otherwise.

GLOBAL REPORTING INITIATIVE (GRI)

Our ESG progress is reported with reference to the Global Reporting Initiative (GRI) standards. The GRI maintains comprehensive sustainability reporting standards generated from their independent multi-stakeholder process. While the GRI requirements are more detailed and extensive than the reporting obligations under existing regulations, we believe that reporting with reference to them reflects our commitment to be fully transparent with our shareholders and stakeholders. We apply the reporting principles specified in section 4 of GRI 1: Foundation 2021 standard.

NON-GRI/NON-UNSDG LINKED PERFORMANCE INDICATORS

For assessing the ESG performance of DFI, several performance indicators relevant to our business are used outside of the GRI and UNSDG frameworks. We strive to quantify those indicators as reliably as possible, drawing references from international protocols and best practices in the retail industry. The methods of measurement and assumptions are covered in the "Methodology" section of each topic.

ENVIRONMENTAL

1 CLIMATE CHANGE

DFI is committed to reducing our greenhouse gas (GHG) emissions to help tackle climate change. Most of our Scope 1 and 2 GHG emissions come from energy consumption and refrigerant leakages. To that end, we are investing US\$15-20 million per year – which represents around 15% of our total capital commitments each year – into climate initiatives related to energy efficiency, refrigerant management, and electrifying our fleet. With all these initiatives, we are committed to achieving our targets for Scope 1 and 2 emissions.

SCOPE 1 AND 2 GREENHOUSE GAS EMISSIONS

We have set ambitious climate targets and strategies that are aligned with The Paris Agreement to reverse the damage from climate change. We are committed to a near-term target of halving our Scope 1 and 2 emissions by 2030, and a long-term target of achieving net zero by 2050 (from a baseline year of 2021).

DFI is reducing refrigerant gas emissions (Scope 1) by installing leak detectors, deploying dedicated leak fix teams, replacing high global warming gases, and installing new systems which have a lower refrigeration gas charge. In 2022, DFI is the first retailer in Hong Kong to install a Water Loop refrigeration system, which reduces the refrigeration gas charge compared to a traditional centralised system by approximately 90%. Our medium-term target by 2030 is to reduce our leakage rate to global supermarket best practices.

Most of our electricity is used in DFI's Grocery Retail and Convenience Stores businesses. To help reduce energy consumption, DFI has implemented energy behavioural change campaigns, leading to a 2% energy consumption reduction on a like-for-like basis (locations that have had a full 12 months of electricity consumption in both 2021 and 2022). DFI also completed LED lighting roll-out across our retail networks, covering almost 1,000 stores in Hong Kong, Singapore, and Malaysia. We also began implementing technologies to improve refrigeration equipment efficiency.

Furthermore, as mentioned in the "expanding solar panels installation" section, Wellcome installed one of the largest solar panel systems in Hong Kong on the rooftop of its Fresh Food Centre, and IKEA installed a solar panel on the roof of its Kaohsiung store.

Fuel usage is a small part of our Scope 1 emissions, but no less relevant. Our priority is to improve fuel usage efficiency by optimising truck loads and where possible routing. In the Hong Kong market, we are actively seeking opportunities to purchase our first electric truck, with the goal of electrifying the rest of our fleet in the medium to long term.

Overall, DFI is progressing well towards its 2050 net zero target. From 2021 to 2022, we were able to reduce the Scope 1 GHG emissions by 24%. Scope 2 GHG emissions have increased 0.4% from 2021 to 2022, as the like-for-like energy consumption reduction has been offset by new store openings in China, Indonesia, and Cambodia. Moreover, several energy-saving initiatives were implemented in the latter part of 2022, which should reduce our energy consumption in 2023 and beyond.

