



華潤創業

CR ENTERPRISE

2021

Sustainability Report

China Resources (CR) Enterprise

**Sci-Tech Innovation
Empowers Hong Kong and
Connects the World**



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Letter from the CEO

Working Together to Create a Shared Future

The year 2021 marked the start of the 14th Five-Year Plan and a new journey towards the Second Centenary Goal. It was also a milestone in the new development paradigm of "dual circulation". Amid great changes unseen in a century, we rose against all odds and pursued reform while maintaining stability. Major strategic transformations have been achieved amid our efforts to explore new ways of development and promote our business in Hong Kong. We have demonstrated CR Enterprise's speed in transformation and innovation.

In 2021, we sought reform and explored new ways of transformation. With a new strategic mission, we aspired to be the main force for CR's business in Hong Kong, pioneer the overseas business expansion, and accelerate the development of new industries. Through business restructuring, we, a consumer goods company in multiple fields, turned into an industrial investment platform of CR. Our structure was adjusted to build a value-creating headquarters with better functions in investment and sci-tech innovation. In doing so, we initially put in place a management system with CR Enterprise's characteristics.

In 2021, we strived for excellence and embraced a new era of strategic upgrading. In line with the Requirement of the Three-Year Reform Action of Central State-Owned Enterprises, we established a structure and a management system that serve the strategic planning and business development goals set for the 14th Five-Year Plan period. Based on our new strategic positioning and development goals, we clarified the new "321" industry and investment roadmap. That is to expand the three existing sectors of warehousing holding and operation management, investment of household item industries, and coffee, incubate plant-based protein and the elderly care industries, and accelerate the development of the sci-tech innovation business, to help develop Hong Kong into an international I&T hub. In 2021, our total assets stood at HK\$ 47.154 billion with revenues reaching HK\$2.888 billion. We thus continued to benefit shareholders and society with sound business performance.

In 2021, we created new highlights in talent development. Specifically, we regarded employees as the greatest assets, and respected the value of every employee. Putting employees first, we safeguarded a fair employment system and promoted good employment communication, and ensured occupational health. We established a diverse career growth platform to empower employees and build a first-class talent team. An equal and harmonious workplace has been put in place with regular care and support given to employees. We also helped Hong Kong employees identify with traditional Chinese culture, uniting employees on both sides to build a warm CR Enterprise.

In 2021, we improved services and pursued excellent quality. Seeing opportunities in emerging industries, we invested in new industries to enrich our product types, which helped meet different needs of consumers. We improved the product quality and safety management mechanism and enhanced quality management throughout the entire industry chain, bringing customers a better life with high-quality products. Customer services have been improved and the legitimate rights of customers protected. Besides, we accelerated the development of sci-tech innovation business and enhanced our brand innovation capabilities. In 2021, we expanded the warehousing business in Hong Kong by acquiring logistics projects in Tuen Mun and Fanling, adding the storage area by 620,000 square feet. We took over the equity of OATLY oat milk held by CR to promote the business of OATLY in China and Asia Pacific.

In 2021, we emphasized on low-carbon development and a greener environment. Based on CR Enterprise's strategic transformation and business restructuring, we responded to the green development strategy. Integrating green concepts into daily production and operation, we continued to improve environmental management, saved energy, and reduced consumption in an effort to contribute to China's goal of carbon peak and carbon neutrality. With eco-friendly raw materials adopted, we drove the entire value chain to save energy, reduce consumption, and prevent pollution. Meanwhile, various environmental protection training and non-profit activities were held to convey the concept of green development and low-carbon lifestyles, thus contributing to environmental protection and health.

In 2021, we pursued win-win results and a new beginning for progress in the industry. To share information and resources, we strengthened information disclosure and communication, and strove to create a high-quality industrial ecology for common development. We continued to improve the supplier management system and build a responsible supply chain with upstream and downstream players for mutual benefits. To advance the incubation of new industries, we partnered with the Hong Kong government, universities, and science & technology parks, and other institutions, and signed contracts with the City University of Hong Kong, The Chinese University of Hong Kong, and HKSTP to allocate resources and build an influential sci-tech innovation investment platform. This can help develop Hong Kong into an international I&T hub, serve the overall national development, and seize the significant opportunities from the "dual circulation".

In 2021, we dedicated ourselves to creating a better life. Bearing in mind the positioning of "rooted in Hong Kong, rely on the Mainland, open to the world", we continued to serve the Greater Bay Area and contribute to society. By implementing the "1+4" regional development strategy, we fully integrated Hong Kong business into the development of the Greater Bay Area. This will help develop Hong Kong into an international I&T hub and serve Hong Kong enterprises explore abundant business opportunities inside and outside the Greater Bay Area. We helped improve Hong Kong people's life and fight COVID-19 together with the people of Hong Kong. A unique development system of "entrepreneurship, employment, and study" for Hong Kong young people took shape. Key projects such as the "Dreams" Greater Bay Area Entrepreneurship Training Program and "Art Jamming" were completed. These projects enabled Hong Kong young people to see the great potential in China's development and give them more confidence in a better life.

Ceaseless efforts ensure success. The year 2022 is crucial for China to embark on a new journey of pursuing the Second Centenary Goal. It also marks the 25th anniversary of Hong Kong's return to China and the 30th anniversary of CR Enterprise. We will renew our entrepreneurial passion, incubate new business with industrial thinking, and apply advanced innovation technology. We will take advantage of Hong Kong as a "super connector" to bring in high-quality projects and go global. We will also integrate sustainability concepts into all areas of business to create long-term environmental, social and economic value and work with stakeholders to forge ahead for a new chapter!

—Chen Ying,
Assistant General Manager of CR, Chairman and CEO of CR Enterprise
July 2022

About Us

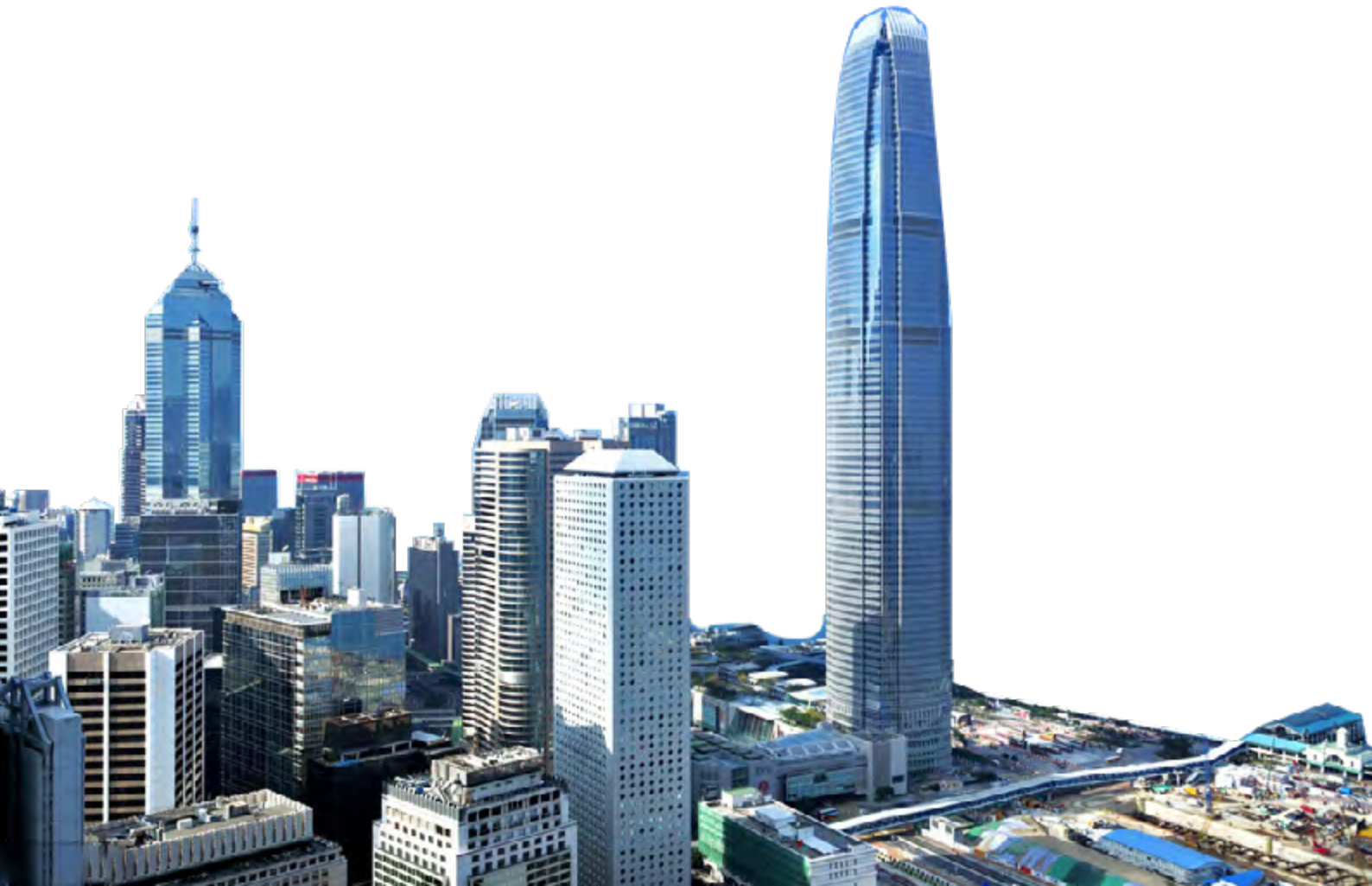
Company Profile

In September 1992, China Resources (Holdings) Co., Ltd. ("CR" or "China Resources Group") invested Winland Investment Limited, a listed company in Hong Kong, and renamed it as "China Resources Enterprise, Limited (CR Enterprise, or CRE)". CR Enterprise was among the first Chinese companies to be listed in Hong Kong. As the first listed company of CR, it initiated a new era of Chinese companies entering international capital market. Through M&A, joint ventures, spin-off IPO, asset replacement, CR Enterprise has facilitated CR on industrial transformation to drive faster business growth.

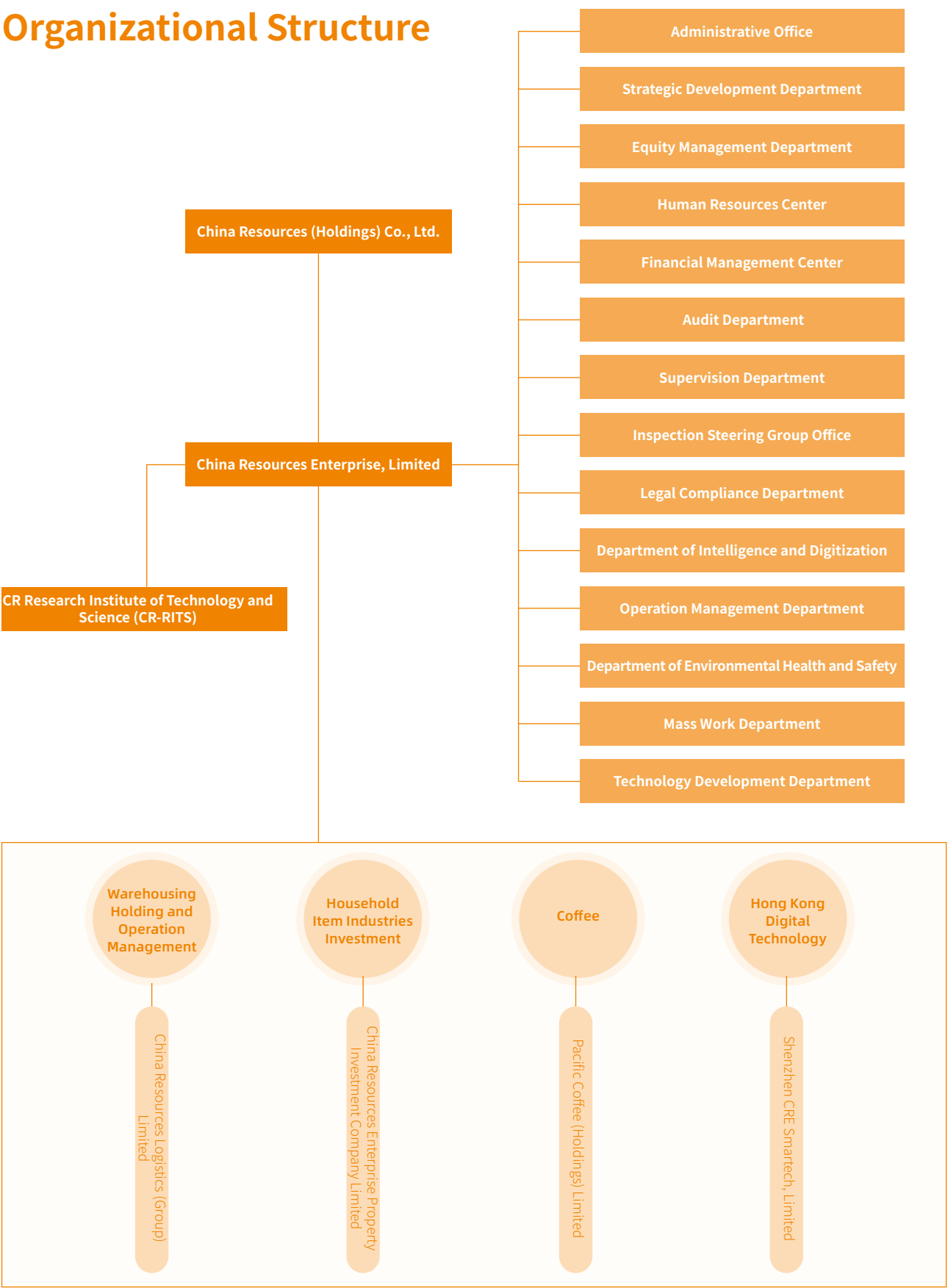
Since its establishment nearly 30 years ago, CR Enterprise has successively involved in mergers and acquisitions in 15 industries such as beer, real estate, consumer goods, retail, gas, and cement. The Company incubated and spun off 4 listed companies for CR, including CR Land, CR Gas, CR Cement and CR Beer, maintaining its sound and professional image in the capital market.

Since 2010, CR Enterprise has been engaging in consumption sector and diversifying its businesses in various industries. The Company has cultivated and incubated many household brands, such as CR Snow, CR C'estbon, CR Ng Fung, and CR Vanguard. CR Enterprise currently owns subordinate companies such as CR Logistics, Pacific Coffee, China Resources Enterprise Property Investment Company Limited (CREP, former CRE Properties), Consumer Goods Funds, International Distribution, CR Enterprise Smartech and other businesses

As the main force for CR's business in Hong Kong, CR Enterprise pioneers the overseas business expansion, and accelerates the development of new industries. During the 14th Five-Year Plan period, the Company will focus on the new "321" industry and investment roadmap. That is to expand the three existing sectors of warehousing holding and operation management, investment of household item industries, and coffee, incubate plant-based protein and the elderly care industries, and accelerate the development of the sci-tech innovation business to help develop Hong Kong into an international I&T hub.



Organizational Structure





Development History

1992

CR acquired Winland Investment Limited and renamed it "China Resources Enterprise, Limited". CRE was among the first Chinese companies to be listed in Hong Kong, with property investment as the main business then.

1993

CRE founded the joint venture, China Resources Snow Breweries (Shenyang) Co., Ltd. marking its venture into beer business.

1994

CRE signed an agreement with South African Breweries Group to jointly develop beer business in China (*South African Breweries Group acquired Miller Brewing Company in 2002 and changed its name to SABMiller PLC).

1995

Ng Fung Hong Limited (Now known as China Resources Ng Fung Limited) was listed on the Stock Exchange of Hong Kong Limited (SEHK). CR Enterprise acquired 26% stake in this company and began operating food business.

1996

CRE acquired 67.25% interest in a purified water plant and began to develop the C'estbon purified water business.

1997

CRE became a Hang Seng Index Constituent Stock.

1999

CRE acquired the retail business of CR.

2000

CRE transferred stakes in China Resources Beijing Land Limited (Now known as China Resources Land Limited) and Logic International Holdings Limited (which was subsequently renamed China Resources Logic Limited and China Resources Gas Group Limited) to CR.

2001

CRE completed privatization of Ng Fung Hong Limited (now China Resources Ng Fung Limited), making it a wholly-owned subsidiary.

2002

CRE acquired the retail business and vegetable supermarket business of CR Vanguard.

