



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



CORPORATE SOCIAL
RESPONSIBILITY REPORT
2013

CONTENTS

- 1 Message from the Chairman
- 2 Overview of the Company
- 4 Awards and Honours
- 6 Our Philosophy in Social Responsibility
- 7 Communications and Feedbacks Relating to Social Responsibility
- 9 Corporate Governance
- 10 Communications with Shareholders and Investors
- 11 Food Safety and Product Quality
- 14 Customer Satisfaction
- 16 Environmental Protection
- 18 Community Care
- 21 Education and Culture
- 23 Staff Relations
- 25 Prospect
- 26 Key Performance Indicators
- 27 Feedback



MESSAGE FROM THE CHAIRMAN

I am pleased to present the "Corporate Social Responsibility Report 2013" of China Resources Enterprise, Limited ("CRE" or the "Company"; together with our subsidiaries, the "Group" or "we/us").

The Group is focused on its four core businesses of retail, beer, food and beverage – with the vision of becoming a world-class retail and consumer goods company. Our core business philosophy that calls for the pursuit of sustainable development has been the driving force underpinning our ongoing growth. Over the years, we have subjected ourselves to public supervision by giving accounts of our initiatives in the fulfillment of social responsibilities as part of our annual reports. This year, we go further to discuss our work in greater detail in the form of an independent report.

The theme of CRE's corporate social responsibility report for this year is "We Care. We Share." As the retail and consumer goods business is closely associated with people's daily life, we put a strong emphasis on food safety and the quality of our products and services, and have won the trust of our customers over the years. In pursuit of sustainable development for the society as well as the enterprise, we are committed to environmental protection and the conservation of natural resources, seeking to minimize the impact of our business operation on the environment. As a responsible corporate citizen, CRE has shown its care and concern for the society by supporting the communities in which it operates in different ways, such as offering educational assistance, in a bid to share with the public the fruits of our corporate growth.

Looking to the future, CRE will remain committed to creating a brighter future for the next generation in line with its mission of "Better Life together."

Thank you.

Chen Lang

Chairman

Hong Kong, 11 July 2014



OVERVIEW OF THE COMPANY

Founded in 1992, CRE is the flagship subsidiary of China Resources (Holdings) Company Limited ("CRH") in the retail and consumer business, listed in Hong Kong as a constituent stock of Hang Seng Index. Building on a strategy that pursues "market leadership, business synergies, operational excellence and outstanding brand reputation", the Group is focused on its four principal businesses of retail, beer, food and beverage, with the vision of becoming a world-class retail and consumer goods company.

Famous brand names in our retail business portfolio include "華潤萬家 CR Vanguard", "蘇果 Suguo", "歡樂頌 Fun Square", "Ole'", "blt", "V-nGO", "Voi_la!", "中藝 Chinese Arts & Crafts", "華潤堂 CRCare", "采活 VIVO" and "太平洋咖啡 Pacific Coffee", etc., which form an extensive retail network of over 4,600 stores across China. Our beer division is a well-established market leader, as our "雪花 Snow" brand has remained the best-selling single beer brand in China in terms of volume since 2005. In connection with our food division, we are committed to providing "Safe, Healthy and Convenient" food products to the public through the principal businesses of rice, fruit and vegetable, meat, frozen food and modern agricultural operations, seeking to expand our presence in the China market by leveraging the "五豐 Ng Fung" brand as a label for premium food quality. The food division is also in charge of the operation of China Resources Hope Town development projects. Our beverage division is well-positioned to grow into a formidable player in China's market for non-alcoholic drinks thanks to synergies achieved between "怡寶 C'estbon", our flagship brand in purified water that claims a leading position in southern China, and "麒麟 Kirin" beverage products. As a member of CRH, we will continue with our pursuit of excellence to enhance the quality of life for all in adherence to the corporate mission of "Better Life Together".



As at 31 December 2013, CRE owned total assets of approximately HK\$155.3 billion and had approximately 217,000 employees, approximately 98% of which were based in China. In 2013, CRE ranked 37th on Fortune China 500 list by "Fortune China" Magazine and 800th on the Forbes Global 2000 list by "Forbes" Magazine.