SCOPE 1 AND 2 GHG EMISSIONS

| PERFORMANCE INDICATOR | 2021 KT CO ₂ e | 2022 KT CO ₂ e | % CHANGE |
|--|---------------------------|---------------------------|--------------|
| Refrigerants | 370 | 281 | -24% |
| Fuel for own trucks | 9 | 8 | -10% |
| Total Scope 1 | 379 | 289 | -24% |
| Electricity | 486 | 488 | +0.4% |
| Total Scope 2 | 486 | 488 | +0.4% |
| Total Scope 1 and Scope 2 | 865 | 777 | -10% |
| Scope 1 and Scope 2 Intensity Tonnes CO ₂ e per US\$M net sales | 96 | 85 | -11% |

ENERGY CONSUMPTION

| PERFORMANCE INDICATOR | 2021 MILLION GIGAJOULES | 2022 MILLION GIGAJOULES | % CHANGE |
|---|-------------------------|-------------------------|--------------|
| Energy consumption - fuel | 0.12 | 0.11 | -9.7% |
| Energy consumption - electricity | 3.28 | 3.32 | +1.3% |
| Total Energy Consumption | 3.40 | 3.43 | +0.9% |
| Energy Intensity Gigajoules consumption per US\$M net sales | 376 | 374 | +0.4% |

SCOPE 3 GREENHOUSE GAS EMISSIONS

In 2022, we have managed to quantify the 2021 baseline for Scope 3 GHG emissions, and are now working on a plan to reduce our Scope 3 emissions. Achieving a significant emissions reduction in our value chain will require governments' intervention, substantive collaboration with suppliers, and communications with customers. As such, our ability to influence carbon reduction presents both a risk and an opportunity, and success will be decided by our relationships both upstream and downstream in our value chain.

SCOPE 3 GHG EMISSIONS BY CATEGORIES (2021)

| PERFORMANCE INDICATOR | KTONNES | % OF TOTAL SCOPE 3 |
|---|--------------|--------------------|
| Category 1 Purchased goods and services – products | 4,048 | 76% |
| Category 2 Capital goods | 108 | 2% |
| Category 3 Fuel- and energy-related activities | 148 | 3% |
| Category 4 Upstream transportation | 63 | 1% |
| Category 5 Waste generation | 35 | 1% |
| Category 6 Business travel | 7 | 0% |
| Category 7 Team member commuting | 65 | 1% |
| Category 9 Downstream transportation and distribution | 3 | 0% |
| Category 11 Use of sold products | 44 | 1% |
| Category 12 End-of-life treatment of sold products | 56 | 1% |
| Category 14 Franchises | 34 | 1% |
| Category 15 Investments | 680 | 13% |
| Total | 5,290 | 100% |
| Scope 3 as a percentage of total 2021 GHG emissions (Scope 1 + 2 + 3) | | |

Note: Excluded Scope 3 categories include 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).

METHODOLOGY

The above Scope 1, 2, and 3 reporting follows the methodology for the mapped GRI Indicators¹.

SCOPE 1 AND 2 METHODOLOGY

For energy consumption, actual electricity bills were collated across the majority of markets (accounting for 88% of our total energy consumption in 2022). For the remaining markets, an analytic based on electricity spend was used.

GHG emission conversion factors are used to convert energy consumption from kWh into carbon dioxide equivalent (CO₂e). The latest emissions factors are adopted for the calculation, which are location-based electricity emission factors provided by the International Energy Agency. Emission factors for Hong Kong, Macau, Mainland China, and Taiwan are based on Power Stations and Government website 2021 sources (as 2022 is not yet released). Emission factors for Brunei, Cambodia, Indonesia, Malaysia, Singapore are based on IEA 2022.

It is worth noting that the Asian markets in which we operate have relatively higher carbon intensity emissions factors compared with Europe and the US. Average emission factor for DFI is 0.53 (kg CO₂e per kWh, weighted by the consumption in the markets in which we operate), in contrast to 0.25 in the UK and 0.07 in France. As part of our net zero target modelling for Scope 2, we are incorporating the governmental reduction commitments across the markets that we operate in, for example the Hong Kong Government's Net Zero by 2050 plan.

For refrigerant gas, we collected invoices for all the gas purchased, and totalled the weight in kg by store, market, and by business. The Global Warming Potential emissions factors (sourced from Intergovernmental Panel on Climate Change's Sixth Assessment Report) were used to calculate the radiative forcing impact of each gas purchased, which equates to the degree of harm to the atmosphere of one unit the refrigerant gas relative to one unit of CO₂.