2003

CRE spun off concrete business, which was listed on the SEHK after integrating its business with other concrete and cement businesses of CR (subsequently renamed China Resources Cement Holdings Limited).

2005

"CR Snow" became the best-selling single beer brand in China in terms of volume.

2006

Beer business topped the list of best-selling beer producers in China in terms of volume.

2007

CRE completed sale of all petroleum related business.

2008

"CR Snow" became the best-selling single beer brand worldwide in terms of volume.

2009

CRE swapped assets with CR by exchanging textile and container terminal businesses for 75 supermarkets in China and a brewery in Shandong province, to boost core retail and consumer goods businesses.

2010

CRE acquired 80% stake in Pacific Coffee (Holdings) Limited; It completed selling stake in "Esprit" business in China to Esprit Holdings Limited, and from then on, it directed its focus on four core retail and consumer goods businesses namely retail, beer, food and beverage; CRE opened the first "Fun Square" shopping center in Shenzhen; It launched high-end "blt" supermarket, "Voi_la!" wine cellar and "VIVO" health and beauty retail outlet business.

2011

CRE set up a joint venture with Kirin Holdings Company, Limited, with CRE holding 60% stake, to actively expand its non-alcoholic beverage business in China.

2012

CRE completed acquisition of 100% stake of Jiangxi Hongkelong Department Store Investment Company Limited.

2014

CRE set up a joint venture with Tesco PLC to vigorously develop multi-format retail business in China.

2015

CRE completed the sales of all non-beer businesses to CR and realized the privatization of non-beer businesses. Its listed company was renamed "China Resources Beer (Holdings) Company Limited" .

2016

CR Vanguard was directly managed by CR, CRE's main business changed to beer, food and beverage. CR Logistics completed the purchase of the ownership and management of NWS Kwai Chung Logistics Centre with HK\$ 3.75 billion, and was thus renamed "China Resources International Logistics Centre" .

2017

CRE Properties acquired a Sugar Estates Limited project. Pacific Coffee acquired 40% stake in Aroma Coffee (Shanghai) Co., Ltd. CR Ng Fung set up a joint venture with Sovena. CR Logistics acquired the project of CR Vanguard Logistics Distribution (Qingdao) Co., Ltd.

2018

CR Beer announced a long-term strategic cooperation with HEINEKEN Group, the world's second-largest beer producer. This partnership provided CR Beer with an important strategic, long-term growth and value enhancement opportunity to expand into the premium beer market.

2019

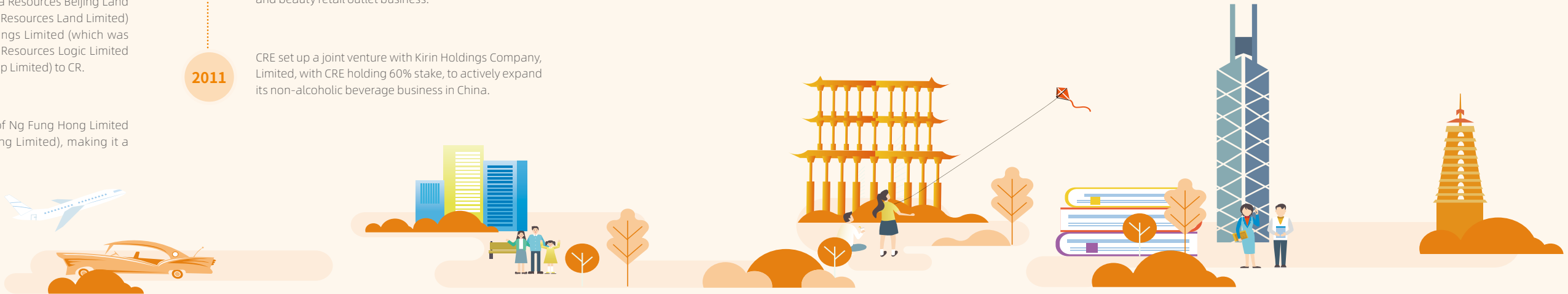
- CR Beer 's completed its acquisition of Heineken with HK\$ 2.3 billion, increasing its market value by more than HK\$ 20 billion in half a year;
- CRE signed a strategic cooperation agreement with AMC, a Spanish juice company.

2020

- CR Beer Heineken project successfully completed the integration of production and sales, and completed the "4+4" high-end brand layout;
- CRE completed the Greater Bay Area logistics strategic plan, clarifying the logistics positioning and goals in the Greater Bay Area. It completed the investment in Kaida project on this basis, and then China Resources Logistics Kaida Center was incorporated into the warehousing and logistics business management sequence;
- CRE and Guangzhou Nansha Modern Agricultural Industry Group Corporation reached a strategic cooperation agreement to jointly develop Nansha logistics projects. CRE established CRE Smartech (Shenzhen) to empower the consumer goods industry and new retail with technology.

2021

- CRE took over the equity of OATLY oat milk held by CR, and the equity and management rights of China Resources Verlinvest were transferred to CR Enterprise;
- CR Snow, CR Ng Fung, and CR C'estbon were put under the direct management of CR;
- CRE signed contracts with the City University of Hong Kong, the Chinese University of Hong Kong, and HKSTP to allocate resources to help develop Hong Kong into an international I&T hub.



Corporate Culture

CR Enterprise follows China Resources Group culture system for the 14th Five-Year Plan period that consists of the corporate genes, corporate mission, corporate vision, core values, corporate spirit and organizational atmosphere. Being inclusive and positive, we are committed to our aspirations and answer the calls of our times, striving to create a shared future with consumers, shareholders, employees, and business partners and promote sustainable development with cultural power.



Corporate genes

For the great rejuvenation of the Chinese nation
For a happy life of the people
For China's economic prosperity

Corporate spirit

Dedicated to China's development
Pioneering to innovate
Determined to keep perseverance
Striving for self-improvement

Values

Honesty and integrity
Performance orientation
People first
Innovative development

Vision

To become a global leading industrial investment company
To serve people's livelihood in Hong Kong
To connect the world through innovation

Mission

Lead the business progress
Create a better life together

Organizational atmosphere

Sincerity Unity
Openness Ambition

Memorabilia in 2021



March

CR Enterprise completed the strategic transformation, and during the 14th Five-Year Plan period, CR Enterprise would center on the "321" business development roadmap to plan future industry and investment.



June

CR Enterprise and the People's Government of Danzhou City, Hainan Province signed an agreement for high-quality cooperation in various fields.



August

CR Enterprise and the Chinese University of Hong Kong signed a cooperation framework to promote the development of regenerative medicine and renewable energy in Hong Kong.



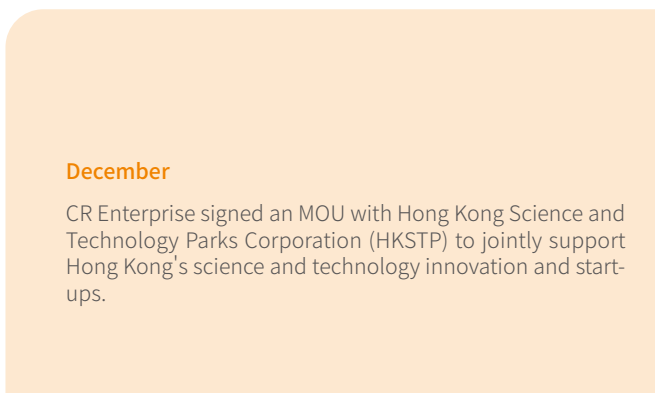
October

CR Enterprise and the City University of Hong Kong signed a cooperation agreement to establish a science and technology investment platform for developing sci-tech unicorns.



November

CR Enterprise and Fung Investments signed an MOU to expand investment in new consumer goods areas.








December

CR Enterprise signed an MOU with Hong Kong Science and Technology Parks Corporation (HKSTP) to jointly support Hong Kong's science and technology innovation and start-ups.



Spotlight 1: Contributing to Our Share to SDGs

SDGs	CRE Actions	CRE Actions in 2021
 1 NO POVERTY	<ul style="list-style-type: none"> Aligning our efforts to expand the achievements in poverty alleviation with efforts to promote rural vitalization, we offer targeted help in employment, consumption, and industrial development to eliminate all forms of poverty. 	<ul style="list-style-type: none"> We reached assistance programs in watermelons and apples with Zhongwei City in Ningxia and Yan'an City in Shaanxi respectively, helping 67 farmers and selling fruit worth RMB 8.5 million
 2 ZERO HUNGER	<ul style="list-style-type: none"> We take assistance measures to help people in need increase their agricultural production and income and give them a happy life. 	<ul style="list-style-type: none"> HK\$ 210,000 of donations
 3 GOOD HEALTH AND WELL-BEING	<ul style="list-style-type: none"> We improve the occupational health and safety management system and implement the work safety responsibility system. We strengthen psychological counseling for employees and organize regular health checkups to prevent health risks. 	<ul style="list-style-type: none"> 0 occupational diseases registered 100% health checkup coverage HK\$ 13 million invested in work safety 1,968 emergency drills organize
 4 QUALITY EDUCATION	<ul style="list-style-type: none"> Quality education is an important field for our social responsibility. Upholding educational equality, we help more people obtain better education opportunities. 	<ul style="list-style-type: none"> We launched the Hong Kong teenager vocational education project and the "six arts" project on the values of Hong Kong students to promote cultural excellence and academic development
 5 GENDER EQUALITY	<ul style="list-style-type: none"> We ensure gender equality and equal pay for equal work, creating a diverse, fair and just workplace. We support the career of female employees, strictly implement the provisions on leave for female employees during pregnancy and lactation, and protect the legitimate rights of female employees. 	<ul style="list-style-type: none"> Female employees account for 51.3% of total employees 22.9% executives are women

SDGs	CRE Actions	CRE Actions in 2021
 7 AFFORDABLE AND CLEAN ENERGY	<ul style="list-style-type: none"> We promote the use of clean energy while reducing fossil fuel, improve energy efficiency, and reduce energy consumption. 	<ul style="list-style-type: none"> We jointly developed the photovoltaic power projects, generating 164,262 kWh of electricity
 8 DECENT WORK AND ECONOMIC GROWTH	<ul style="list-style-type: none"> We provide stable employment opportunities, competitive salaries and benefits, and a good working environment. We build a hierarchical talent training system to improve career development channels. 	<ul style="list-style-type: none"> RMB 692,120 invested in employee training 115 hours of training per employee 7,735 participants in training 100% employees covered
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	<ul style="list-style-type: none"> To realize innovation-driven development, we continue to ramp up R&D investment and strengthen innovation capabilities and talent teams. We also accelerate the development of the sci-tech innovation business and help develop Hong Kong into an international I&T hub. 	<ul style="list-style-type: none"> RMB 17.5 million invested in R&D
 10 REDUCED INEQUALITIES	<ul style="list-style-type: none"> We forbid child labor, forced labor, harassment, and abuse, prohibit any form of discrimination due to gender, region, religion, nationality, etc., and ensure that every employee has equal opportunities. 	<ul style="list-style-type: none"> No child labor, forced labor, and discrimination occurred
 11 SUSTAINABLE CITIES AND COMMUNITIES	<ul style="list-style-type: none"> We continue to reduce the negative impact of cities on the environment and help build sustainable cities and communities. We organize volunteers to communities to assist in COVID-19 response and environmental protection. 	<ul style="list-style-type: none"> International Coastal Cleanup Hong Kong removed 57kg of beach debris We ensured the people's livelihood and helped the community fight the epidemic through the "Co-construction Plan", donations and volunteer activities
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	<ul style="list-style-type: none"> We advocate sustainable consumption and production, strictly follow laws and regulations, and use degradable and eco-friendly materials to reduce environmental impact. 	<ul style="list-style-type: none"> 0 quality and food safety incidents 100% complaint resolved RMB 268,500 invested in environmental management
 13 CLIMATE ACTION	<ul style="list-style-type: none"> We promote energy conservation, environmental protection, and carbon reduction, reduce greenhouse gas emissions, help achieve carbon peak and carbon neutrality, and mitigate global warming. 	<ul style="list-style-type: none"> 144.1529 tons of carbon dioxide emitted
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	<ul style="list-style-type: none"> We strictly abide by relevant applicable laws and regulations, ensure compliance, follow business ethics, and prohibit corruption, bribery, unfair competition, etc. 	<ul style="list-style-type: none"> 0 corruption and bribery-related lawsuits

Spotlight 2: Serving Hong Kong's Prosperity and Development

We will deepen cooperation among the Mainland, Hong Kong, and Macao; further enhance the Greater Bay Area's supporting and leading role in the country's economic development and opening up; support the integration of Hong Kong and Macao into the development of the country; enhance the well-being of Hong Kong and Macao compatriots; maintain the long-term prosperity and stability of Hong Kong and Macao.

——Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area

Central SOEs in Hong Kong shoulder the important responsibility of safeguarding national interests and promoting Hong Kong's prosperity and stability. In line with the concept of the "Care from Chinese companies in a shared journey", we prioritize "supporting Hong Kong's economy and serving Hong Kong's people" in our social responsibility fulfillment. We also contribute to social harmony, care about ordinary Hong Kong residents, and step up business development in Hong Kong. Together with all walks of life in Hong Kong, we guarantee people's life and focus on key social issues. We provide a platform for teenagers to grow themselves, and help those in need, and improve the life of Hong Kong residents. We are committed to boosting Hong Kong's prosperity and development based on our localized business.

Closely following government policies and making our business serve the development of Hong Kong

Under the CR Enterprise Strategic Plan, which is aligned with the *Chief Executive's 2021 Policy Address*, we aim to extend our development by developing our business in the Northern Metropolis of Hong Kong and commercializing sci-tech innovation, so as to help develop Hong Kong into an international I&T hub and make it serve the overall development of China.

Joining hands to build the Northern Metropolis of Hong Kong

Seizing development opportunities, CR Logistics has acquired East Asia Industrial Building in Tuen Mun and Mineron Centre, Fanling, increasing the storage area by 620,000 square feet. Such actions echo the planning in the *Chief Executive's 2021 Policy Address* to build an international I&T hub in the Northern Metropolis and make it the most vibrant area where urban development and major population growth of Hong Kong in the next 20 years will take place. At present, CR Logistics owns three warehouses in the Northern Metropolis with unique regional advantages. The warehouses will get larger, which is conducive to providing customers with more diversified and better services and offering more jobs to boost the local economy.



CREP's Sugar Street project has been completed, creating a new landmark in Causeway Bay



CR Logistics's East Asia Industrial Building in Tuen Mun officially put into operation

Promoting the development of the innovation and technology industry

CR Enterprise works with network partners under the strategy of "fully leveraging industrial resources to commercialize technological advances." Based on research needs and resources, we facilitate cooperation between Hong Kong and the rest of the world. We join hands with local research institutions and introduce top international talent to enrich Hong Kong's talent pool, and promote international technological exchanges and talent training. We also support those rising tech start-ups and commercialize Hong Kong's technology to foster new growth drivers for Hong Kong's economy.

Case > Working with the City University of Hong Kong to set up an investment platform for technology innovations

CR Enterprise and the City University of Hong Kong established the phase-one sci-tech investment platform with an investment of HK\$100 million, and invested in a selected group of potential sci-tech start-ups from the "HK Tech300", a leading university innovation and entrepreneurship program in Asia at a ratio of 50:50 to develop sci-tech unicorns in the Guangdong-Hong Kong-Macao Greater Bay Area. In March 2021, the City University of Hong Kong (CUHK) announced that it would launch an HK\$-500-million large-scale innovation and entrepreneurship program, HK Tech 300, to support CUHK students, alumni, and young researchers who are interested in starting a business. The program aims to help to-be-entrepreneur CUHK students to set up 300 start-ups over the next three years.



Case > Signing a MOU with HKSTP

In December 2021, CR Enterprise signed an MOU with Hong Kong Science and Technology Parks Corporation (HKSTP) located in the Northern Metropolis to support the development of the local innovation and technology industry. Scientific research facilities and resources will be provided in the HKSTP and INNOPARK to help sci-tech start-ups test innovative solutions, and assist them in transforming their scientific research results, while bringing in top international professionals to enrich Hong Kong's talent pool, with a view to promoting Hong Kong as an international center for innovation and technology.



Focusing on key issues related to people's livelihood to build a better future for Hong Kong

Targeting key social issues such as the entrepreneurship, employment, and study of young people, CR Enterprise organizes a variety of projects to diversify the channels for Hong Kong's young people to pursue their careers in the mainland. We also prioritize key groups and contribute to a better Hong Kong with diverse community activities.