AWARDS AND HONOURS

CRE's excellent performance in ongoing enhancement in corporate governance, operational management, shareholders' communication, social responsibility and environmental responsibility have continued to win recognition from investors, professional bodies and reputable international institutions, as evidenced by the numerous honours it has garnered. Awards won by the Company in 2013 include the following:

JAN 01

"THE MIRROR" MONTHLY MAGAZINE

Outstanding Corporate Social Responsibility Award



MAR 03

"CORPORATE GOVERNANCE ASIA" MAGAZINE

Asian Excellence Recognition Awards 2013:
 Asia's Best CEO (Investor Relations)
 Asia's Best CFO (Investor Relations)
 Asia's Best Corporate Social Responsibility
 Best Investor Relations Company
 Best Investor Relations Professional
 Best Environmental Responsibility

"FORTUNE CHINA" MAGAZINE

Fortune China CSR Ranking - 44th

"YAZHOU ZHOUKAN" MAGAZINE

The Largest Conglomerates Company Award in Global Chinese Business 1000

JUN 06

"CORPORATE GOVERNANCE ASIA" MAGAZINE

The Best of Asia - Icon on Corporate Governance 2013
 Asian Corporate Director 2013

"INSTITUTIONAL INVESTOR" MAGAZINE

The All-Asia Executive Team Survey 2013:
 Best Investor Relations Company (Both Buy and Sell Side - Consumer sector)
 Best CEO (Sell Side - Consumer sector)
 Best CFO (Sell Side - Consumer sector)
 Best Investor Relations Professional (Both Buy and Sell Side - Consumer sector)
 Ranked 2nd for Best Investor Relations Professional (Sell Side - Consumer sector)

"CAPITAL" AND "CAPITAL WEEKLY" MAGAZINES

Corporate Social Responsibility Awards 2013



JUL 07
"CAPITAL" MAGAZINE

"Outstanding Consumer Goods Enterprise Award" in the 8th CAPITAL Outstanding China Enterprise Awards



"RETAIL ASIA" MAGAZINE
Top Retailer Gold Award (China)



AUG 08
MERCComm, INC.

International Annual Report Competition (ARC) Awards (Annual Report 2012):
Gold Award, Traditional Format (Retail – Supermarkets)
Silver Award, Interior Design (Retail – Supermarkets)
Bronze Award, Printing and Production (Retail – Supermarkets)
Bronze Award, Printing and Production (Multi-Industry – Products & Services)

OCT 10
MERCComm, INC.

Galaxy Awards (Annual Report 2012):
Honors Award (Food & Consumer Packaged Goods)



NOV 11
"IR MAGAZINE"

Global Top 50 2013:
Winner of Global Top Mid-Cap
Global Top 50 Gold - Ranked 19th



"CORPORATE GOVERNANCE ASIA" Magazine
Asian Company Secretary of the Year 2013

DEC 12
IR MAGAZINE

Best Investor Relations (Consumer Goods & Services)
Best Investor Relations by a Hong Kong Company

"ECONOMIC DIGEST" MAGAZINE
2013 Hong Kong Outstanding Enterprise Award

"THE ASSET" MAGAZINE
Gold Award for All-Round Excellence in Financial Performance,
Corporate Governance, Social Responsibility, Environmental
Responsibility and Investor Relations

THE HONG KONG INSTITUTE OF FINANCIAL ANALYSTS
AND PROFESSIONAL COMMENTATORS
Outstanding Listed Company Award



OUR PHILOSOPHY IN SOCIAL RESPONSIBILITY

As the retail and consumer goods business flagship of CRH, CRE derives its corporate culture and values from those of CRH, while our philosophy in corporate social responsibility is consistent with our vision, mission, culture and values. CRE has always been mindful of putting its beliefs in social responsibility into practice in day-to-day operation, in a bid to contribute to the sustainable development of the society, economy, environment and ourselves.



OUR VISION

To become a world-class retail and consumer goods company.

OUR MISSION

To deliver value to consumers, shareholders, employees, business partners and the society, perfecting life and fulfilling dreams.

OUR ORGANIZATIONAL CULTURE

Simple, candid and open

OUR VALUES

Integrity, performance-oriented, customer-focused, giving back in gratitude



OUR PHILOSOPHY IN SOCIAL RESPONSIBILITY

- Neither compromising results to avoid toil, nor compromising values to get results.
- Committed to the promotion of the corporate culture of being "simple, candid and open."
- Be stringent with the management but kind to the staff.
- To maximize corporate and staff values by showing respect for the value of people, identifying their potentials, promoting spiritual enrichment and protecting staff interests.
- Integrity as the cornerstone of the China Resources culture should never be compromised.
- Ongoing improvements in products and services in terms of quality, environment-friendliness and users' convenience that constantly exceed customers' expectations.
- Working closely with our partners in joint development to achieve mutual benefits.
- In gratitude we give our best to reciprocate the society.