GHG emissions are measured at the store level, reported and discussed monthly. Progress against annual targets is tracked, with annual targets forming the pathway to net zero for GHG emissions. Where DFI has divested businesses, these are excluded from the baseline in this report. However, growth from store expansion is included in the calculation for total emissions.

SCOPE 3 METHODOLOGY

DFI follows the guidelines from the World Business Council for Sustainable Development (WBCSD), World Resources Institute (WRI), and Greenhouse Gas (GHG) Protocol. Since we work with more than 3,000 vendors, who also source their own materials and ingredients from different suppliers around the world, it is difficult to produce a precise figure for our Scope 3 carbon emissions. The majority of categories are calculated by multiplying spend data with Environmentally Extended Input-Output (EEIO) emission factors (EF). Some categories are calculated by multiplying weight by emission factors.

GRI INDICATOR

GRI 302-1 Energy consumption within the organisation, GRI 302-3 Energy intensity, GRI 305-1 Direct (Scope 1) GHG emissions, GRI 305-2 Energy indirect (Scope 2) GHG emissions, GRI 305-3 Other indirect (Scope 3) GHG emissions, GRI 305-4 GHG emissions intensity, GRI 305-5 Reduction of GHG emissions

¹ 305-1 Direct (Scope 1) GHG emissions, 305-2 Energy indirect (Scope 2) GHG emissions, 305-3 Other indirect (Scope 3) GHG emissions, 305-4 GHG emissions intensity, 305-5 Reduction of GHG emissions.

ENVIRONMENTAL

2 TOTAL WASTE

DFI is committed to the transition towards a circular economy by actively reducing and managing our waste streams. In addition to food waste reduction, we recycle various other types of waste where possible, including paper, plastic, aluminium materials. We target to increase the percentage of diverted waste – that is, waste that could be diverted away from landfills – to 50% by 2025, and to 80% by 2030.

| PERFORMANCE INDICATOR | 2021 TONNES | 2022 TONNES |
|--|-------------------------|-------------------------|
| Disposed Waste | | |
| - Product waste | 21,855 | 20,580 |
| - General | 12,326 | 12,023 |
| - Paper | 10,460 | 10,187 |
| - Plastic | 716 | 770 |
| - Hazardous | 56 | 36 |
| Diverted Waste | | |
| - Product waste | 336 | 678 |
| - General | 3,539 | 4,093 |
| - Paper | 19,424 | 19,600 |
| - Plastic | 684 | 730 |
| Total Waste (% of Diverted Waste) | 69,397 (35%) | 68,696 (37%) |

METHODOLOGY

For product waste, we have accounted for the net weight in addition to the primary packaging weight. Net weight is based on store shrinkage records and article master list. Primary packaging weight is estimated using a proxy data provided by our external waste consultant for Hong Kong and extrapolated for other markets.

Non-product waste includes secondary packaging and general refuse and has been calculated based on weighing selected sample products in Hong Kong and extrapolating to other markets. Furthermore, the recycled portion for each waste type has also been sampled in Hong Kong and extrapolated to other markets.

For distribution centre waste, disposal and diversion are calculated based on invoice data. Product shrinkage and non-product waste split were not available for IKEA distribution centre and IKEA store support centre.

GRI INDICATOR

GRI 306-2 Management of significant waste-related impacts, GRI 306-3 Waste generated, GRI 306-4 Waste diverted from disposal, GRI 306-5 Waste directed to disposal

ENVIRONMENTAL

3 FOOD WASTE

As a food retailer, food waste is a major source of waste we generate. Still, we recognise that food waste and loss are big drivers of global food shortage and climate change. In light of that, since 2018 DFI has adopted a holistic approach to reducing food waste through the Fresher for Customers programme.

The programme focuses on improving supply chain, warehouse, logistics, and operational management to deliver fresher produce to the customers, thereby reducing the ratio of food loss significantly. For surplus food that is safe for consumption, we are partnering with several NGOs and charity partners on food donation to minimise wastage. Meanwhile, food that is not safe for human consumption in our distribution centres and some of our stores is sent to recycling facilities to generate renewable energy and compost for organic farming. This is to minimise waste going to landfill or incineration. These food donation and recycling programmes are being regularly reviewed to explore expansion possibilities to further reduce our food waste.

| PERFORMANCE INDICATOR | 2017 | 2021 | 2022 |
|-------------------------------------|--------|--------|--------|
| Total tonnes of food waste (tonnes) | 33,933 | 22,191 | 21,257 |
| % change from 2017 baseline | | -34.6% | -37.4% |

METHODOLOGY

DFI defines food waste as the weight of the food product as well as the primary packaging in which it is sold. We are developing a methodology to accurately and efficiently measure food weight exclusive of packaging.