Entrepreneurship training plans help young people serve the development of the GBA

Pacific Coffee, a subsidiary of CR Enterprise, and Hong Kong College of Technology (HKCT) have jointly launched the "Dreams" Greater Bay Area Entrepreneurship Training Program to offer training, internship, and entrepreneurial support for Hong Kong young people in the Greater Bay Area. As the first Hong Kong young people internship exchange program during COVID-19, it explores a new sustainable work model for Hong Kong young people and guides them to serve the development of the Greater Bay Area. Finally, two Hong Kong teams stood out and received RMB 1 million of start-up funds respectively.



Scan to learn more about the "Dreams" Greater Bay Area Entrepreneurship Training Program



"Dreams" Greater Bay Area entrepreneurship training program



Vocational training equips vocational skills

CR Enterprise fully supports the career development of Hong Kong young people by carrying out the Hong Kong teenager vocational education project. Through the "Y-WE Useful" work experience program launched by the Teenager Enterprise Development Alliance, the "Successful Offers" youth self-challenge and reward program in Tuen Mun, and the College Students Summer Internship Program hosted by the Hong Kong Chinese Enterprises Association, we have provided more than 30 internship positions, with one-to-one tutoring, on-the-job training, and cross-industry visits for more than 100 teenagers. These activities help them explore their future, equip them with work skills, and better adapt to workplaces.

Comments from stakeholders

The program gives me a better understanding of my passion and my future career plan. I have gained a lot of first-hand experience through the program.

—Comments from teenagers

Academic education fosters patriotism

CR Enterprise, together with Tsinghua Bauhinia Center and Hong Kong Values Education Promotion Center, produced popular science videos under the theme of "six arts" and distributed more than 1,500 sets of cultural and creative products to promote values education and traditional Chinese culture textbooks among third and fourth graders in primary schools. We help them understand Chinese culture and develop patriotism.



Cultural activities spice up life

Pacific Coffee cooperated with ADAM Arts Creation to hold the "Pacific Coffee x ADAM Art Jamming" long-term event, providing free venues for disabled artists to teach ink painting and assisting the activity promotion. In 2021, a total of seven sessions were held in cooperation with ten artists, involving 381 participants. They helped disabled artists develop their careers, increase their income.

Comments from stakeholders

It is not easy to work in the art industry in Hong Kong. Disabled artists face more challenges than others. I hope to have equal opportunities and speak with my works, making more contributions to society.

—A disabled artist participating in the event



Chen Ying, Deputy General Manager of CR, Chairman and CEO of CR Enterprise, visits disabled artists who hold painting activities in a Pacific Coffee shop



Jonathan Somerville, CEO of Pacific Coffee, observes a boy drawing his painting

Spotlight 3: Fighting COVID-19 in Solidarity

Three "alls": Bringing COVID-19 under control is a task that should be prioritized over all; all forces and resources should be mobilized; and all necessary measures should be taken.

Two "guarantees": We must guarantee the safety and health of Hong Kong citizens and guarantee the overall stability of Hong Kong.

——General Secretary Xi Jinping's important instructions on "three alls" and "two guarantees" for Hong Kong to fight COVID-19

Simultaneous outbreaks of COVID-19 in different regions complicate COVID-19 prevention and control. CR Enterprise has resolutely followed the important instructions of the central government and gone all out to support the fight against the virus in Hong Kong and some Mainland cities. As the main business force of CR in Hong Kong, we have secured daily supplies and taken multiple measures to maintain Hong Kong's stability, working together with the city to get through tough times.

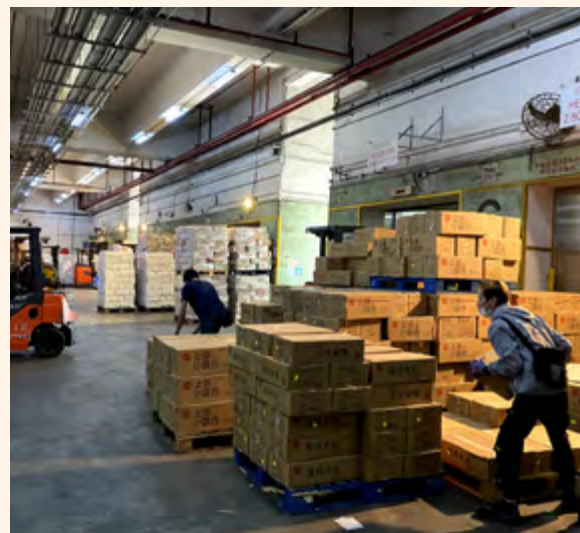
Guaranteeing people's livelihood

CR Enterprise leverages our business strengths to ensure the people's livelihood and timely storage and allocation of medical supplies. We care about partners by reducing rents and providing relief for tenants, and maintain the health and vitality of the retail market and the Hong Kong community with practical actions.

Case » Ensuring stable supply and production to serve people's life in Hong Kong

COVID-19 brought huge shocks to the supply of frozen and fresh aquatic foods in Hong Kong, affecting the daily life of Hong Kong residents. China Resources Ng Fung Guotong (Guangdong) Supply Chain Service Co., Ltd., a subsidiary of CR Enterprise responsible for supplying aquatic foods to Hong Kong, received urgent orders from various distributors in Hong Kong. Thus, it coordinated with the customs, bonded logistics centers, and other regulatory agencies to resume supplies to Hong Kong as scheduled when meeting the requirements of COVID-19 prevention, ensuring stable supplies of food in Hong Kong.

As a vibrant force in ensuring people's daily supplies, despite of difficulties such as severe labor shortages due to employees' home quarantine, many CR Logistics' employees still stood fast at their posts and worked extra hours to secure daily food supplies including meat, seafood, and frozen food in Hong Kong. All employees did their best to support each other for safe and orderly business operations. CR Logistics has spared no effort to ensure the normal operation of warehouses in Hong Kong.



Case » CREP's "Co-construction Plan" reduces rents for tenants in Hong Kong

CREP launched the "Co-construction Plan" under the theme of "Fighting COVID-19 and Recovering Communities". With measures in place to ensure the safety of tenants, customers, and employees, we offered a package of backup services including rent reduction, distribution of medical supplies, and marketing campaigns to support the tenants in CREP's shopping malls. We reduced or exempted rents for 22 restaurants, 31 tenants that were closed due to the epidemic, and other small and medium-sized tenants struggling in business operation. It was expected that 229 tenants were bailed out. Meanwhile, CREP, together with Hong Kong individuals and groups, built a care platform that facilitated effective communication between owners and tenants and supported community residents. Under the platform, the CREP Volunteer Team helped distributed 10,000 COVID-19 testing kits provided by the Maoming Association and the Huazhou Association in Hong Kong to nearly 300 tenants of CREP's shopping malls. CREP always followed the updated COVID-19 policies of the HKSAR and provided targeted relief measures according to the actual needs of tenants, helping them ride out the epidemic together.

Comments from stakeholders

We were very surprised when receiving supplies. The notice of rent reduction and COVID-19 package also warmed us. This round of COVID-19 outbreak made us closer, making our difficulties and business conditions heard. We now have more confidence in the COVID-19 fight, future cooperation, and common development in the long run.

——A tenant of Tsuen Wan New Town Mall



Case » CR Logistics provides a 100,000-square-foot warehouse to store medical supplies in Hong Kong

In order to ensure the arrival and subsequent storage of more than 100 million sets of rapid antigen test kits procured by the Hong Kong SAR government, CR Logistics quickly responded to the Government Property Agency's request to visit the East Asia Industrial Building in Tuen Mun. When the agency confirmed that the warehouse met requirements, CR Logistics quickly started the decision-making process and made preparations at the same time. A total of about 100,000 square feet of storage space was provided to store COVID-19 supplies and support pandemic monitoring.



Fighting COVID-19 together

CR Enterprise demonstrates its responsibility as a central SOE and implements instructions of "confidence, solidarity, and swift actions are must-haves in fighting COVID-19". We have established a volunteer team to support the front-line COVID-19 response. We also donated medical supplies and delivered free coffee, food and drinks to medical staff to help fight the virus with people from all walks of life.

HK\$ **308,050**
Donated to fight COVID-19

Case > CR Enterprise donates supplies to help Hong Kong residents tackle COVID-19

We focused on those vulnerable groups most affected by COVID-19 by donating money, 2,720 rapid test kits, 24,000 masks, 10,000 bottles of hand sanitizers and other medical supplies, all of which were worth over HK\$120,000. We also provided 720 old people and service providers with supplies and moral support in some nursing homes through first batch of "Caring for Communities" donation campaign to help them get over obstacles.

Case > CREP carries out donation and volunteer activities to help Hong Kong

CREP organized donation and volunteer activities of "Walking Together with No Quarantine" to Hong Kong's COVID-19 response efforts. The "CREP Volunteer Team" was sent to the Tsuen Wan community to distribute 1,000 rapid test kits and 10,000 medical masks etc. Backed by the Hong Kong Agency for Volunteer Service, CREP's employees went to Tuen Mun to help package 600 rapid test kits, an activity organized by the Home Affairs Bureau, and distributed these medical supplies to citizens in need.



A volunteer team facilitates the last mile for medical supply distribution in Hong Kong



Pacific Coffee organizes donations in Beijing, Liaoning and other areas



Pacific Coffee distributes COVID-19 self-test kits to Hong Kong Diploma of Secondary Education Examinees



International Distribution donates supplies worth around RMB 78,000 to two hospitals under CR Healthcare to support COVID-19 response in Xi'an

Joining hands to tackle COVID-19

CR Enterprise implements internal COVID-19 preventive requirements, supervises the implementation of daily COVID-19 measures, and tries every means to prevent the spread of the virus. We also protect employee health based on people-centered management, such as distributing COVID-19 packages. We ensure daily supplies, and encourage vaccination, trying to strike a balance between stable operation and the health and safety of employees.

HK\$ **411,227**
Invested in employee care during COVID-19

Headquarters

- Preparing care packages and distributing 3,578 rapid test kits, 2,054 boxes of Lianhua-Qingwen capsules, and other materials to over 1,400 employees;
- Providing more than 200 packages of vegetables, fruits, meat, and supplies for employees in Shanghai and providing "one-to-one" care to relieve mental pressure and anxiety.

Pacific Coffee (Hong Kong and overseas)

- Distributing meals every day for the functional department employees in a closed loop to ensure no transmission risks;
- Delivering 1,300 rapid test kits and 650 boxes of Lianhua-Qingwen capsules as well as medical and basic supplies.

CR Logistics

- In response to the SAR government's vaccination plan to build a strong line of defense, CR Logistics launched an incentive program to encourage employees to get vaccinated as soon as possible, creating a positive atmosphere of "fighting COVID-19 by getting vaccinated together";
- As of December 31, 2021, 90% of CR Logistics employees had received two doses of COVID-19 vaccines.

International Distribution

- Delivering daily necessities for 14 quarantined employees in Xi'an;
- Organizing more than ten employees in Shanghai to purchase supplies to alleviate the shortage.

Case > CR Enterprise's flexible work mode protects employees' health

CR Enterprise has launched a flexible work mode combining "on-site rotation with working from home (WFH)". To facilitate such mode, we expanded the firewall capacity and arranged some WFH employees who have more favorable working conditions. We minimized office gathering and at the same time offered multiple protection for employees on site by setting up body temperature detectors and disinfection equipment, and using shuttle buses to send employees to safeguard employees' health.



Disinfection at the office entrance



COVID-19 packages for employees

Shareholders

We Live up to Their Trust and Create Value

CRE Responsibility

We improve systems, standardize the exercise of duties, enhance governance efficiency, and make our governance standardized, science-based, and effective. We also practice business ethics and responsible and transparent operations, maintain solid internal risk prevention and control, promote sound development, and share sustainable development results with stakeholders.

CASS-CSR4.0 Indicators

M1.1/M1.2/M1.3/M1.4/M1.5/M1.6/
M1.7/M1.8/M3.1/M3.3/S1.1/S1.2/S1.3/
S1.4

SDGs :

16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



HK\$ **47.154** billion
Total assets

HK\$ **2.888** billion
Operating income

164 %
Value preservation and value-added rate of
state-owned assets

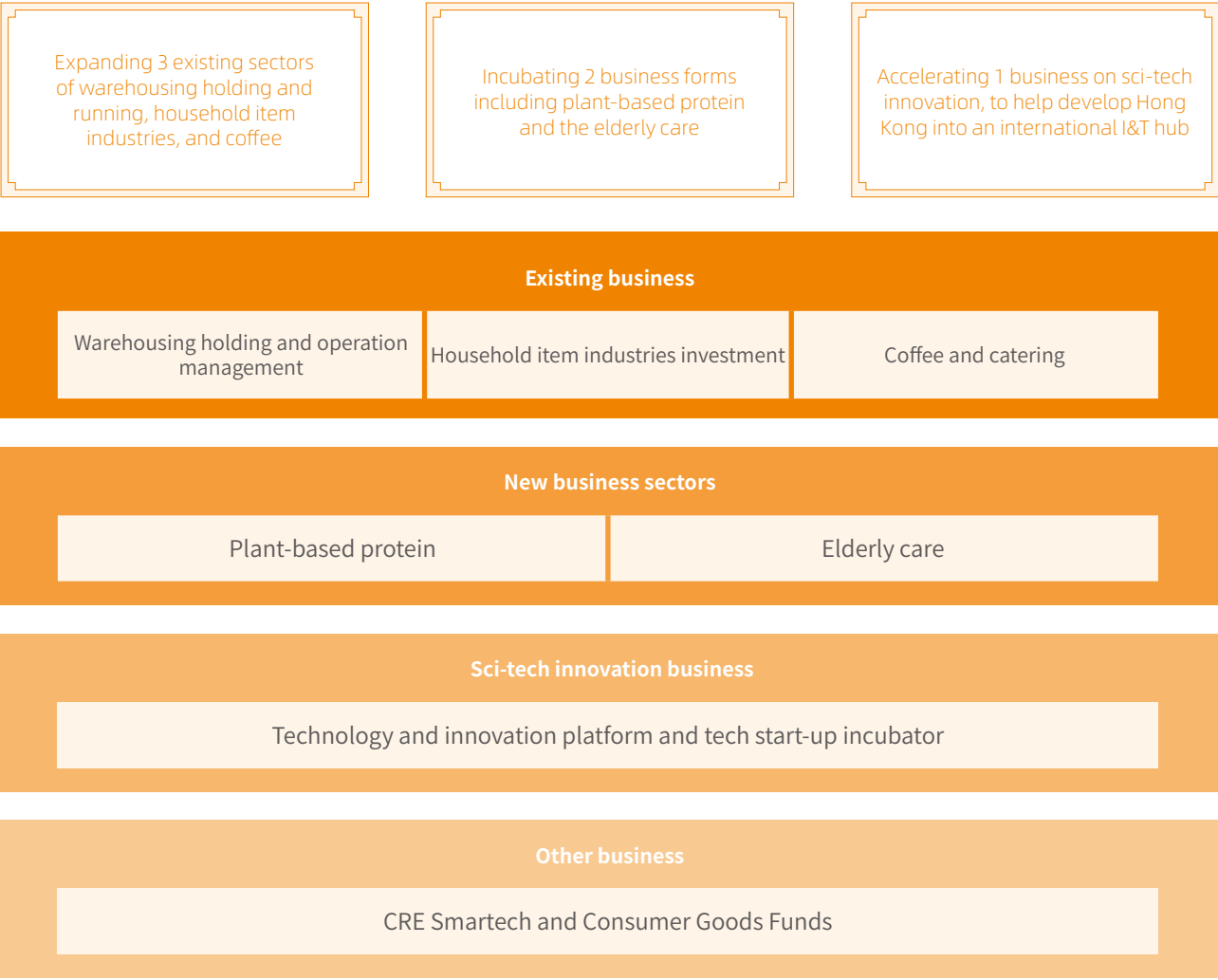
HK\$ **29.293** billion
Owners' equity



Better Operation and Management

Seizing the strategic opportunities from the 14th Five-Year Plan, CR Enterprise has implemented China's key strategies and CR's deployment. We incubate new business formats and become an investment incubation platform for new industries. We continuously improve our competitiveness to be the main force for CR's business in Hong Kong, pioneer the overseas business expansion, and accelerate the development of new industries.