COMMUNICATIONS AND FEEDBACKS RELATING TO SOCIAL RESPONSIBILITY

We attach great importance to the communication of our corporate social responsibilities to all stakeholders, aiming to answer stakeholders' expectations by continuously improving our strategies and mechanisms for the fulfilment of corporate social responsibilities. Through a variety of means including annual and interim reports, shareholders' meetings, press conferences, press releases, company websites and satisfaction surveys, etc, we communicate with our stakeholders in respect of the Group's production, operation, development and social responsibility endeavors. Further, we subject ourselves to the supervision of stakeholders by publishing the social responsibility report.



STAKEHOLDER	EXPECTATIONS FOR THE GROUP	MODE OF COMMUNICATION	RESPONSE TO STAKEHOLDERS' EXPECTATIONS
Consumers	<ul style="list-style-type: none"> Quality products and superior services Food safety Value for money products and services 	<ul style="list-style-type: none"> Channels for customer communication and complaints Customer satisfaction surveys 	<ul style="list-style-type: none"> Making continuous improvements to the quality of our products and services Developing a food quality and safety management mechanism Ensuring supply with transparent prices Product and service innovation
Shareholders/ investors	<ul style="list-style-type: none"> Sound corporate governance Results growth Distribution of dividends Investor relations 	<ul style="list-style-type: none"> Annual general meetings Annual reports and interim reports Quarterly financial and operational reviews Announcements and circulars Roadshows, conferences and seminars for institutional investors Other information disclosure channels such as the Company website and response to investors' enquiries 	<ul style="list-style-type: none"> Ongoing enhancement of the company's mechanisms for decision-making, execution and supervision to strengthen internal control Striving to maintain a satisfactory dividend payout ratio, aiming to strike a balance between profit-sharing with our shareholders and securing cash requirements for sustainable development in future Enhancing information disclosure and communication with shareholders
Community and environment	<ul style="list-style-type: none"> To make contributions in charity and community welfare, education and culture, environmental protection and job creation 	<ul style="list-style-type: none"> Publication of the corporate social responsibility report Organization of staff volunteer activities 	<ul style="list-style-type: none"> Enhancing control on energy conservation and waste reduction, and promoting green management and green office Organizing or supporting charity, educational, cultural and environmental activities Participation in CRH's Hope Town Projects Promoting responsible procurement

STAKEHOLDER	EXPECTATIONS FOR THE GROUP	MODE OF COMMUNICATION	RESPONSE TO STAKEHOLDERS' EXPECTATIONS
Government and regulatory authorities	<ul style="list-style-type: none"> To drive local economic development To generate tax income To create jobs To comply with laws and regulations To facilitate production safety, food safety and environmental protection 	<ul style="list-style-type: none"> Meetings Statistics and work reports Exchanges and visits Involvement in the formulation of national standards or laws/policies 	<ul style="list-style-type: none"> Enhancing core competitiveness and sustaining business growth to generate tax income and create job opportunities Compliance with laws and regulations Adoption of effective mechanisms and measures for operational management, improving production safety, food safety and environmental protection standards on a continued basis
Suppliers and partners	<ul style="list-style-type: none"> Cooperation on equal basis with mutual benefits Long-term and stable business relationships 	<ul style="list-style-type: none"> Cooperation meetings Supplier assessment mechanism 	<ul style="list-style-type: none"> Conducting open, fair and equitable procurement processes Ensuring open, fair and equitable transaction Signing long-term strategic cooperation agreements
Staff	<ul style="list-style-type: none"> To protect staff interests To provide remuneration and benefits To ensure occupational health and safety To provide training and development To care for staff 	<ul style="list-style-type: none"> Internal website/staff newsletter Staff satisfaction and dedication survey Channels for staff feedback Team training, social activities 	<ul style="list-style-type: none"> Protection of staff interests Comprehensive regime for remuneration and benefits Provision of a safe and healthy work environment Provision of staff training, improving staff development and promotion system and driving employees' career development Caring for staff and setting up staff aid funds
Non-governmental organizations ("NGOs")	<ul style="list-style-type: none"> To make contributions to NGOs To make contributions to sustainable development 	<ul style="list-style-type: none"> Participation in NGO's conferences/activities Active response to NGO's enquiries Participation in industry exchange conferences, industry standard formulation and policy research conferences and seminars 	<ul style="list-style-type: none"> Communication and cooperation with NGOs
Media	<ul style="list-style-type: none"> To release information in a transparent and timely manner 	<ul style="list-style-type: none"> Company website Press conferences Press releases Media interviews 	<ul style="list-style-type: none"> Maintaining sound communication by providing transparent and timely information to the media