GRI INDICATOR

GRI 306-2 Management of significant waste-related impacts, GRI 306-3 Waste generated

ENVIRONMENTAL

4 PLASTIC PACKAGING

DFI is working hard towards transforming the way we source products, as well as looking for circularity opportunities across our businesses and value chains.

Our Own Brand products are now switching to more environmentally friendly materials, eliminating unnecessary packaging, and increasing the use of recycled content. We are using the Consumer Goods Forum Golden Design Rules as reference. We commit to using 100% recyclable, reusable, or compostable primary plastic packaging for our Own Brand products by 2025. We also focus on upstream intervention, such as policy advocacy. For example, we are working closely with Drink Without Waste, a coalition in Hong Kong that aims at reducing plastic waste from bottled beverages through supporting local initiatives on plastic reduction.

| PERFORMANCE INDICATOR | 2022 |
|---|-------|
| Own Brand plastic packaging sold (tonnes) | 2,116 |

METHODOLOGY

Own Brand Plastic Packaging sold represents the weight of the top 100 Own Brand products sold per business.

GRI INDICATOR

Own indicator: weight of primary plastic packaging for the top 100 Own Brand products sold per business

ENVIRONMENTAL

5 SUSTAINABLE PRODUCTS AND BIODIVERSITY CONSERVATION

To safeguard animal welfare and protect biodiversity, we are collaborating with our suppliers and producers to offer products that are sourced ethically, sustainably and responsibly. We are committed to no animal testing in all our Own Brand beauty products, except where it is legally required. When it comes to limiting the scale of deforestation, we use paper that is sourced from sustainable forests and coffee beans that are endorsed by the Rainforest Alliance for our convenience business in Hong Kong. To protect marine life, 100% of our canned tunas received the Marine Stewardship Council (MSC) certification.

| PERFORMANCE INDICATOR | 2021 | 2022 |
|---|------|------|
| Number of Own Brand products with sustainability certifications | 27 | 48 |

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.

GRI INDICATOR

Own indicator: number of Own Brand products with sustainability certifications

SOCIAL

6 COMMUNITY ENGAGEMENT AND SUPPORT

At DFI, we aim to create value for our communities, with the priorities being reducing hunger and raising self-esteem. Through careful due diligence, we have chosen to partner with the most suitable 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 through surveys and interviews to improve the planning and execution of our charity programmes.

There was a drop in community investment in 2022, mainly driven by a decrease in donation of physical assets and other resources for COVID-19 relief. The underlying community investments amount remained consistent between 2021 and 2022.

| PERFORMANCE INDICATOR | 2021 | 2022 |
|--------------------------------|--------|-------|
| Community Investment (US\$000) | 10,158 | 3,558 |

METHODODOLOGY

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.

GRI INDICATOR

GRI 201-1 Direct economic value generated and distributed

SOCIAL

7 DIVERSITY OF WORKFORCE

Diversity of the workforce is key to fostering growth and innovation within our organisation. DFI has long maintained a non-discriminative and inclusive hiring policy to ensure balanced representation of gender among our team members. To advance female leadership and promote an inclusive workplace environment, the DFI Women's Network was launched on the International Women's Day on 8th March 2022. Since its inception, we have hosted speaker series, workshops, and a mentorship programme, all with strong participation from our team members across different levels and geographies.