CR Enterprise "321" business development roadmap



In 2021, CR Enterprise implemented the "321" business plan to explore opportunities for external investment and M&As, and extend our industrial footprint. By inspecting and approving several warehousing, property storage, and coffee & food projects, we promoted the vigorous development of warehousing holding and operation management, and strove to build a distinctive and leading retail property investment company in Hong Kong communities and make Pacific Coffee the most influential cultural and catering brand. We also analyzed new business sectors such as plant-based protein and elderly care, in an effort to cultivate industrial leading enterprises. Besides, we advanced cooperation with Hong Kong universities, HKSTP, Cyberport, and other institutions, aiming to build influential technology and innovation platforms, and incubate tech unicorns and gazelle companies. We also followed potential projects to incubate other new business sectors with potential and long-term values, trying our best to return investors with better business performance.

Governance Foundation

CR Enterprise fully implements the relevant requirements of China's reform and CR's development, adapts to the new normal, and builds a sound and higher-efficient governance structure and mechanism to maintain stable and harmonious investor relations (IR).

Sound governance system

We strive to establish a corporate governance system that fits into our image as an international company. The Board of Directors formulates overall strategic plans, decides on major operation and management matters, supervises the performance of the management, and examines various risks. It also improves corporate governance system to ensure stable operation.

Implementing policies of diversity

We have restructured the Board of the headquarters and important subsidiaries and deliver the policy of diversity in professional experience, gender, and capabilities of the Board. In 2021, the Board of the headquarters was expanded from three members to five, including two executive directors and three external directors, and one female director. Pacific Coffee (Hong Kong and overseas) introduced three shareholders as board directors to help promote strategic IT applications and the building of youth culture in Hong Kong.

Improving governance efficiency

We have launched the "action to improve our management by benchmarking with world-class companies" to optimize our decision-making. In 2021, we added offices and functions of the Board, and organized the meetings of new directors to optimize the corporate governance structure and decision-making system. We also completed the restructuring of the Board and reviewing and passing fifteen proposals. We organized on-site visits of directors to different business sectors and subsidiaries and received the visit of CR's foreign directors to our company. They provided suggestions for our strategic development plan and capital operation during the 14th Five-Year period.

Deepening reform

We have established a task force of corporate governance to promote the three-year action of SOE reform, made sure that mechanism building and SOE reform go hand in hand, and carried out annual reviews and improvements of our policies. We released 68 policies and organized 29 training sessions in 2021. We have improved the top-level design of our system, and provided customized guidance for subsidiaries and help them to formulate or improve the employee duty manuals, board meeting rules, and other governance policies to put in place a well-connected and powerful system. We have also established a policy framework, and made it available online, and transferred 302 policies in total to improve our IT-based governance



Better organizational structure

In compliance with relevant laws and regulations and the articles of association, we have established a complete and effective corporate governance structure and rules of procedure at all levels. Based on the clear rights in decision-making, execution, and supervision, we have developed a science-based and standardized division of responsibilities and checks & balances. In order to establish an organizational structure and management system in line with the strategic plan and business goals set for the 14th Five-Year Plan period, in 2021, we conducted extensive research and seminars to optimize the headquarters structure and management functions, and stripped three first-level profit centers. We also added CR China Reform and CR Verlinvest through resource allocation, laying the foundation for business transformation and upgrading.

CR Enterprise has established the Equity Management Department. Through capital management and operation, we build a high-quality cooperation platform, source new projects, and maintain the dynamic adjustment of the capital structure in existing projects. We strengthen the management of our invested companies and formulate the Management Measures for Invested Companies (Trial), becoming CR's first company to standardize and institutionalize management of the invested companies through an innovative shareholding management committee. We also maintain relations with the Board of Directors and management of key invested companies by conducting regular and effective communication with the management of the invested company or joint venture party and implementing supervision to ensure value preservation and appreciation of state-owned assets.

IR management

We continue to facilitate investor communication channels, protect the rights of small and medium investors, and strictly comply with relevant regulatory requirements to disclose information in a compliant, accurate, and timely manner. We also update the latest information on our official website, official WeChat account, and other platforms and publish regular business performance reports to realize candid communication with investors.

Integrity and Compliance

CR Enterprise has set the bottom line of compliance, strengthened risk identification, monitoring, and prevention, and promoted anti-corruption to create a clean corporate atmosphere.


Risk management

We value and improve the compliance-based corporate governance, strengthen the internal control system and risk management, and establish a mechanism to regularly monitor and report major risks in operating revenues and credit management to ensure the long-term compliance of the company.

Major risks identified	Measures
<ul style="list-style-type: none">• M&A investment risks• Strategic management risks• Human resource risks• Operational risks• Overseas operation and compliance risks• EHS risks• Information system risks• Public opinion and reputation• Credit risks	<ul style="list-style-type: none">• We standardize decision-making in strict accordance with the “three major and one large” policy and investment decision-making process.• We fully carry out strategic discussions, identify major external factors, and set up scenario-based contingency plans.• We establish and improve the human resources supporting mechanism applicable to the new strategy.• We monitor the Company's financial status, promote flexible leasing, control and reduce losses to ensure profits.• We monitor changes in laws, regulations, and the regulatory environment to improve compliance risk analyses.• We normalize COVID-19 control and implement EHSQ responsibilities.• We ramp up investments in the security technology evaluation mechanism and network security infrastructure building.• We strengthen quality control and internal supervision, improve public opinion management, and reduce risks in this regard.• We regularly monitor the credit risks of customers, conduct risk early warning in a timely manner, and clear overdue accounts.


Business ethics

CR Enterprise complies with business ethics and market rules, implements the decisions made by the central government and CR, and prevents corruption, embezzlement, bribery, fraud, and money laundering.




Strengthening overseas compliance supervision

We set up compliance management departments in three profit centers in Hong Kong and formulate the *Interim Measures for the Business Management of the Compliance Management Department of Profit Centers in Hong Kong*, laying an organizational and institutional foundation.




Promoting clean practices on holidays

We issue notices calling for clean practices on holidays and releasee-posters on anti-corruption to create a clean atmosphere for the holidays.



Innovating in integrity education

We organize compliance training, carry out “CRE Integrity Education” monthly education and publicity activities, and hold warning and education conferences with 306 participants to raise employees’ awareness of the bottom line.



Improving the "Overall Supervision" system

- According to the strategic adjustment of CR Enterprise, we revise the guidelines for the "Overall Supervision" and update the work list accordingly.
- We strengthen the connection between discipline inspection and audits and compile the *Guidelines on Strengthening the Coordination Between Inspection and Audit*.
- We rectify power abuse and carry out joint supervision on problems, for example, managers running businesses.
- We strengthen the audit and supervision of overseas business units, continue to supervise crucial risk areas and key business processes, and urge the rectification of identified issues.
- In 2021, we conducted 6 audit projects of different types.



Employees

We Respect the Efforts of Every Employee

CRE Responsibility

Employees are important strategic resources to enhance CR Enterprise's competitiveness and sustainable development. Adhering to the guideline of "respecting people's value," we provide equal employment opportunities, improve channels for democratic communication, and optimize the compensation and benefits system to safeguard the rights and interests of our employees. Meanwhile, we strive to improve our talent training system to boost employee career development, and fulfill our responsibility to protect their occupational health and safety by launching safety training programs. In addition, we care for staff with special needs, in an effort to promote employee wellbeing.

100%
Labor contract signing rate

100%
Social insurance coverage

100%
Health check coverage

22.9%
Percentage of female managers

0
Work-related fatalities

CASS-CSR4.0 Indicators

S2.1/S2.2/S2.3/S2.4/S2.5/S2.6/S2.7/
S2.8/S2.9/S2.10/S2.11/S2.12/S2.13/
S2.14/S2.15/S2.16/S2.17/S2.18/S2.19/
S2.20/S3.1/S3.2/S3.3/S3.4/S3.5/S3.6/
S3.7

SDGs :

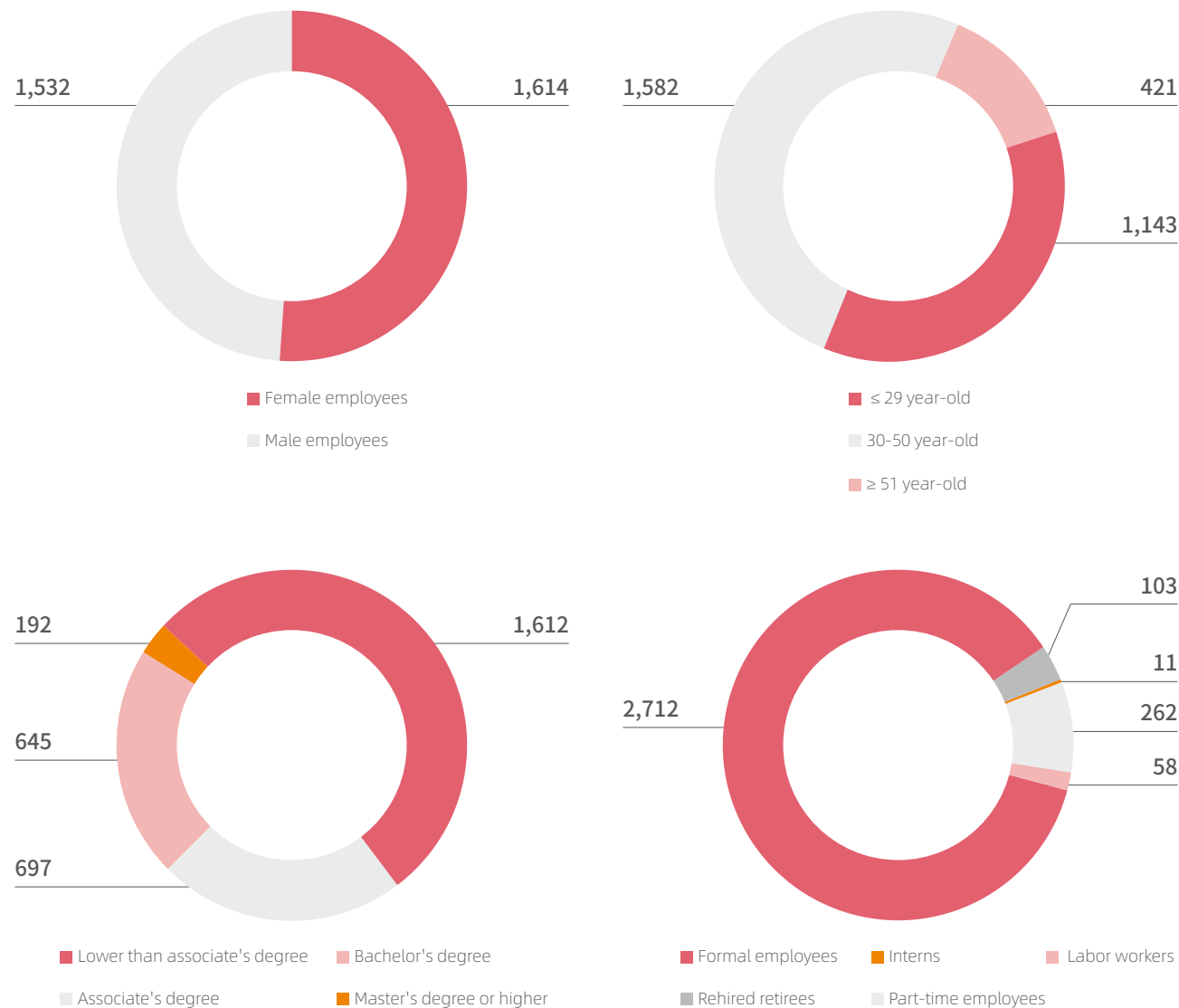


Protection of Employee Rights

CR Enterprise respects and protects employees' legitimate rights and interests. In strict compliance with the *Labor Law of the People's Republic of China* and other relevant laws and regulations, we have established a sound rule and regulation system for labor management. We unblock channels for democratic communication and feedback to hear voices from employees at all levels. We have optimized the compensation and benefits system to promote harmonious labor relations. In 2021, CR Enterprise had 3,146 employees in total, with the labor contract signing rate of 100%.

Equal employment opportunities

Upholding the principle of equal employment, we support equal pay for equal work and oppose any discrimination due to gender, region, nationality, educational background, or religion. We ensure a transparent, open, and just recruitment process, providing equal opportunities for all applicants. Moreover, we uphold a law-based employment strategy that forbids child labors, forced labors, and workplace harassment and maltreatment. We respect and protect our employees' privacy, and seek to foster harmonious labor relations.



Democratic communication

We adhere to our democratic management system and respect employees' freedom of speech and expression. Through effective opinion-collection and feedback mechanisms for ordinary employees, we listen attentively to their suggestions and opinions while giving prompt feedback, and endeavor to take actions accordingly. In doing so, we continuously increase our employees' satisfaction and engagement, and create an uplifting, harmonious, and democratic ambience. In 2021, CR Enterprise Labor Union was founded, and the staff membership rate reached 100%.

Case > CR Enterprise conducts a "three-sense" survey on employees' satisfaction rate

In order to listen to our Hong Kong-based employees and give play to the role of democratic participation, CR Enterprise conducted research on Hong Kong employees' sense of belonging, sense of identity, and sense of involvement, with 1,470 valid questionnaires collected, or a participation rate of 91.6%. The Company organized 11 group interviews and 16 interviews among the management, with 103 interviewees in total. The research findings and improvement plans were formed according to survey results on career development opportunity, performance management, compensation and benefits, management localization, and publicity and education of corporate culture and values. Our employees' engagement has been improved through effective and unblocked communication.



Optimal compensation and benefits system

We have established a comprehensive compensation and benefits security system and signed law-based labor contracts to protect CR Enterprise employees' right of remuneration for labor. We've paid the old-age pension, medical insurance, unemployment insurance, and maternity insurance, workers' compensation, and housing provident fund for all our employees and paid Mandatory Provident Fund (MPF) for Hong Kong-based employees. Meanwhile, we have established a supplementary pension insurance system and provided enterprise annuity for all employees. Our employees can enjoy statutory holidays and 15 days of paid annual leave. Women workers are entitled to take maternity leave and breastfeeding leave. In 2021, we applied for special fund for talent development provided by Qianhai authority, Shenzhen, job subsidies, and childbirth subsidies for eligible departments and employees, thus well safeguarding our company's and employees' rights.

Talent Training

CR Enterprise values talent training and has established diversified training systems and a "dual-track" for career advancement to encourage employees to improve their vocational skills, expand development path, create value, and grow together with CR Enterprise.



Diversified training system

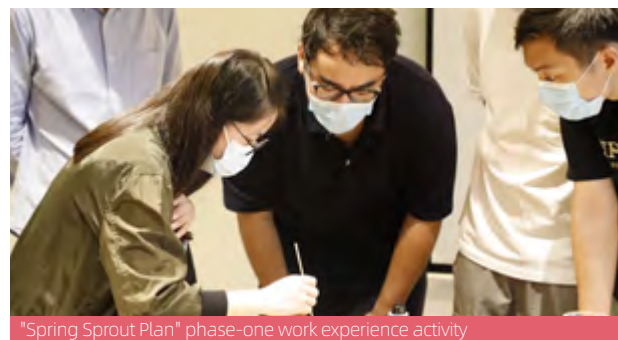
Following the talent development guideline of "respecting people's value, developing people's potential and sublimating people's soul," as well as our development direction during the "14th Five-Year Plan" period, we have improved the hierarchical and classified talent training system. Supported by internal and external resources, we provide diversified talent training and development programs for our management trainees, business cadres, and executives through practical experience, tutoring, and job rotation. In line with the Company's strategic transformation and business development, we have launched the Shenzhen-Hong Kong cooperative training program, in a sustained effort to enlarge our reserves of professional and interdisciplinary talents.

Case > A new journey: CR Enterprise launches series learning on "14th Five-Year Plan" among managers

CR Enterprise launched series learning on China's 14th Five-Year Plan among managers. We collaborated with Tsinghua University to produce livestream courses such as *Guiding Principles of the 14th Five-Year Plan and the Two Sessions*, *Accelerating the Establishment of A New Development Paradigm*, *the 14th Five-Year Plan and Digital Economy*, *Innovation-driven Development and Industrial Modernization*, which thoroughly illustrated the main ideas of the 14th Five-Year Plan and helped grasp the outline of the Plan and the priorities of future development. In total, 57 senior and first batch of young managers participated in the training, with a satisfaction rate of 98%.