CORPORATE GOVERNANCE

It is the firm belief of the Company that a good and solid corporate governance framework is essential to the successful growth of the Company and the enhancement of shareholder value. The Company is committed to attaining and maintaining high standards of corporate governance and adopts principles of corporate governance emphasizing a quality Board, open communication and fair disclosure.

The “Corporate Governance Practice Manual” provides for the Company’s principles, policies and practices in corporate governance to ensure compliance of our deeds with our Company’s vision, mission and values. The Company’s “Corporate Governance Practice Manual” is available for downloading via the following link:

[\(Hyperlink\) “Corporate Governance Practice Manual”](#)

The Board comprises 14 directors, including four executive directors (which contain the Chairman, Chief Executive Officer, Vice Chairman and Chief Financial Officer), five non-executive directors and five independent non-executive directors. Various committees have been established by the Board to administer certain specified functions of the Company’s affairs. The main committees include: the Executive Committee, the Finance Committee, the Audit Committee, the Nomination Committee and the Compensation Committee.



The Board meets regularly and at least four times a year at approximately quarterly intervals to review the financial performance and discuss the business, etc. of the Group. Between these regular meetings, the Board may also convene ad hoc meetings as and when necessary to discuss and consider (whether or not required by the Listing Rules) matters requiring Board decisions. During the year of 2013, 7 meetings (including meetings by way of circulation of written resolutions) were held by the Board. The Board has diligently performed its duties.



COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

In addition to a comprehensive corporate governance framework, our Group also operates a sound mechanism for communications with shareholders and investors, ensuring that we deliver sustainable shareholders' value on a long-term basis. Our Group has been committed to the provision of the transparent and timely information on our operating performance and significant business developments. For example, we have been publishing voluntary announcements of quarterly financial and operational reviews since 2002, being one of the first listed companies in Hong Kong to provide voluntary disclosures in this regard. Channels for our communication with shareholders and investors mainly include the following:



- Annual and interim reports
- Quarterly financial and operational reviews
- Corporate Social Responsibility Report
- Information required to be disclosed under the Listing Rules and the laws
- Reports to regulatory authorities
- Annual General Meetings
- Presentations to investors
- Roadshows and visits
- Other channels for information disclosure, such as the Company website and responses to investors' enquiries

In 2013, the Group conducted more than 400 meetings with approximately 1,400 analysts and fund managers aside from its regular investor presentations for results announcements and the annual general meeting. The Group also conducted roadshows during the year and met with institutional investors in certain Asian countries and presented updates on our business development. In June 2013, the Group hosted a two-day site visit in Shenyang for approximately 60 investors to showcase the scale and operations of its beer manufacturing plant, distribution channels of beer and beverage businesses, as well as various retail store formats, enhancing investors' understanding of our businesses.

The shareholders communication policy of the Group is available for downloading via the following link:

[\(Hyperlink\) "Shareholders Communication Policy"](#)



FOOD SAFETY AND PRODUCT QUALITY

STRINGENT PRODUCTION MANAGEMENT

As a leading retailer and consumer goods company in China, our Group places a strong emphasis on food safety and product quality. We have won the trust of our customers over the years by striving to improve the quality of our services and products on a continued basis, in stringent compliance with quality standards across all business segments.

For example, many of our beer plants have obtained ISO9001 certifications for quality management systems, certifications for Hazard Analysis and Critical Control Points (HACCP), ISO22000 Food Safety Management System certifications as well as ISO14001 certifications for environment management systems. Our beer division has further required its staff to sign an undertaking for production safety to assume responsibility for safe production.