Team members turnover rate is reflective of the dynamic nature of the retail industry. Comprehensive retention policies have been put in place to attract and retain valuable talents.

| PERFORMANCE INDICATOR | 2021 | 2022 |
|---|--------|--------|
| Number of team members (full-time equivalent) | 39,930 | 40,566 |
| % of male team members | 37% | 37% |
| % of female team members | 63% | 63% |
| Gender diversity in senior leadership | 33% | 35% |
| Team members turnover (full-time voluntary) | 27% | 30% |

METHODODOLOGY

A thorough process is put in place to extract data from our Global HR system, which automatically calculates the metrics shown above. Senior leadership is defined as Global Grade 17 or above according to the Willis Towers Watson Global Grading System, which we have matched to the DFI grading system to direct comparison. Turnover includes only full-time team members that have chosen to leave the company voluntarily. Turnover percentage refers to the number of leavers as a percentage of the average number of employees within the calendar year.

GRI INDICATOR

GRI 405-1 Diversity of governance bodies and employees

SOCIAL

8 TRAINING AND DEVELOPMENT

We care deeply about human capital and the satisfaction of team members. To that end, we regularly offer training and upskilling opportunities for our team members to advance in their careers and help them cope with customer expectations and safety practices in the fast-moving retail industry.

Regular training is provided on a range of topics including, but not limited to, cybersecurity, information security awareness, code of conduct, competition law, leadership, health and safety, diversity and inclusion, and behavioural changes to conserve energy.

In 2022, we have streamlined the training process which has led to an overall improvement in learning efficiency and as a result, a reduction in average training hours spent per team member.

| PERFORMANCE INDICATOR | 2021 | 2022 |
|--|------|------|
| Average training hours per team member | 16.4 | 13.7 |

METHODODOLOGY

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. For fundamental topics, all team members are required to attend at the start of their employment contract, followed by periodic compulsory refresher training.

GRI INDICATOR

GRI 403-5 Worker training on occupational health and safety, GRI 404-1 Average hours of training per year per employee, GRI 404-2 Programmes for upgrading employee skills and transition assistance programs

SOCIAL

9 HEALTH, SAFETY, AND WELL-BEING AT THE WORKPLACE

The health and safety of our team members are of the utmost importance to us. We endeavour to provide a safe working environment where everyone can thrive. To that end, we have integrated safe working practices in our stores, store support centres and distribution centres; provided modern and well-maintained equipment and established good practices to ensure our team members' safety.

Besides physical safety, we have also put a lot of focus on the mental health of our team members in the workplace. Through establishing transparent systems and inclusive leadership practices, team members are encouraged to flag any potential hazard or suggest improvement areas at the workplace. We also provide training programmes to boost our team members' understanding of work safety and the importance of mental health.

| PERFORMANCE INDICATOR | 2021 | 2022 |
|--|------|------|
| Number of fatalities | 0 | 0 |
| Number of high-consequence work related injuries | 0 | 0 |
| Number of recordable work-related injuries | 696 | 636 |
| Number of hours worked (million hours) | 91.3 | 86.1 |
| Fatality rate | 0 | 0 |
| High-consequence work-related injury rate | 0 | 0 |
| Recordable work-related injury rate | 1.53 | 1.48 |

METHODODOLOGY

We take into account the number and rate of fatalities because of work-related injury, 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 fatality or in 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.

Recordable work-related injury rate is calculated based on 200,000 hours worked, which indicates the number of work-related injuries 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 DC 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.

GRI INDICATOR

GRI 403-4 Worker participation, consultation, and communication on occupational health and safety, 403-5 Worker training on occupational health and safety, GRI 403-9 Work-related injuries

SOCIAL

10 HUMAN WELFARE AND SOCIAL COMPLIANCE

Respect and inclusion are the cornerstones of our culture. Our human resources policies also reflect that: all team members must be treated equally irrespective of their background, and have equal access and opportunity to learn, grow, succeed and thrive.

Through training and resources, we strive to develop our team members to be inclusive leaders who make decisions that guide this culture and drive accountability. Furthermore, DFI also respects our team members’ right to join associations or unions, and to organise and negotiate collectively.

We have also demonstrated a continued commitment to drive appropriate ethical labour practices across our supply chains. We have been a member of Amfori Business Social Compliance Initiative (BSCI) since September 2022; we have expressed to our suppliers that we will not tolerate forced labour and other exploitative practices; production facilities for our Own Brand products in high-risk countries are expected to be audited against Amfori or other equivalent audit standards.