Case > CR Enterprise launches the "Qihang" program to cultivate management trainees

In November, 2021, CR Enterprise started a one-year "Qihang" program to cultivate management trainees. Hong Kong graduates recruited under "Youth Development · University Graduate Sailing Plan" program would be cultivated through the model of "one-month fit-in period, one-year on-job training, three performance evaluations" with tutors to customize their personal development plans. In addition, we organized a two-week CR Enterprise "Sailing" training class, enabling management trainees to have independent and concentrated online learning, exchange learning gains, and join a weekly sharing session, etc. These efforts helped the trainees better identify with and fit in CR Enterprise culture and contributed to bringing in high-quality talents in Hong Kong, who have a precise understanding of China's mainland as well as Hong Kong.



"Spring Sprout Plan" phase-one work experience activity



Unblocked promotion channels

Upholding the principle of prudent person-job selection and employment, we have continuously improved the promotion system, attached great importance to the selection and training of younger reserve talents, and opened up a "dual-track" for career advancement, so as to provide a broader development platform for CR Enterprise employees.

Occupational Health and Safety

Thanks to the strategic transformation, CR Enterprise has phased out manufacturing factories. Our occupational health management has pivoted to the health management of all the employees accordingly. We have fulfilled our safety responsibilities by organizing training on work safety, occupational disease prevention publicity, implementing CR Enterprise's safety culture, so as to protect our employees' occupational health and safety in all aspects.

Safety responsibilities

We attach great importance to CR Enterprise employees' health and work safety. In strict compliance with national policies, laws, and regulations, we work to strengthen the awareness of not crossing the safety red line, improve the work safety management system, and implement the system of accountability for work safety. In 2021, CR Enterprise invested HK\$13 million in work safety, and no casualties occurred.

Work safety management. CR Enterprise strives to improve the EHS system. We have formulated and revised 8 regulations and measures regarding work safety, signed 21 EHS letters of commitment. We have established a safety risk assessment system and conducted multiple hazard hunts. Through regular risk assessment, hazard identification, and informed cards for job risk etc., we have augmented our ability to prevent and control risks.



CR Logistics improves the logistics safety management system, with 9 EHS management-related policies rolled out and 14 policies revised and compiled.



Pacific Coffee improves its emergency management mechanisms by drawing up 1 general emergency plan and 7 special emergency plans.



CREP acts according to the ISO 9001 Quality Management Systems, and establishes response mechanisms for 20 emergency cases (typhoons, heavy rains, fire alarms, gas leaks, etc.)



International Distribution releases detailed assessment standards for EHS performance and incorporated EHS management into routine assessment.

31

Safety management personnel

327

Cases of safety hazards hunted

91.4 %

Rectification rate of safety hazards



EHS Committee Enlarged Conference interprets the latest edition of the Work Safety Law of the People's Republic of China for alerting and educational purposes

1,968

Safety emergency drills

Occupational health management. CR Enterprise has revised and released the *Occupational Health Management Measures and Guidelines for the Management of Personal Labor Protection Products*, giving full play to the Company's leading role in health management. In addition, we organize employees to have regular health examinations. Through the publicity of the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, first-aid skills training, safety and emergency drills, mental health education and other activities, we seek to strengthen employees' health awareness and emergency response capabilities. In 2021, CR Enterprise boasted zero serious safety accident and occupational disease-induced accidents.

CR Logistics and Pacific Coffee carry out "Occupational health week," "Publicity of the Law on Prevention and Control of Occupational Diseases" and other activities

CREP assesses the risks of displays to safeguard employees' health

International Distribution engages in regular investigation and assessment of factors causing occupational diseases in its subsidiaries and provides emergency relief equipment

CRE Smartech buys commercial insurance and organizes health examinations for its employees, and provides trainings to publicize the Law on Prevention and Control of Occupational Diseases

Safety culture

In line with the CR's safety culture, we have deepened our safety culture system building and carried out various training and special learning activities to create safety culture atmosphere and strengthen our employees' work safety awareness.

Pacific Coffee (Hong Kong)



- Carrying out occupational health publicity and education activities, with 6 image-text and video coursewares and 1,500+ participants

Pacific Coffee (Mainland)



- Organizing trainings on work safety and occupational health, with 12,000+ participants and a total of 18,616 training hours

International Distribution



- Improving the EHS training matrix, including 11 posts, 5 training modules, and 45 themes
- Carrying out 24 internal and external trainings, with 499 participants and 714 training hours in total

Employee Wellbeing

Putting people first, CR Enterprise cares about employees' physical and mental health and has built a comfortable and harmonious working environment. We have shown our concern for employees with special needs and been devoted to helping employees in difficulties. Diversified cultural and sports activities have been organized to achieve work-life balance, so that our employees can enjoy work and life.

Employee care

CR Enterprise cares about the employees' physical and mental health. Through the "Serve the People with Concrete Action" activity, we visited retired employees regularly and helped needy employees to solve problems that concern our employees the most. In addition, we respect and protect female employees' legitimate rights and interests and complies with the *Law of the People's Republic of China on the Protection of Women's Rights and Interests*. We stand firm against gender and status discrimination in the workplace and insist on equal employment for women.

Case > CR Enterprise's "CRE with U" psychological counseling services for employees

In step with CR's "CR with U" employee care program, and to help our employees better adapt to CR Enterprise's changes and development and promote the implementation of our development strategies during the "14th Five-Year Plan" period, we have organized psychological counseling specifically for Hong Kong and Shenzhen employees. Professional counselors were hired to help our employees through psychological intervention and emotional relief, so as to reduce their mental strain.



Establishing employees' "Loving Care Service Station" and "Workers' Home" of CR Enterprise Labor Union

Work-life balance

We advocate a positive, green, and healthy lifestyle. We formed sports clubs such as basketball, badminton, outdoor running and yoga etc., in an effort to relieve our employees' work stress, protect their physical and mental health and create a joyful working and recreational environment.

Case > CR Enterprise carries out activities themed "Re-entrepreneurship for longstanding glory"

CR Enterprise carried out a total of 17 activities ranging from movie watching, knowledge contests to reflection paper competition and "RUN MA online running race" with over 10,000 participants. Relevant associations organized 150+ activities, covering over 5,000 participants. Various recreational and sports activities could help our employees relax themselves and therefore boost team cohesiveness.



CR's original musical poem drama "Run the Things and Cultivate the Heart" won the second prize in the cultural performance of the 30th anniversary of China Enterprise Association

Customers

We Bring New Solutions to Our Customers

CRE Responsibility

Guided by the concepts of craftsmanship and quality, we improve the product quality and safety management mechanism, heighten employees' quality and safety awareness, and strengthen the quality management of the entire industry chain to ensure the health and safety of customers. We insist on innovation-driven development, enhance our brand innovation, and enrich product offerings to meet different needs of consumers. We continue to improve customer services, proactively respond to customer complaints, and strengthen the protection of customer rights.

CASS-CSR4.0 Indicators

M2.1/M2.2/M2.3/M2.4/M2.5/M2.6/
M2.7/M2.8/M2.9/M2.10/M2.11/M2.12/
M2.13/M2.14/M2.15/M2.16/M2.17/
M2.18/M3.5

100%
Ratio of qualified products

0
Quality & food safety incidents

17.5 million
RMB R&D investment

SDGs :



Product Guarantee

CR Enterprise pursues high-quality development, continuously improves product quality system, and implements product safety responsibilities. We enhance quality management throughout the entire industry chain and conduct product traceability. We improve the emergent product recall mechanisms and win consumers' trust with high standards and a responsible attitude.

Better quality management system

We strictly enforce Chinese laws and regulations, national or industry standards, and the standards of model counterparts. We have fully established an internal quality control system. Among our quality standards, over 300 standards are stricter than the national ones and some indicators have reached advanced level in the industry. Gradually, we put in place a quality and food safety management system, covering all business processes such as planting and breeding, product design and development, raw materials and supplier management, food production and processing, logistics, warehousing, terminals, customer grievance, and non-conforming product management. Professional inspections and internal audits are carried out to closely supervise production and operation processes.

Case > Pacific Coffee strengthens the quality management of the whole industry chain

100 %
Ratio of qualified products

0
Product recalls in 2021

As a member of the Hong Kong Federation of Restaurant & Related Trades Limited, Pacific Coffee attaches importance to the quality of raw materials by establishing a supply chain management model for product access, warehousing, transportation, sales, and other links. It also identifies products with potential safety and health risks in accordance with the *Non-conforming Product Management Process*, *Food Recall Management Measures*, and other documents. It investigates hidden problems by source-to-terminal traceability and follows up the rectification to effectively safeguard the health of customers.

0
Quality and food safety incidents

66
Quality complaints

100 %
Complaints resolution

Solid quality foundation

We have organized the themed Quality Month activity of "Consolidating Quality Foundation & Boosting Transformation", and carried out two-month special training and research on EHSQ lean management tool. Through three stages of the quality control circle (QCC) tool basics, research tutoring, and research publications, we have finally yielded 6 research results such as "reducing the failure rate of the number of bacterial colonies on food contact surface in pre-processed rooms". Our results have been recognized by national QCC experts in QCC releasing activities.

Innovation-driven Development

In response to China's innovation-driven development strategy, CR Enterprise establishes an R&D management system, ramps up innovation input, introduces international talent, and helps develop Hong Kong into an international I&T hub. We also promote the transformation of global cutting-edge innovative sci-tech achievements, improve the quality of products and services, and foster new growth drivers to create values for enterprises, customers, and the society.

Technology innovation

Upholding the core value of "innovative development", we coordinate the innovation efforts of CR Enterprise during the "14th Five-Year Plan" period, standardize scientific innovation management, and establish the Science and Technology Innovation Committee. We will take over the CR Research Institute of Technology and Science (CR-RITS) Co., Ltd. to build CR's R&D platform in Hong Kong.

RMB **17.5** million
R&D investment



Intensifying institutional guarantee

For CR Science and Technology Research Institute, we have formulated policies such as the *Management Measures of Research Projects (Draft)*, *Articles of Association (Draft)*, and *Implementation Rules for the Transformation of Job-related Scientific and Technological Achievements (Draft)*. We also optimize the management and decision-making process, carry out classified management for different types of projects, and conduct hierarchical authorization according to the research budget.



Protecting intellectual property rights

We follow Chinese laws such as the *Trademark Law*, *Patent Law*, and the requirements of the *Intellectual Property Management System*, strengthen CRE trademark management and authorization, and protect the intellectual property rights of CR Enterprise and our partners.

Product innovation

Guided by consumer needs, we encourage product innovation, increase product R&D input, and implement CR's innovation requirements. Through upgrading existing products, bringing new business models and technologies, and exploring innovation projects, CR Enterprise has commercialized innovation results and offered diverse products, enabling more consumers to enjoy high-quality products and sustainable lifestyles.

Case > Pacific Coffee establishes a young innovation pioneer team for new product development

Pacific Coffee has steadily advanced the innovation activity "CR Enterprise with Young People" and established a young innovation pioneer team. Focusing on developing new products, Pacific Coffee organizes young employees to tackle key problems. They have developed new products including ice Americano, colorful coconut latte, and guava sparkling coffee, which have been widely recognized by consumers, especially young people.



Comprehensive Customer Services

CR Enterprise continues to improve product availability and service quality, protect the rights and interests of customers, value customer suggestions, and expand communication channels with customers to make them feel satisfied with our professional services.

Quality services

Putting customers first, we constantly improve services and build a highly qualified service team. We also strengthen service quality management, improve customer experience, and provide customers with sound and considerate services. A proactive after-sales service mechanism has been established and improved to quickly respond to customer complaints, thus, improving customer satisfaction. CR Enterprise has built diversified communication and feedback channels, and conducts regular customer satisfaction surveys. We value suggestions from our customers, and fully understand their needs.

Case > Pacific Coffee takes multiple measures to improve customer satisfaction

Pacific Coffee Shanghai, guided by the concept of "quality coffee served in a cozy and comfortable environment", improves overall services and customer satisfaction.

Optimizing operation standards

Compiling and using tangible tools such as *Operation Instructions* to standardize and optimize current operation standards to improve sales and customer satisfaction

Diversifying communication channels

From 2021, the contact information of the manager of each business area is made public at stores so that customers can raise and solve problems by contacting the manager, thus improving the efficiency and quality of customer complaint handling

Holding store activities

Stores conduct regular coffee workshops and tea break attendance services every month and promote activities through customer groups and WeChat to heighten the awareness and recognition of the brand

Protection of consumer rights

We standardize sales behavior in line with China's *Anti-Unfair Competition Law* and set uniform prices for all sales channels across China. We advocate sustainable consumption, ensure product labeling and publicity compliance in strict accordance with relevant laws and regulations, and prohibit false or misleading publicity. We inform others of our products, issue warnings of potential product risks, and fully protect consumers' access to facts, independent choices, and fair trade. Customer information security management is enhanced with respect to customers' privacy and basic rights. In 2021, no losses or compensations were registered.

Case > Pacific Coffee handles negative consumer feedback

From 2021, Pacific Coffee (Mainland) dealt with negative consumer feedback on different platforms, requiring managers to have return visits, find out the reasons, and make targeted improvements to satisfy consumers. At the same time, for feedback on taste, service, and meal delivery speed, targeted training is given to stores, and consumer feedback are checked every day and all answered.



Making services more available

We develop in multiple industries, and give full play to our resources and expertise in response to challenges such as a large number of customers, a wide range of business, a complex structure, and diverse needs, thus meeting the needs of customers. In partnership with multiple partners, we seize market opportunities to integrate corporate resources, and improve service accessibility to meet consumers' pursuit of a better life.

Case > CR Enterprise participates in the China International Consumer Products Expo to bring better products to more consumers

CR Enterprise participated in the first China International Consumer Products Expo held at the Hainan International Convention and Exhibition Center on May 7, 2021. We showcased over 60 products including Pacific Coffee, New Zealand's Mr APPLE, Devondale's dairy products, Avonmore's dairy products, Oliveira da Serra olive oil, Valfrutta juice, and king salmon and arctic shellfish from Ng Fung Fish Market. These products demonstrated that CR Enterprise could make consumers' life better through "good products and channels." We promoted the consumption of high-quality goods and helped consumers enjoy the healthiest, safest, and most pleasant way of consumption, which was well received by participating consumers and enterprises.



Environment

We Protect the Natural Environment

CRE Responsibility

It is our environmental responsibility to pursue efficient, low-carbon and green development and create and share environmental values. To this end, we keep improving the environmental protection management system, and explore and apply advanced technologies for energy conservation and environmental protection, with a focus on energy conservation and consumption reduction. To address climate change and realize green operation, we advocate a greener life and create an atmosphere of green and sustainable development for all employees.

268,500
RMB
Total investment in environmental protection management

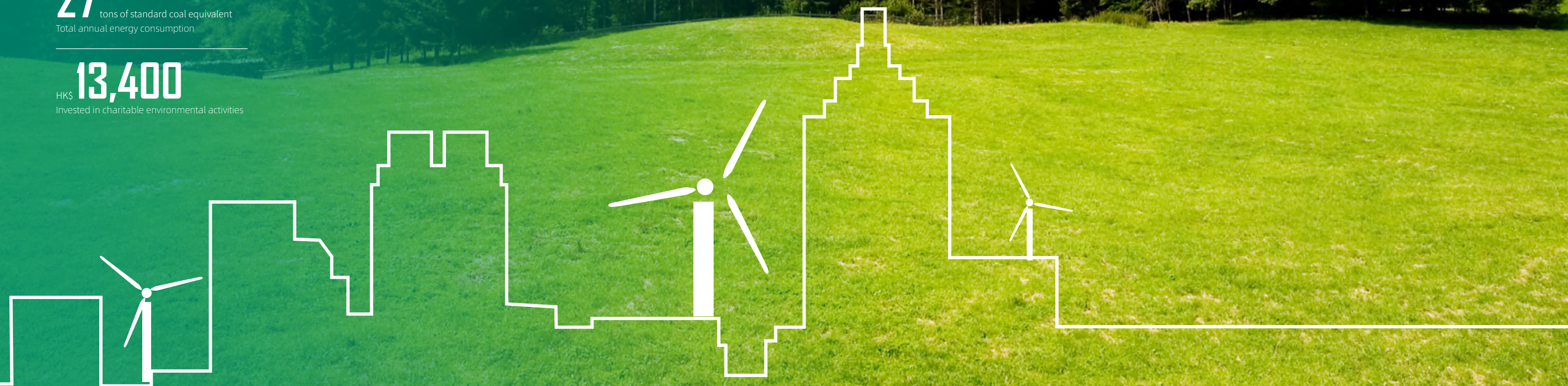
27
tons of standard coal equivalent
Total annual energy consumption

13,400
HK\$
Invested in charitable environmental activities

CASS-CSR4.0 Indicators

E1.1/E1.2/E1.3/E1.4/E1.5/E1.6/E1.7/
E1.8/E1.9/E1.10/E2.1/E2.2/E2.3/E2.4/
E2.5/E2.15/E2.19/E2.23/E3.1/E3.2/
E3.6

SDGs :



Addressing Climate Change

Climate change is the greatest challenge facing humanity in this century. In response to China's goals of carbon peak and carbon neutrality, CR Enterprise explores feasible measures to reduce greenhouse gas emissions, and improve energy efficiency as a part of ongoing efforts in climate adaptation and mitigation. Besides, we promote the use and development of clean energy. More non-fossil fuels are adopted with the increasing use of energy-efficient technologies and methods to reduce greenhouse gas emissions and tackle climate change.