The Group's food division is committed to providing safe, healthy and convenient products to its customers. The production processes of the division's various breeding, slaughtering and food processing businesses are in compliance with the HACCP, ISO9001, ISO22000 and Good Agricultural Practices (GAP) standards, and received related certifications. During 2013, the division achieved a passing rate of 100% in all trial tests on its products.

As one of major proponents and drafters of the national standards for bottled purified drinking water, our beverage division is dedicated to supplying consumers with healthy and satisfactory products with premium quality that exceed national production standards. In addition to the ISO22000 certification for food safety management systems achieved by a number of our plants, we have also further strengthened quality management by developing our own SPM quality management system which implements end-to-end, total process control on product quality and food safety from the Supplier through Production to the Market.



SUPPLY CHAIN MANAGEMENT

The Group has established stringent internal guidelines for supply chain management for all our business units in order to secure the quality of our products. We also launched special projects to optimize our supply chain management. For instance, our supermarket chain has been appointed by the Ministry of Commerce and Ministry of Agriculture of the PRC as one of the experiment units to establish direct trading bases between farmers and supermarkets since 2009. As at the end of December 2013, “華潤萬家 CR Vanguard” has established 115 direct trading bases with sizable scale across 23 provinces and over 250 cities and counties in China, covering a total site area of approximately 85,000 mu and providing 165 types of agricultural products to our supermarkets. Not only does the program serve to provide a stable supply of quality goods to our supermarkets, it also improves the livelihood of farmers.

The Group’s food division also strived to develop its supply chain system. Its fresh produce business covers agricultural farming, procurement, distribution, logistics and retail leveraging its own agricultural base and close cooperation with China Resources Hope Town and “華潤萬家 CR Vanguard” supermarkets. This enables the food division to forge an end-to-end industry chain from the sources to retail channels that features an efficient and controllable integrated process covering the planting, harvesting and distribution of products.

Besides, our beer division has modified its assessment on selection of suppliers such that the product quality, promptness and services provided by the suppliers have been improved. In the meantime, it also terminated its cooperation with unqualified suppliers so as to mitigate risks arising from procurement.



In November last year, the red-skin potato from Haiyuan, Ningxia, product of one of CR Vanguard’s direct trading base projects, was launched in the “華潤萬家 CR Vanguard” supermarkets in Xi’an with enthusiastic response from consumers.

We have developed a product tracing system which covers the whole supply chain from upstream pig farms to downstream retail outlets.

EDUCATION IN FOOD SAFETY

Moreover, our retail division has been actively engaged in food safety education for customers. In March last year, “華潤萬家 CR Vanguard” launched its 5th Food Safety Month to promote to the public the importance of food safety. In addition to visits to the farm-to-supermarket direct trading bases and the food safety knowledge quiz, etc., two video clips on food safety were produced, receiving 530,000 clicks and extensive attention from more than 70 mainstream media.

“華潤萬家 CR Vanguard” organized a customer visit to a farm-to-supermarket direct trading base during the “Food Safety Month” Campaign .



A group of customers were having a close scrutiny of the fresh food processing at a “華潤萬家 CR Vanguard” supermarket.



CUSTOMER SATISFACTION



“中藝 Chinese Arts & Crafts” organized a “Star Service Staff” nomination campaign last year, where customers were asked to vote for the best sales personnel as a means to encourage sales staff with outstanding performance and create opportunities for communication between front-line personnel and customers.

In line with our longstanding business philosophy of “Putting the Customer First” and pursuing outstanding operational management and premium products and services, we have been seeking to improve our mechanism for customer complaint and feedback and enhance communication with customers on a continued basis to satisfy customers’ demands. For example, our retail division held numerous customer forums during the past year with a total enrolment of over 1,000 persons.

Our products and services have received wide recognition and commendation from the industry. Awards and honours received include:

- China Resources Vanguard Co., Ltd., our major subsidiary of the retail division, was ranked the first on the “2013 Top 100 Fast Moving Consumer Goods Chain Store in China”.
- In 2013, “華潤萬家 CR Vanguard” was awarded the “Seven Star Awards for Outstanding Contribution in Food Safety & Public Health” by Yicai and Ecolab Inc. for two consecutive years, whereas our food division also won this recognition for the first time. This award is one of the highest recognitions in the Chinese food industry, and serves to promote food safety and recognize food enterprises which make significant contributions to public health.
- “中藝 Chinese Arts & Crafts” has been participating in the annual “Mystery Shopper Program” organized by the Hong Kong Retail Management Association each year, and was named the “2013 Service Retailers of the Year – Department Store Category” for the ninth consecutive year since 2005.