All of our suppliers must demonstrate a high standard of business ethics and regard for human rights and the well-being of the workers. Our suppliers are also guided by DFI’s Supplier Code of Conduct, which is to treat all the workers with dignity, respect, fairness, and must foster a working environment free of discrimination, abuse, and harassment.

| PERFORMANCE INDICATOR | 2021 | 2022 |
|--|------|------|
| % of DFI’s suppliers (in high-risk countries) of Own Brand products audited | 24% | 44% |
| Number of DFI’s suppliers (in high-risk countries) of Own Brand products audited | 124 | 173 |

METHODOLOGY

“High-risk” countries are defined by the Amfori BSCI Countries Risk Classification, and other published country risk index on labour rights protection. For suppliers in “high-risk” countries, they are expected to be audited against Amfori or other equivalent ethical standards. Ethical audits include checking whether the suppliers have previously been caught or accused of using child labour, forced labour, and slavery.

GRI INDICATOR

GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour

SOCIAL

11 PROMOTE HEALTHY AND CONSCIOUS EATING

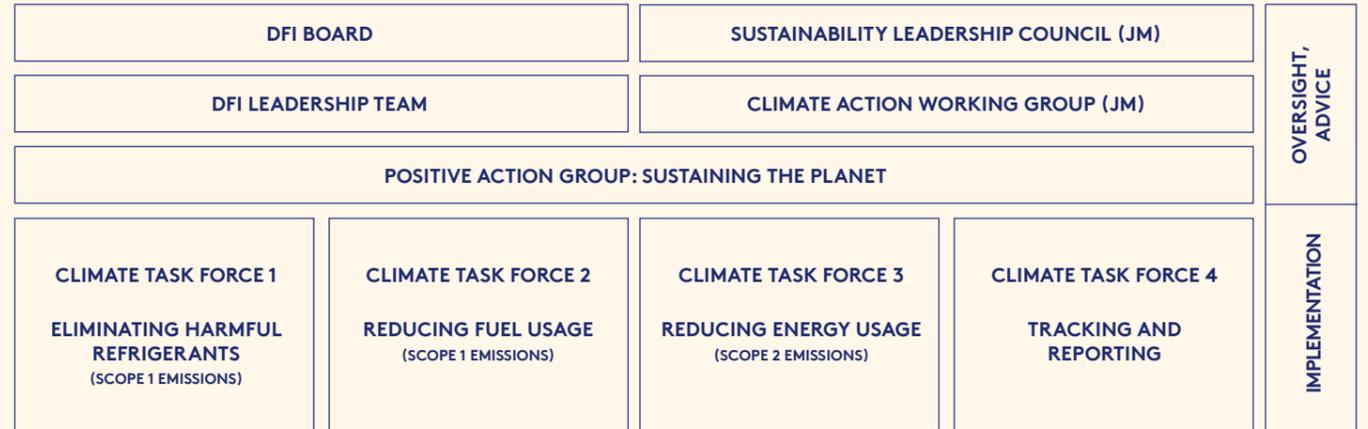
DFI was born out of a mission to provide safe and clean milk for our community. It is still the core of our business to help people save money and live better. We bring that vision to life by offering food products that have less sodium and low sugar in DFI’s Own Brand catalogue. We have also added more plant-based products, low-mileage hydroponic vegetables and salad leaves at our retail stores to promote healthy eating without causing greater harm from carbon emissions.

We believe that by encouraging our customers to turn to more sustainable products, we can lower our carbon footprints collectively. We have also developed an internal healthy food standard to gauge the proportion of Own Brand products that promote healthy eating. We aim to disclose and set targets for this performance indicator in the near future to step up our target on promoting the health and well-being of our customers.

GOVERNANCE

12 CLIMATE RISK MANAGEMENT AND GOVERNANCE

To manage physical and transition climate risks proactively, DFI has completed a climate risk analysis as per the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). This report shows that our climate related financial disclosures are consistent with the TCFD recommendations. Further work is underway to enhance the assessment and the mapping of climate risks over the short, medium, and long term. Our governance framework for ESG and climate topics is illustrated in the diagram below. For more details about our climate governance structure, please refer to TCFD Report in DFI’s Annual Report 2022.