Case > CR Logistics adopts multiple approaches to support the development of the green and low-carbon industry

To better support the development of the green and low-carbon industry and help reduce corporate carbon emissions, CR Logistics and CR Power developed photovoltaic (PV) power generation projects. PV panels were installed on the rooftops of the Beijing company, Pak Sik Godown NO.1, Pak Sik Godown NO.2, and Sha Tin Cold Storage No.2, generating 164,262 kWh of electricity in 2021. We save energy and conserve natural resources as much as possible by replacing old lighting equipment in warehouses with LED light. We also digitalize warehouse management to reduce the consumption of paper. In total, we have invested about HK\$ 7 million to update the container trucks for green logistics with lower fuel consumption and emissions.

Case > Pacific Coffee practices the low-carbon strategy

Pacific Coffee has launched reusable double-sided eco-friendly paper bags, which are waterproof and durable. It also adopts eco-friendly tableware such as paper straws and starch-based degradable tableware, instead of plastic products. Customers are encouraged to bring their own food boxes. Plastic stirring rods are replaced with wooden ones and biodegradable bagasse products are reused to reduce the impact on the environment.

Green Operations

As CR Enterprise is transformed from "a manager of the whole chain of food production from manufacturing to sales to an investment and incubation platform in Hong Kong", we no longer own manufacturing plants and shift our environmental focus to energy conservation, consumption reduction, and green management from comprehensive environmental governance. Holding fast to ecological bottom line, we integrate environmental protection into our business to pursue green and low-carbon development.



CR Logistics and Shenzhen Nanyang Warehouse Co., Ltd. win the Hong Kong Green Awards 2021 (Environmental, Health and Safety Award)

Environmental management

With continuous efforts on improving environmental management system, we have established the EHSQ department to coordinate environmental management and improved the EHSQ management system by learning from the environmental management of leading companies and based on our business features. We have upgraded the environmental protection warning and emergency response mechanism and revised our *Comprehensive Emergency Plan for EHS Accidents* to reduce environmental management risks. Environmental protection training and education are also enhanced to raise employees' awareness.

CRE Headquarters

- Organizing the special learning of important discourse on ecological civilization, notifying employees of the typical cases from the national environmental protection inspection team to strengthen warnings
- Carrying out the special activities of June 5th Environment Day, Energy Conservation Week, and Low Carbon Day campaigns as well as ecological civilization study and training with a total of 220 publicity activities, distributing over 700 materials and attracting more than 2,500 participants

CREP

- Implementing the ISO 14001 environmental management standard and improving environmental awareness, management, and measures through a better framework
- Carrying out the reusable bag DIY activity in the National Energy Conservation Week to engage all employees in energy conservation and low-carbon actions

Pacific Coffee Mainland

- Popularizing the knowledge of carbon peak and compliance and organizing quizzes that attracted 1,232 participants

CR Logistics

- Connecting rainwater and sewage in the warehouse to public drainage facilities in response to up-to-standard building of drainage units in Guangzhou



Reusable bag DIY activity

Application of green technologies

We develop and apply energy-efficient and environmental protection technologies, promote green designs, and explore ways to reduce resource consumption and environmental pollution by recycling packaging materials and developing renewable materials.

Case > Pacific Coffee's innovative environmental protection technology accelerates waste degradation

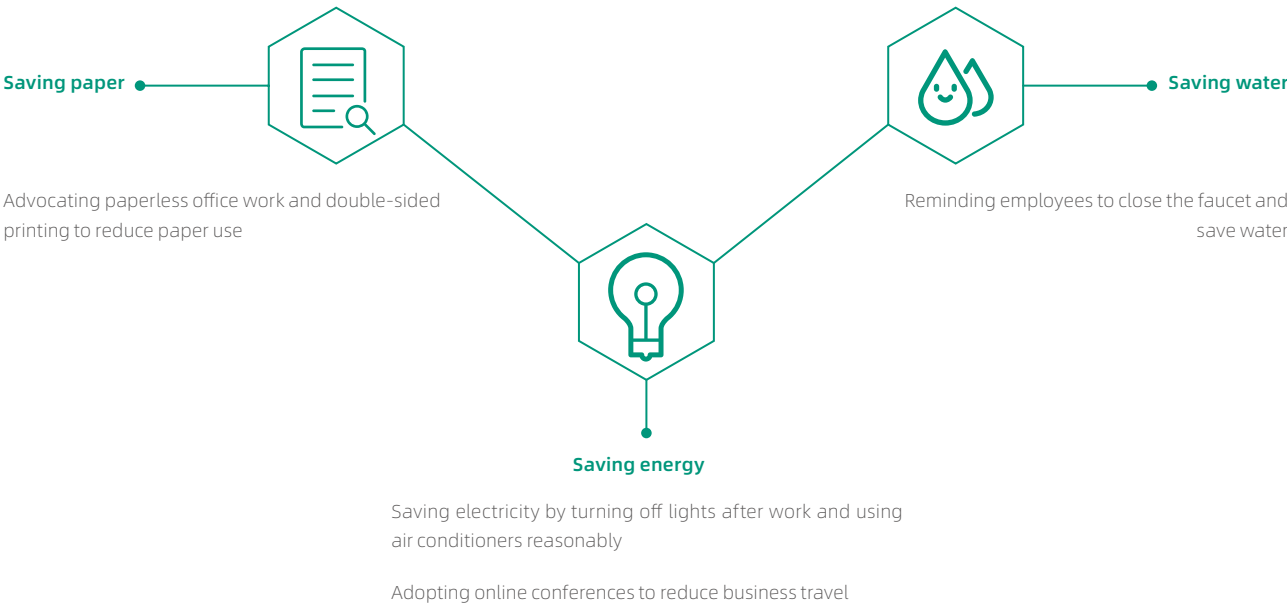
Pacific Coffee (Hong Kong and overseas) adds recyclable OXIUM biodegradable garbage bags, which can be decomposed into small molecules within two years. Totally degradable plastic additives (TDPA) are mixed into tableware to change the nature of plastics so that decomposition can be accelerated. TDP™ (totally degradable plastics) makes the food packaging bags for cakes and cookies realize complete biodegradation of waste and control plastic pollution.

Green Genes

Resource conservation is critical for ecological civilization. As an advocate of simple, moderate, green and low-carbon ways of production and living, CR Enterprise minimizes the impact of business operations on the environment, and organizes environmental activities to achieve the common ground in environmental protection.

Green office

We encourage employees to save water, electricity, paper, and energy in daily work, and protect the environment and save resources throughout daily work and life.



Charitable environmental activities

We advocate green lifestyles and foster an atmosphere of saving resources and pursuing green development through environmental protection training, Energy Conservation Week, special lectures, environmental videos, and other forms.

HK\$ **13,400**
Invested in charitable environmental activities

CRE Headquarters

- Organizing the 2021 International Coastal Cleanup Hong Kong to make the ocean environment better, with 57 kg of debris removed

CREP

- Setting up three-color waste sorting and recycling facilities based on the "Promotion Programme on Source Separation of Waste" of the Environmental Campaign Committee (ECC) and the Environmental Protection Department (EPD), with a total of 31,346kg of waste paper, 458kg of metal, and 571kg of plastic recycled in 2021

Pacific Coffee Mainland

- Practicing the "lights off" agreement by turning off lights for one hour for 13 years in a row to save energy
- Carrying out environmental activities such as "bringing your own cups", "bringing coffee grounds home for free", "top-up for reusable bags", and "top-up for green tableware made from coffee grounds" to convey the concept of recycling resources and living a greener and healthy life

Pacific Coffee (Hong Kong and overseas)

- Joining hands with partners to provide sustainable and diverse vegetarian menus
- Cooperating with a non-profit organization, Food For Good, to recycle wasted food for those in need



International Coastal Cleanup Hong Kong

Partners

We Prepare for Every Cooperation Opportunity

CRE Responsibility

We engage in strategic cooperation and exchanges, establish long-term strategic partnerships with the government, other enterprises, and universities, and share information and resources to drive industrial development. We also improve the supplier management system, standardize procurement, and practice sustainable development with suppliers. Media coverage is also enhanced to strengthen information disclosure and exchanges.

17.5 million
RMB Industry-University-Research cooperation expenditure

100 %
Economic contract performance rate

100 %
Ratio of suppliers receiving the QEHS certification

100 %
Responsible procurement rate

Note: The figure refers to the proportion of transparent procurement in 2021.

CASS-CSR4.0 Indicators

M2.7/M3.2/M3.3/M3.4/M3.6/M3.7/
M3.8/M3.9/M3.10/M3.11/M3.12/
M3.13/M3.14/M3.15/M3.16/S4.4

SDGs :



Strategic Cooperation

CR Enterprise upholds win-win cooperation, follows the principles of openness, equality, and fair competition, diversifies cooperation channels, and builds a communication platform to promote cooperation with the government, industry players, universities and research institutions in multiple fields at a higher level.

Government-enterprise cooperation

In response to the government's call, we promote government-enterprise cooperation and contribute our efforts to serving people's livelihood and regional development.

Case > CR Enterprise and the People's Government of Danzhou City, Hainan Province sign a cooperation agreement

On June 25, 2021, CR Enterprise and the Danzhou Municipal People's Government of Hainan Province signed a cooperation agreement in Danzhou. Following the concept of "mutual benefit and win-win cooperation" and the principle of "complementary strengths and shared development", we enhanced cooperation under the framework of the *Master Plan for the Construction of Hainan Free Trade Port*. We made better use of the resources and location of Danzhou and our comprehensive industrial strengths to promote high-quality development in various fields.



Cooperation with other companies

We continue to strengthen the cooperation with other companies and explore new ways of business development. We share resources such as industry information and technologies to achieve mutual benefits and win-win results.

Case > CR Enterprise and Fung Investments sign an MOU to develop the new consumption sector

On November 11, 2021, CR Enterprise and Fung Investments signed an MOU to set up a joint venture company controlled by Fung Investments to explore investment opportunities in new consumption sectors in Hong Kong, Macau, and the Asia-Pacific region. The joint venture will invest in products, services, and innovative technologies that enable consumption upgrading and healthy and fashionable lifestyles. It will also introduce high-quality brands, products, or technologies into the Greater Bay Area and the rest of China through the business network and industry experience of both sides.



Case > CR Enterprise helps OATLY open its first factory in China, promoting industry development

In 2016, CR Enterprise invested in OATLY, a leading global oat-based drink brand and provided it with resources to transform the traditional food industry and lead the innovation and development of oat-based products. In November 2021, OATLY's first factory in China was opened. By building a future-proof production base, OATLY will reduce its reliance on production capacities in other regions and long-distance transportation, make better use of resources, and reduce environmental impact to benefit people's health and contribute to sustainability.



Case > CR Enterprise and Fenjiu Group sign a strategic cooperation agreement on digitalization

CR Enterprise and Fenjiu Group, two strategic partners, planned to deepen cooperation in Fenjiu's IT application, digitization, and intelligent transformation to empower business innovation. This will build sustainable digital competitiveness and create a new platform and mechanism for cooperation between the two sides.



Case > Jointly establishing the China Resources Guodiao Xiamen Consumption Fund to promote the coordinated industrial development

In 2020, CR Enterprise, CR Capital Management, China State-owned Enterprise Structural Adjustment Fund Co., Ltd., OCT Capital, and Government-Guided Funds of Xiamen City and its Xiang'an district, established China Resources Guodiao Xiamen Consumption Fund to invest in the consumption sector. The fund is dedicated to new-type supply chains, logistics transformation, consumption technology, and other opportunities. It aims to promote the coordinated development of the entire industry chain. In 2021, the fund invested in fast-growing companies such as PEAK, Bojue Photography, and a1 Snack Lab and supported leading companies in market segments to achieve the best results in collaboration based on industry accumulation.

Industry-university-research cooperation

We deepen industry-university-research cooperation by engaging with universities and research institutions. We also create featured cooperation platforms and train industrial specialists and talents. Innovations are applied faster and better and resources are shared to promote high-quality development.

Case > CR Enterprise and the CUHK sign a cooperation framework to promote regenerative medicine and renewable energy in Hong Kong

On August 2, 2021, CR Enterprise and the Chinese University of Hong Kong (CUHK) signed a cooperation framework agreement. Both sides will pool talent, capital, and industrial resources to focus on regenerative medicine and renewable energy and provide the academic circle and the industry with world-class facilities and services. These efforts are made to promote technological breakthroughs and development in cell therapy, gene therapy, and other related fields and advance low-carbon transformation with technical and industrial support.



Responsible Supply Chains

CR Enterprise sticks to responsible procurement by improving the procurement and supplier management mechanisms, and conducting reviews of suppliers' qualifications to promote suppliers' fulfillment on social responsibilities. We build a green supply chain, advocate localized procurement in Hong Kong, and establish long-term equal and win-win partnerships along the supply chain.

1

Self-inspection

38

Procurement projects reached the bidding limit

220.5

RMB million

Value of the procurement involved

Supplier management

CR Enterprise treats partners equally and fairly, continuously improves the procurement management system. The whole process of procurement management proclaims the transparent procurement mechanism of openness, fairness and impartiality, and requires suppliers to sign and abide by the *Sunshine Declaration*, and is committed to building a sustainable supply chain.



Standardized procurement management

We set up a supplier management task force and formulate the *CR Enterprise Supplier Management Measures (Revised 2021)*, *CR Enterprise Centralized Procurement Management Measures (Revised 2021)*, *CR Enterprise Management Measures for Procurement Evaluation Experts (Revised 2021)*, *CR Enterprise Procurement Comprehensive Evaluation Rules (Revised 2021)*, *Procurement Management Evaluation System (Revised)*, and other policies.



Procurement evaluation

We have improved the procurement management and evaluation system, standardized sourcing behaviors, and prevented execution risks. A supplier evaluation team has been set up to regularly review completed projects. Transparent procurement is promoted and electronic procurement platforms such as the CR SHOUZHENG electronic tendering and procurement platform and the procurement contract management system are adopted to ensure the transparency and openness of the sourcing process.



Procurement exchanges

We strengthen communication with business partners and improve the compliance awareness of procurement personnel and suppliers through supplier training and the publicity and training of procurement mechanisms.

Green procurement

Dedicated to building a green supply chain, we source and adopt eco-friendly raw materials, promote green packaging and transportation, set up supplier selection and certification standards, and call for suppliers to strengthen environmental protection to build a sustainable environment.

Case > Pacific Coffee builds a green supply chain

Pacific Coffee advocates low energy consumption and environmental protection, purchases green raw materials, and implements China's Plastic Ban. Since November 2020, eco-friendly tableware has been used in stores. Pacific Coffee sticks to green transportation, and adjusts the packaging and transportation of frozen food. It widely uses the turnover boxes for food delivery and replaces the original corrugated boxes with plastic baskets for recycled use in food factories. Cardboard boxes are recycled to package scattered products distributed by each store. These boxes are collected and disposed as recyclable wastes to improve the recycling rate and reduce the negative impact on the environment during the transportation.

Media Exchanges

CR Enterprise diversifies communication channels, strengthens brand publicity, and receives media supervision. We elevate our brand recognition and influence through the exposure on official website, WeChat account/channels, and other self-media matrix to promote internally and externally. We also expand cooperative relationship with mainstream media in Hong Kong and the Greater Bay Area, actively voice out and tell the story of CR Enterprises. In 2021, the Facebook page of CR Enterprise was set up to add another form of communication. The page delivers content in Chinese, English and Cantonese, helping us to enhance our branding, corporate image and comprehensive influence in Hong Kong and overseas.

Communities

We Empower Every Dream

CRE Responsibility

Upholding the development philosophy of "creating a better life together", we respond to national development strategies and policies to facilitate the development of the Greater Bay Area. We make practical efforts for local people and offer job opportunities to contribute to the harmonious development of communities. We also engage in charity and voluntary activities to share benefits with the public.

CASS-CSR4.0 Indicators

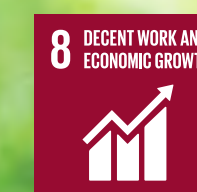
S1.5/S1.6/S4.1/S4.2/S4.3/S4.5/S4.6/
S4.7/S4.8/S4.9/S4.10/S4.11/S4.12/
S4.13/S4.14

42 million
HK\$ Total taxes paid

210,000
HK\$ Donations for charity and paired assistance

1,600
Job opportunities offered

SDGs :



Contribution to the GBA Development

Guided by the positioning of "rooted in Hong Kong, rely on the Mainland, open to the world", we deploy our business in the Northern Metropolis of Hong Kong in response to China's 14th Five-Year Plan, with an aim to help develop Hong Kong into an international I&T hub, and serve the vigorous development of the Greater Bay Area.

Case > CR Logistics acquires East Asia Industrial Building and Mineron Centre

To serve CR's GBA strategy, CR Enterprise has acquired the East Asia Industrial Building located in Tuen Mun and Mineron Centre located in Fanling, increasing the storage area by 620,000 square feet, with a 15% expansion of its storage in Hong Kong. This lays a solid foundation for larger operation scale, higher profits, and better warehouse layout and customer portfolios of CR Logistics in Hong Kong.



Case > CR Enterprise's core GBA logistics hub

In December 2021, CR Enterprise and Nansha Agricultural Corporation prepared to establish Guangzhou Nansha CR International Logistics Co., Ltd., with a purpose to build an international shipping development cooperation zone in the Greater Bay Area. The company will leverage core port resources to develop shipping, bonded warehousing, international bulk commodity trading, business services, and other industries. The project, with an expected area of 394,000 m², will integrate cold chain distribution, processing, bonded logistics, and headquarters economy. It can help CR Enterprise improve project development and operation, shore up weaknesses, reduce investment risks, and leverage international capital at a lower cost. It will also help drive the dual circulation (which takes the domestic market as the mainstay and allows domestic and foreign markets to boost each other) and the logistics strategy of CR Enterprise in the Greater Bay Area.

Warmhearted Community Services

CR Enterprise engages in community communication and organizes teenager entrepreneurship activities based on the social concerns in Hong Kong to help teenagers grow. We also roll out large-scale recruitment plans and activities to promote local employment. We train and hire local talent, with local employees making up 90.5% of the total, contributing to the harmonious development of communities.

Case > CREP and SHOPLINE join hands in the online-to-offline plan to help small and medium-sized sellers

To build a business platform for small and medium-sized entrepreneurs, CREP cooperates with SHOPLINE, a global smart commerce enabler to launch the Mongkok New Town Mall project, offering eight stores for a half-year online-to-offline plan. It aims to help small and medium-sized online sellers and young entrepreneurs overcome the impact of COVID-19 on the retail market and transfer their online business to brick-and-mortar stores in a simple and fast way. It also helps store owners and customers get to know the new online-to-offline (O2O) consumption model and explore more business opportunities.



Case > CR Enterprise focuses on teenager development and ensures employment

To facilitate the growth and development of teenagers, CR Enterprise carried out activities of "cheering for secondary students", where they shared their own experiences, had their questions about further education answered, and discussed future development, thus having more courage and confidence in the future. In partnership with the Hong Kong Chinese Enterprises Association, we also launched the "Sailing Plan for University Graduates" to provide short-term job positions for more and more young people in Hong Kong. The "Sailing Plan" recruited 110 Hong Kong residents who hold a bachelor's degree or higher while the "Spring Sprout Plan" hired 271 people, helping Hong Kong solve employment problems.



HK\$ 210,000

Donations for charity and paired assistance

Engagement in Charitable Activities

CR Enterprise fulfills social responsibilities, leverages our expertise for the good of the public, and encourages employees to set up volunteer teams for diverse volunteer activities. We also make efforts to facilitate a smooth transition to align the efforts of consolidating and expanding poverty alleviation achievements with rural vitalization endeavors.

Case » International Distribution helps poverty-stricken people increase their production and income

International Distribution under CR Enterprise facilitates the transition between poverty alleviation and rural vitalization. It has reached a watermelon and apple assistance plan with Zhongwei City in Ningxia and Yan'an City in Shaanxi to help farmers increase sales and income by leveraging its wholesale and retail channels. As of the end of August 2021, the project had helped about 67 farmers with sales worth RMB 8.5 million, effectively lifting poor areas out of poverty and getting better off.

Comments from stakeholders

In response to the national policy of returning farmland to forests, we reduced the planting area this year, but the price of watermelons has increased by 20%-30%. I feel really happy.

—A farmer

The watermelons have red and juicy pulp with few seeds and taste as sweet as honey. This year, about 550 tons of watermelons were sourced, which increased farmers' income. I found my work very meaningful.

—An employee at International Distribution

Case » CR Enterprise helps collect and exhibit art works for the UN's Children's Visual Art Exhibition

Focusing on non-profit children's art activities, CR Enterprise guides Hong Kong children to engage in biodiversity conservation, and strengthens biodiversity education to contribute to ecological progress. There are more than 100 schools in Hong Kong participating in the event, including 40 kindergartens, 48 primary schools, nine secondary schools, and 12 international schools. More than 1,000 works have been received. To encourage the participation of children from a humble background, International Distribution donates daily and school supplies worth HK\$ 30,000 to the children of 100 families living in Sham Shui Po.



CR Enterprise's volunteer team engages in the Pok Oi Hospital fund-raising charity event



Pacific Coffee "Beautify the road environment, promote traffic safety" volunteer activity

CSR Management

CSR Strategy

Committed to the CSR mission of "leading business progress and creating a better life together with consumers, shareholders, employees, and business partners", CR Enterprise sticks to the core values of "honesty and integrity, performance orientation, people first, and innovative development". We fulfill social responsibility in the organizational atmosphere of "sincerity, unity, openness and ambition". We create the economic benefits while balancing environmental and social benefits, and actively respond to the expectations of stakeholders such as shareholders, employees, customers, the environment, partners and the public, so as to realize the vision of "becoming a global leading industrial investment company to serve people's livelihood in Hong Kong and connect the world through innovation".

CRE CSR Model



CSR Organizations

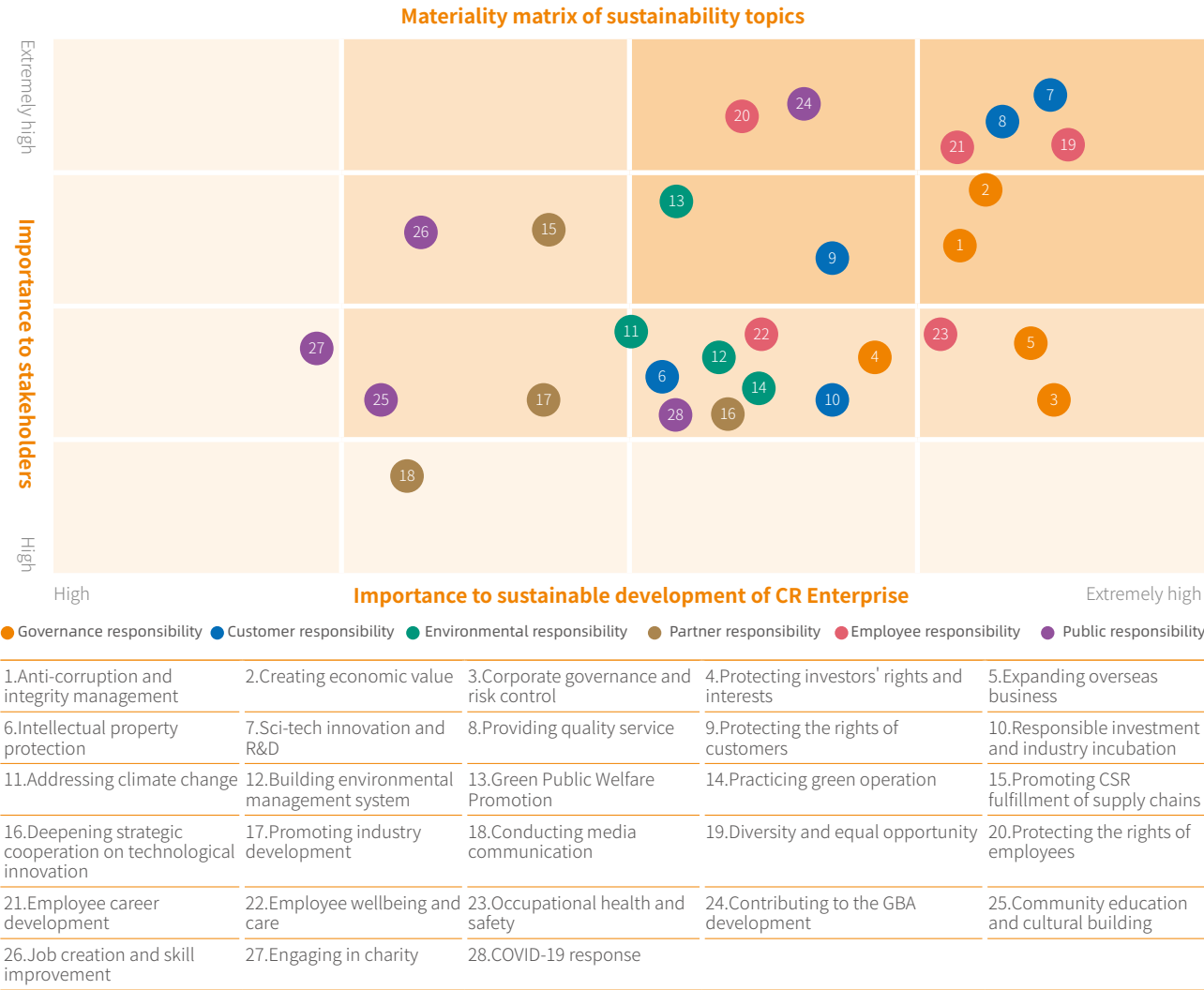
In line with *China Resources Group CSR Management Measures*, CR Enterprise continues to improve its social responsibility management system, and has formulated *CR Enterprise CSR Work Management Measures* based on its own actual performance and operation conditions. To improve our CSR management organization system, we provide direction guarantee for CSR management through strategy formulation, decision-making on major issues and forward-looking goal-setting led by CRE's CSR Steering Committee. Furthermore, our CSR management department have established and improved relevant regulations and management mechanisms to strengthen our CSR management and practices.

Organization System of CRE CSR Management



Topic Analysis

CR Enterprise regularly analyzes material topics every year. We get to know what CSR topics are most concerned by internal and external stakeholders through the selection of key topics, and disclose them as the focus of social responsibility reports and future communications, following by a timely and effective feedback. In 2021, we released the *Questionnaire on Material Sustainability Topics of CR Enterprise* via an online platform. A total of 357 questionnaires were collected, all of which were valid. We then drew a two-dimensional materiality matrix from "significance to corporate development" and "significance to stakeholders" to guide the Company to carry out targeted CSR work and respond to the expectations of stakeholders.



Due to the Company's strategic transformation, material topics and topics boundaries for this reporting period have been adjusted from previous years to better align with the requirements of the Company's science and technology business and operations.

CSR Culture

CR Enterprise values and continues to improve its CSR capabilities. In line with *China Resources Group CSR Management Measures*, we always take into account the demands of shareholders, customers, employees, partners, environment, the public and other stakeholders during our business development. We continue to improve CSR management, the indicator system, and the theoretical research. We also promote good CSR practices from all business sectors, apply for CSR awards, and encourage each business sector to improve their CSR capability and performance.

CSR Communication

CR Enterprise communicates with stakeholders by timely updating CSR information on the website, official WeChat platform, and media websites. We also ask profit centers to release sustainability reports, disclosing our CSR performance and management. To identify and select the core stakeholders in accordance with its own sustainable development requirements and the needs of the industry, and to formulate the participation policy of each stakeholder, and to continuously improve the communication and feedback channels, we engage in industry forums and conferences, roll out open day activities, and diversify ways of involvement for stakeholders to better convey our CSR philosophy.

Stakeholders	Appeals & Expectations	Communication Mechanism & Methods	Response Measures
 Government	Value preservation and appreciation of state-owned assets Standardized operation according to law Safety & environmental protection Promoting local economic development	Work report Information submission Research and interview Statistical report	Complying with laws and regulations Compliance operation Pay taxes according to law Strengthen accident emergency management
 Stakeholders	Return on investment Risk control Understanding the Company's operation	Performance report, annual meeting of shareholders One-to-one meeting, luncheon meeting, teleconference Visiting business channels	Maintaining the ideal dividend level Keeping a sound financial level Improving risk control management
 Employees	Compensation and benefits guarantee Employee development Occupational health and safety Employee care Democratic management	Regular meetings Exchange activities and training Daily communication Corporate employee groups CRE WeChat official account	Reasonable compensation and benefits system Providing employee training Unblocked career development channels Ensuring work safety Care for special employees Employee seminars and worker's congress
 Customers	Food quality and safety Quality product service Customer rights protection Promoting product accessibility	CRE WeChat official account CRE official website Exchange activities & visits Product promotion activities	Food quality and security management Transformation of product services and innovative upgrading Expanding business channels Improving customer's service system
 Partners	Transparent procurement Strategic cooperation Fair competition	Working meeting Agreement and contract Daily communication	Implementing responsible procurement Forbidding commercial bribery Maintaining industry order Strengthening strategic cooperation
 Environment	Protecting ecological environment Energy conservation & emission reduction	Exchanges activities Policy publicity	Carrying out environmental activities Promoting energy saving & consumption reduction Persisting green development
 The Public	Maintaining public relations Engaging in charity Participating in targeted poverty alleviation Supporting community development	Conducting voluntary activities Implementing targeted poverty alleviation Organizing Open Day campaign	Developing social welfare brand program Establishing a community communication mechanism

Outlook

In 2021, we kept abreast of times, pursued reform, and made steady progress.

In 2022, we will remain true to our original aspirations and work together with shareholders, employees, customers, partners and other stakeholders to forge ahead and create social value for a better life.

CSR management

We will improve the CSR concept of CR Enterprise, implement the *China Resources Group CSR Management Measures*, and raise the CSR awareness of all employees. We will also step up CSR assessment and summarize excellent practices while widely engaging in CSR research and exchanges to improve our CSR performance.

Shareholder responsibility

We will keep up with the macroeconomic and industrial trends, optimize the business structure, and promote business innovation to create greater economic value for shareholders. We will improve corporate governance, strengthen risk control, and ensure integrity and compliance.

Employee responsibility

We will hire employees according to laws and protect their legitimate rights and interests. We will provide talent training and improve promotion channels. We will protect occupational health and safety and ensure work safety; we will continue our care for employees and create a harmonious and warm workplace for them.

Customer responsibility

We will ramp up R&D investment and strengthen innovation in technologies, products, and services. We will also improve the product quality and safety system to offer quality products and better customer services to safeguard the rights of consumers.

Environmental responsibility

In response to China's goal of carbon peak and carbon neutrality, we will stick to the path of sustainable development by pursuing technological innovation, promoting green technology, and developing a circular economy. We will keep green operations, promote green offices, and engage in charitable environmental activities.

Partner responsibility

We will deepen the industry-university-research cooperation with peer companies and universities, and build a sharing platform to contribute to industrial development. We will also strengthen supplier management, practice green procurement, and build a responsible supply chain. Furthermore, we will conduct extensive exchanges with media outlets and increase information disclosure while building a responsible brand.

Public responsibility

We will serve China's development strategy and contribute to the development of Greater Bay Area. We will engage in community communication, serve people's life, help Hong Kong young people to solve practical difficulties in study, employment, and entrepreneurship. Besides, we will increase investments in charity activities to ensure the prosperity, stability and social harmony of Hong Kong.