GRI INDICATOR

GRI 2-12 Role of the highest governance body in overseeing the management of impacts, GRI 2-13 Delegation of responsibility for managing impacts, GRI 3-3 Management of material topics

GOVERNANCE

13 PRODUCT SAFETY AND QUALITY

As a leading pan-Asian food retailer, we strive to improve the lives of our customers by providing safe, healthy, and high-quality products. Our Own Brand vendors are governed by the ‘three steps to quality,’ a programme that ensures our cross-functional departments communicate their expectations effectively to the factories. It ensures that our Own Brands meet the applicable local standards and DFI’s own quality, safety, and legality standards.

We also have in place a thorough supplier selection and approval process to ensure that our vendors meet our food safety requirements, which are benchmarked against the Global Food Safety Initiative (GFSI). Prior to launch of any Own Brand product, they are vigorously evaluated with a third-party accredited laboratory for quality, safety, and legal compliance.

We also monitor regularly to ensure that our suppliers’ manufacturing operations, product quality, and safety are consistent with customers’ expectations, legality, and DFI’s defined standards. The overall performance of suppliers and products are evaluated annually to determine improvement opportunities. Should they fail to meet our standards, DFI will commission an audit to effectively manage product safety and quality.

Two-thirds of DFI’s Own Brand production facilities have received globally recognised audit certification.

| PERFORMANCE INDICATOR | 2021 | 2022 |
|--|------|------|
| % of production facilities of Own Brand products that have a globally recognised audit certification | 61% | 67% |

Production facilities of Own Brand food and non-food products are certified by the Global Food Safety Initiative (GFSI). GFSI is a Consumer Goods Forum Coalition of Action that promotes continuous improvement of food safety management across the supply chain. Production facilities that are not certified by the GFSI must comply with DFI's Supplier Technical Standards, which are protocols set by a team of experts on product technology. They also have to be audited by a DFI appointed third-party auditing partner. We have taken into account the percentage of production facilities with GFSI or other globally recognised audit certifications.

GRI INDICATOR

Own indicator: percentage of production facilities of Own Brand food and non-food products that have globally recognised audit certifications; percentage of production facilities of Own Brand fresh food and ready-to-eat products that have globally recognised audit certifications

GOVERNANCE

14 ETHICS AND ANTI-CORRUPTION

ANTI-CORRUPTION AND BRIBERY

DFI is committed to conducting business in an ethically responsible manner and complying with laws and regulations in all locations where we operate. That includes compliance with laws relating to anti-corruption and bribery. DFI's Code of Conduct prohibits any form of corruption or bribery, including facilitation payments. There were no reports of corruption or bribery cases in 2021 and 2022.

WHISTLE BLOWING

DFI's Code of Conduct requires all business units and departments to comply with applicable laws and regulations and to maintain proper standards of business conduct. To that end, all of our team members are encouraged to speak up and report matters of serious and genuine concern that may affect the operation of DFI's business and its reputation.

As part of our whistleblowing policy, we have launched a "Speak Up" hotline that is accessible either by telephone or internet (portal or email). Every report will be handled with confidentiality and reviewed by appropriate internal department for investigation. DFI is committed to protecting the reporting person's identity and treating all disclosures with strict confidentiality and legal protection.

GOVERNANCE

15 CYBERSECURITY AND DATA PROTECTION

We take data collection seriously. DFI has established information security and personal data protection policies to safeguard the company's business sensitive and proprietary data as well as the personal data of our customers and team members against events that could compromise their confidentiality and integrity.

Still, it is paramount to us that these policies comply with applicable laws and regulations in the jurisdictions where we operate to ensure that we are safely collecting, creating, using, and sharing data. DFI has also put in place a strong and robust governance that helps build customer trust in our brands and products and helps mitigate the risks of improper data and technology practices.

To reinforce these policies, DFI routinely conducts training on information security and data privacy management for our team members. Our customers can also review our data policies on our websites for the use of their personal data in accordance with applicable laws.

GOVERNANCE

16 TAX CONTRIBUTIONS AND GOVERNANCE

As a socially responsible corporation, it is our duty to act responsibly in all tax matters. We work closely with tax authorities to ensure that we contribute to society by being fully transparent on all relevant tax information and paying the correct amount of taxes whilst balancing our obligations towards our shareholders.