Appendix

Key Performance Indicators

Economic Responsibility				
Indicator	Unit	2019	2020	2021 ¹
Total Assets	HK\$ billion	101.8	108.917	47.154
Operating income	HK\$ billion	63.739	59.679	2.888
Recurring earnings before interest and tax ²	HK\$ billion	5.4	5	0.762
Net assets	HK\$ billion	54.265	58.372	29.293
Ratio of return on net assets	%	7	3	2
Ratio of return on total assets	%	5	3	2
Rate of value preservation and appreciation of state-owned assets	%	256.10	104	164
Owners' equity	HK\$ billion	54.265	58.372	29.293
Total investment in fixed assets	HK\$ million	1,714	1,379	4,783
Asset debt ratio	%	46.69	46	38
Labor productivity	HK\$ 10,000/year	114.92	116.44	53.29

Employee Responsibility				
Indicator	Unit	2019	2020	2021 ¹
Number of employees	headcount	52,635	49,630	3,146
Number of employees with disabilities	headcount	126	125	12
Proportion of female managers	%	19	17.3	22.9
Labor contract signing rate	%	100	100	100
Social insurance coverage rate	%	100	100	100
Health check coverage rate	%	100	100	100
Paid leaves per capita	Day	15	15	15
Average wage of employees	RMB 10,000	11.12	11.69	17.68
Employee training coverage rate	%	100	100	100
Total investment of employee training	RMB 10,000/year	2,189.09	1,903.17	69.212
Training investment per employee	RMB/person	415.56	383.47	220
Training time per employee	hour	153	160	115
Employee turnover rate ⁵	%	24.43	15.74	12.83
Emergency drills	Times	3,489	3,541	1,968

Employee Responsibility				
Indicator	Unit	2019	2020	2021 ¹
Employee's safety training hours	hour	951,733	880,575.50	19,330
Participants in safety training	/	18,205	493,598	21,909
Safety training coverage rate	%	-	100	100
Number of safety hazard investigations	/	53,154	110,618	327
Number of rectifications of potential safety hazards	/	53,067	108,421	299
Rate of rectifications of potential safety hazards	%	99.84	98.01	91.4
Work safety investment	HK\$ million	123	132	13
Fatality rate per thousand employees	%	-	0	0

Customer Responsibility				
Indicator	Unit	2019	2020	2021 ¹
R&D investment ⁶	HK\$ million	658	285	17.5
Number of new patents	/	-	41	0
Ratio of qualified products	%	-	100	100

Environmental Responsibility				
Indicator	Unit	2019	2020	2021 ¹
Total annual energy consumption	10,000 tons of standard coal equivalent	30.7	25.36	0.0027
Annual energy consumption reduced	10,000 tons of standard coal equivalent	3.17	5.08	25.357
Total packaging materials for end products	10,000 tons	-	0	0
Total investment in environmental protection management ⁶	HK\$ million	171	84	0.2685
Comprehensive energy consumption	10,000 tons of standard coal equivalent	29	24.77	0.0027
Comprehensive energy consumption per RMB 10,000 of output value	ton of standard coal equivalent /RMB 10,000	0.17	0.12	0.0007
Comprehensive energy consumption per RMB 10,000 of added value	ton of standard coal equivalent /RMB 10,000	-0.78	0.72	-0.0074
Clean energy consumption	10,000 tons of standard coal equivalent	10.04	7.95	-
Proportion of clean energy use	%	32.67	58	-
Annual freshwater consumption	10,000 tons	3,436.37	3,790.97	0.1263
Freshwater consumption per unit of industrial added value	m ³ /RMB	990.56	9.79	0.0339
Investment in environmental activities	HK\$ 10,000	8.65	25.38	1.34
Exhaust emissions	10,000 m ³ /year	-	0	0
Wastewater reduced	10,000 tons	0.10	214.79	0
Wastewater discharged	10,000 tons	191.37	2,219.08	0
SO ₂ emissions	ton	96.18	28.77	0
COD emissions	ton	1,268.28	1,049.18	0

Environmental Responsibility				
Indicator	Unit	2019	2020	2021 ¹
CO ₂ emissions	ton	1,206,786.70	1,039,067.69	144.1529
CO ₂ emission per RMB 10,000 of output value	ton/RMB 10,000	-	-	0.0037
Nitrogen oxides emissions	ton	208.72	126.27	0
Ammonia nitrogen emissions	ton	132.20	111.07	0
Office electricity consumption ⁴	kWh	75,180	545,466	227,485.38
Office water consumption ⁴	ton	235	3,749.34	288
Office paper comsumption ⁴	piece	120,802	523,736	527,500

Partner Responsibility				
Indicator	Unit	2019	2020	2021 ¹
Economic contract performance rate ⁴	%	100	100	100
Strategic cooperation agreement signed ⁴	piece	6	1	5
Industry-University-Research cooperation expenditure ⁴ , ⁶	HK\$ 10,000	15.5	79.3	1,750
Responsible procurement ratio ³	%	100	100	100
Percentage of suppliers passing the certification of QEOHS systems	%	100	100	100
Number of potential suppliers rejected due to non-compliance with social responsibility	/	0	48	0
Number of suppliers delisted due to non-compliance with social responsibility	/	-	10	0
Violations of laws and regulations ⁴	Times	6	4	3

Social Responsibility				
Indicator	Unit	2019	2020	2021 ¹
Number of jobs created	headcount	9,298	6,671	1,600
Total tax payment	HK\$ million	7,462	7,838	42
Charitable donation expenditure	HK\$ million	4	20	0.21
Percentage of localized employment ⁴	%	-	97.92	90.50

Note:

1.In 2021, CR Enterprise completed major strategic transformation and business adjustment, and stripped three first-class profit centers, so the data of 2021 changed significantly compared with previous years.

2.The profit data excludes one-time asset disposals.

3.Responsible procurement ratio refers to the proportion of transparent procurement of the year.

4.In 2020, the disclosure scope of this indicator does not cover China Resources Snow Breweries Limited, China Resources Ng Fung Limited and China Resources C'estbon Beverage (China) Co. Ltd.

5.Employee turnover rate = number of resigned employees / (number of employees at the beginning of the period + number of new recruits) *100%

6.The currency of measurement for the 2021 data is RMB.

GRI Content Index

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. The service was performed on the Chinese version of the report.

GRI Standard	Disclosure	Description		Page/ Explanation
GRI 101: Foundation 2016				
General Disclosures				
GRI 102: General Disclosures 2016	Organizational profile	102-1	Name of the organization	6
		102-2	Activities, brands, products, and services	6-11
		102-3	Location of headquarters	6-9
		102-4	Location of operations	6-9
		102-5	Ownership and legal form	6-9
		102-6	Markets served	6-9
		102-7	Scale of the organization	6-7,30,63
		102-8	Information on employees and other workers	28-35
		102-9	Supply chain	52-53
		102-10	Significant changes to the organization and its supply chain	73
		102-11	Precautionary Principle or approach	24-27
		102-12	External initiatives	73
		102-13	Membership of associations	38
	Strategy	102-14	Statement from senior decision-maker	4-5
	Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	10
	Governance	102-18	Governance structure	25-26,59
	Stakeholder engagement	102-40	List of stakeholder groups	61
		102-41	Collective bargaining agreements	31
		102-42	Identifying and selecting stakeholders	59-61
		102-43	Approach to stakeholder engagement	59-61
		102-44	Key topics and concerns raised	59-61
GRI 102: General Disclosures 2016	Reporting practice	102-45	Entities included in the consolidated financial statements	7
		102-46	Defining report content and topic Boundaries	59-61
		102-47	List of material topics	60
		102-48	Restatements of information	73
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GRI Standard	Disclosure	Description		Page/Explanation
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		102-53	Contact point for questions regarding the report	74
		102-54	Claims of reporting in accordance with the GRI Standards	73
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Topic-Specific Standards				
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		103-3	Evaluation of the management approach	22, 63
	GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	22, 63
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		103-2	The management approach and its components	16-17,54-58
		103-3	Evaluation of the management approach	16-17,54-58
	GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	16-17,54-58
		203-2	Significant indirect economic impacts	16-17,54-58
Anti-corruption	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	27
		103-2	The management approach and its components	27
		103-3	Evaluation of the management approach	27
	GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	27
Materials	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	42-47, 53
		103-2	The management approach and its components	42-47, 53
		103-3	Evaluation of the management approach	42-47, 53
	GRI 301: Materials 2016	301-3	Reclaimed products and their packaging materials	46, 53
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		103-2	The management approach and its components	42-47
		103-3	Evaluation of the management approach	42-47
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		302-4	Reduction of energy consumption	64
		302-5	Reduction in energy requirements of products and services	42-47

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		103-3	Evaluation of the management approach	42-47
	GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	65
		305-4	GHG emissions intensity	65
Environmental Compliance	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	42-47
		103-2	The management approach and its components	42-47
		103-3	Evaluation of the management approach	42-47
	GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	No violations of environmental regulations
Employment	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	30-31
		103-2	The management approach and its components	30-31
		103-3	Evaluation of the management approach	30-31
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Occupational Health and Safety	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	33-34
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		103-3	Evaluation of the management approach	33-34
	GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	33-34,64
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		103-3	Evaluation of the management approach	32-33
	GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	32-33
		404-2	Programs for upgrading employee skills and transition	32-33
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		103-2	The management approach and its components	28-35
		103-3	Evaluation of the management approach	28-35
	GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	30
Freedom of Association and Collective Bargaining	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	31
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		103-3	Evaluation of the management approach	31
	GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	31

Topic	GRI Standard	Discourse		Page/ Explanation
Child Labor	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	30
		103-2	The management approach and its components	30
		103-3	Evaluation of the management approach	30
	GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents	Child labor is strictly prohibited
Forced or Compulsory Labor	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	30
		103-2	The management approach and its components	30
		103-3	Evaluation of the management approach	30
	GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Forced labor is strictly prohibited
Local Communities	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	54-58
		103-2	The management approach and its components	54-58
		103-3	Evaluation of the management approach	54-58
	GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	14-21,54-58
Supplier Social Assessment	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	52-53
		103-2	The management approach and its components	52-53
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	GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	52-53,65
Customer Health and Safety	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	36-41
		103-2	The management approach and its components	36-41
		103-3	Evaluation of the management approach	36-41
	GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	38,65
Socioeconomic Compliance	GRI 103: Management Approach 2016	103-1	GRI 103: Management Approach 2016	24-27
		103-2	GRI 419: Socioeconomic Compliance 2016	24-27
		103-3	GRI 103: Management Approach 2016	24-27
	GRI 419: Socioeconomic Compliance 2016	419-1	GRI 419: Socioeconomic Compliance 2016	No violations of laws and regulations in the social and economic area

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Third-Party Opinions

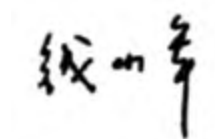
The China Resources (CR) Enterprise Sustainability Report 2021 (“The Report” for short) is the 9th report of its kind published by CRE. With the theme of "Sci-Tech Innovation Empowers Hong Kong and Connects the World", The Report systematically and comprehensively introduces the philosophy, measures and achievements of CRE in pursuing sustainable development , and displays CRE's sense of responsibility in realizing the vision of “becoming a global leading industrial investment company to serve people's livelihood in Hong Kong and connect the world through innovation” .

The Report responds to hot topics and displays CRE's sense of responsibility. The Report focuses on the key hot events at home and abroad in 2021, and sets up three major themes of "Contributing to Our Share to SDGs", "Serving Hong Kong's Prosperity and Development", and "Fighting COVID-19 in Solidarity" to fully demonstrate the development of CRE's transformation of the Innovation Platform, and the responsibility performance practice of the construction of the Greater Bay Area, thus framing the company's CSR efforts within an international perspective and its responsibilities to the country, as well as demonstrating CRE's determination to contribute to sustainable development with practical actions.

The Report has a clear structure with complete and accurate contents. Relying on the social responsibility model, The Report objectively and comprehensively discloses the responsibility performance of CRE in corporate governance, employee development, innovation-driven development, environmental protection, partnership cooperation, and social contribution in six main chapters. The Report is well structured, logical, concise, and informative, using various forms of presentation such as pie charts, key performances, and substantive issues matrix charts, with typical cases and beautiful pictures, which makes The Report more reader-friendly.

The Report focus on responsibility management, and responds to multiple demands. The Report attaches great importance to the disclosure of management methods, systematically displays the management philosophy and related measures of the company's responsibility strategy, responsibility organization, responsibility culture, responsibility communication, etc. The report identifies important issues for various stakeholders, and shortens the communication distance as well as reflects the professionalism and internationalization. Based on the major strategic transformation of CRE, the Report changes from a relatively microscopic position, focusing only on relevant parties, to a perspective that focuses on the development of all human beings, and responds to the needs of a wider range of stakeholders from a macro perspective, showing that CRE's sense of responsibility to integrate into the world for common development.

2022 is a critical year for the 14th Five-Year Plan. We look forward to CRE actively giving play to its professional advantages, responding to the national strategic requirements, practicing the concept of sustainable development, taking the initiative to assume social responsibilities, striving to build an industrial investment incubation platform, creating value for all stakeholders, serving people's livelihood in Hong Kong, and connecting the world through innovation!



Qian Xiaojun

Associate Dean of Academics, Schwarzman College, Tsinghua University

About the Report

Reporting Cycle

This is the ninth social responsibility report/sustainability report released by China Resources Enterprise, Limited.

Time Span

The time period of this Report lasts from January 1 to December 31, 2021. Some contents may be beyond this time frame.

Organizational Scope

This report discloses the CSR philosophy, measures and performance of CR Enterprise and its profit centers and part of the contents involve China Resources. For better expression, China Resources (Holdings) Co., Ltd. is referred to as “China Resources Group” and “CR” ; China Resources (CR) Enterprise , Limited is referred to as “CR Enterprise” , “CRE” or “the Company” .

In 2021, the Company completed its business transformation, and the three production-oriented profit centers of China Resources Snow Breweries Limited, China Resources Ng Fung Limited and China Resources C'estbon Beverage (China) Co. Ltd. were stripped off and transferred to China Resources Group. Therefore, the disclosure scope of some performance data in this report does not cover the above three profit centers.

Reference standards

This report has been prepared to meet the relevant standards of sustainability disclosure and fully confirms to GRI standards.

- Sustainable Development Goals by the United Nation
- ISO 26000: Guidance on Social Responsibility issued by the International Organization for Standardization (ISO)
- GRI Sustainability Reporting Standards (GRI Standards) issued by the Global Sustainability Standards Board
- GB/T 36001-2015: Guidance on Social Responsibility Reporting
- Guidelines to the State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities issued by State-owned Assets Supervision and Administration Commission of the State Council (SASAC)
- Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR4.0) issued by the Chinese Academy of Social Sciences
- CSR Planning During the 13th Five-Year Plan period (2016-2020) and CSR Management Measures issued by China Resources Group
- China Resources Group CSR Management Measures

Data sources

The data used in this report is from the official documents and statistical reports of CR Enterprise and has been reviewed by relevant departments at all levels. In case of any discrepancy between the financial data here and the annual report, the annual report shall prevail. If the data of previous years in the report differs from those in previous reports, the report shall prevail. In order to improve the accuracy of data and information communication, possible indicators and information will be revised, and the reasons and effects will be explained. The financial data in the report are in Hong Kong dollars (HK\$), unless otherwise specified. The information in this report has been reviewed and confirmed by the Company's senior leadership and therefore no external validation of this report has been sought.

Preparation process

1 Preliminary preparation 2 Report preparation 3 Content review 4 Design and release 5 Reader feedback

Reliability assurance

The Company assures that the report is free of false records, misleading statements or major omissions and is liable for the authenticity, accuracy and completeness of the report.

Access method

This report is available in both Chinese and English, with electronic and printed versions. You can visit the CSR column of our official website <https://www.cre.com.hk/> or follow our official Wechat account to read the electronic report, or contact us to obtain the printed report.

Address: 39 / F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong

Tel: (852) 28271028

Fax: (852) 25988453

Email: Info@cre.com.hk

Feedback

If you have any comments or suggestions on the report, you can give feedback in the following ways. We will fully consider your comments and suggestions, and promise to properly protect your above information from being obtained by third parties.



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List of editors and contributors

- Editor-in-chief:** Li Han
- Executive editor:** Jiang Jiadai, Ye Wenbin, Tian Tian
- Contributors:** Chen Jiajun, Chen Lu, Chen Tinghua, Guo Jian, Han Cun
Hu Yanping, Huang Pengfei, Li Ling, Li Wenshan, Liang Meishi
Lin Fangfei, Liu Miaoxuan, Mo Meiling, Qiu Yuchun, Shi Xiaoling
Tang Hanlei, Wang Jiaqi, Wei Yuan, Xie Yue, Yang Ke
Yu Zheng, Zhang Peixian, Zhang Yanwen, Zhang Yi



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華潤創業有限公司
China Resources Enterprise, Limited

Address: Floor 39, China Resources Building, No. 26
Harbour Road, Wanchai, Hong Kong

Tel: (852) 2827 1028

Fax: (852) 2598 8453

E-mail: Info@cre.com.hk