Total tax contribution is a comprehensive measure of the tax payments that DFI makes to help facilitate government operations, public infrastructure, and essential services.

DFI has a specialised tax team that is consulted on all taxation related matters and ensures that we are fulfilling our tax responsibilities. All tax non-compliance matters are reported to DFI Tax Director to decide on the appropriate course of action.

| PERFORMANCE INDICATOR | 2021 | 2022 |
|--------------------------|------|------|
| Tax Contribution (US\$M) | 152 | 127 |

METHODOLOGY

We have taken into account DFI's total tax contribution, 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).

GRI INDICATOR

GRI 201-1 Direct economic value generated and distributed, GRI 207-1 Approach to tax, GRI 207-2 Tax governance, control, and risk management

GRI CONTENT INDEX

DFI has reported the information cited in this GRI content index for the period of 1st January 2022 to 31st December 2022 with reference to the GRI standards. **GRI 1 used: GRI 1: Foundation 2021**

| GRI STANDARD | DISCLOSURE | SECTION |
|---|---|---|
| GRI 2: General Disclosures 2021 | 2-12 Role of the highest governance body in overseeing the management of impacts | 12. Climate risk management and governance |
| | 2-13 Delegation of responsibility for managing impacts | 12. Climate risk management and governance |
| | | |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | DFI's key ESG topics |
| | 3-2 List of material topics | DFI's key ESG topics |
| | 3-3 Management of material topics | 1. Climate change 2. Total waste 3. Food waste 4. Plastic packaging 5. Sustainable products and biodiversity conservation 12. Climate risk management and governance |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | 6. Community engagement and support 16. Tax contributions and governance |
| GRI 207: Tax 2019 | 207-1 Approach to tax | 16. Tax contributions and governance |
| | 207-2 Tax governance, control, and risk management | 16. Tax contributions and governance |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organisation | 1. Climate change |
| | 302-3 Energy intensity | 1. Climate change |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | 1. Climate change |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 1. Climate change |
| | 305-3 Other indirect (Scope 3) GHG emissions | 1. Climate change |
| | 305-4 GHG emissions intensity | 1. Climate change |
| | 305-5 Reduction of GHG emissions | 1. Climate change |
| GRI 306: Waste 2020 | 306-2 Management of significant waste-related impacts | 2. Total waste 3. Food waste |
| | 306-3 Waste generated | 2. Total waste 3. Food waste |
| | 306-4 Waste diverted from disposal | 2. Total waste |
| | 306-5 Waste directed to disposal | 2. Total waste |
| | | |
| GRI 403: Occupational Health and Safety 2018 | 403-4 Worker participation, consultation, and communication on occupational health and safety | 9. Health, safety, and well-being at the workplace |
| | 403-5 Worker training on occupational health and safety | 8. Training and development 9. Health, safety, and well-being at the workplace |
| | 403-9 Work-related injuries | 9. Health, safety, and well-being at the workplace |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | 8. Training and development |
| | 404-2 Programmes for upgrading employee skills and transition assistance programs | 8. Training and development |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | 7. Diversity of workforce |
| GRI 409: Forced or Compulsory Labour 2016 | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour | 10. Human welfare and social compliance |

SDGs FOCUS

| SDG FOCUS | SECTION |
|---|---|
|  | 6. Community engagement and support |
|  | 3. Food waste 6. Community engagement and support |
|  | 9. Health, safety, and well-being at the workplace 10. Human welfare and social compliance 11. Promote healthy and conscious eating 13. Product safety and quality |
|  | 8. Training and development |
|  | 7. Diversity of workforce |
|  | 1. Climate change |
|  | 16. Tax contributions and governance |
|  | 1. Climate change 4. Plastic packaging |
|  | 2. Total waste 3. Food waste |
|  | 1. Climate change 4. Plastic packaging 5. Sustainable products and biodiversity conservation |
|  | 1. Climate change 2. Total waste 3. Food waste 12. Climate risk management and governance |
|  | 4. Plastic packaging 5. Sustainable products and biodiversity conservation |
|  | 5. Sustainable products and biodiversity conservation |
|  | 14. Ethics and anti-corruption |