- “華潤堂 CRCare” won “Hong Kong Top Service Brand Awards” for the third consecutive year in 2013, demonstrating recognition for its success in providing excellent services.
- In 2013, “華潤萬家 CR Vanguard” and “華潤堂 CRCare” received their first “Consumer Caring” endorsement by GS1 Hong Kong. The objective of the Consumer Caring Scheme is to recognize enterprises which demonstrate excellence in consumer care based on 7 core values: caring for consumers, being sincere, keeping promises, ensuring product quality and safety, focusing on service quality, listening to consumers and caring for employees.
- In 2013, VanGO was voted a “Popular MTR Shop for Caring Service” by patrons in the “Popular MTR Shop Poll” organized by MTR Corporation Limited.
- “雪花 Snow” beer topped China’s beer sales chart for 9 years in a row as the best-selling single brand. It was also named among the “Most Trusted Brand by Consumers 2013” nominated by China Industrial Information Issuing Center.
- The Group’s beverage division was awarded as the “China Beverage Industry Association – Outstanding 20-Year Enterprise” by the China Beverage Industry Association.
- The “怡寶 C’estbon” brand was named “China’s Consumer Trusted Brand 2013” at the China Business Leaders & Media Leaders Annual Conference. It was the only brand which won this honor in the industry.



ENVIRONMENTAL PROTECTION

The Group is committed to mitigating the impact of its business operations on the environment through mechanisms and measures for environmental management and resource conservation. We also organize and sponsor various types of environmental activities to advocate environmental protection among customers, suppliers and other parties in the community, fostering a concerted effort to protect Earth's resources and create a greener life for all.



In June last year, a volunteers' team comprising personnel of our beer division was formed to launch an initiative at Xishan, Hailar in Inner Mongolia to help conserve the grassland and counter the impact of windstorm and sandstorm. Over 100 staff worked on the desert land to plant 250 kg of shrub seed and 100 kg of barley seed to light up hope for grassland conservation.



Last November, staff of CRE's headquarter took part in the "Walk for Nature 2013" charity event organized by WWF at Mai Po Nature Reserve in Hong Kong to support the environmental organization's work in wetland conservation.

ENERGY CONSERVATION AND WASTE REDUCTION

"華潤萬家 CR Vanguard", the retail flagship of the Group, continued to drive technological upgrades for energy conservation in 2013 with the completion of equipment and technology upgrades for environment-friendly lighting and air-conditioning systems at 7 outlets, resulting in savings in power consumption of 6,760,000 kWh/year. As at the end of 2013, "華潤萬家 CR Vanguard" had developed 109 energy-saving model outlets. "華潤萬家 CR Vanguard" has also introduced the e-signature bill service to reduce unnecessary paper consumption and water pollution. Besides, all "Ole" outlets across the nation participated in the "Care for the Earth Campaign" which promotes the use of fully-degradable eco-friendly bags, which effectively reduced the use of approximately two million plastic bags.

The Group's beer division has established standards of energy conservation and waste reduction which are stricter than the national standard, and increased recycle of resources. During the year, the division continued to promote the application of new technologies in energy conservation and waste reduction. It has implemented more than 200 projects in energy conservation and waste reduction with a total investment of approximately RMB90 million in environmental protection projects. The consolidated energy consumption per unit of beer output for 2013 was 14.34% lower compared to 2012, representing an advanced level among domestic peers in terms of energy consumption standard.

In connection with our food business, CR Ng Fung has been working vigorously to improve its standard in energy conservation and waste reduction management, as a number of its subsidiaries have obtained ISO14001 certification for environment management, "Cleaner Production Audit Certification (清潔生產審核認證)" and the title of "Exemplary Enterprise in Water Conservation at Provincial Level (省級節水單位)". We continued to carry out technological upgrades and the enhancement of our production equipments during the year under review. For instance, our Nanning, Sichuan and Jiangxi units discontinued the use of coal burning boilers, thereby eliminating sulfur dioxide emissions.

As for our beverage division, it implemented various measures such as upgrading its pump systems and facilities, reducing water usage and electricity consumption. Major forms of energy consumed during the production process for 2013 was 5% lower, year-on-year. The water consumption and power consumption per unit of purified water output were 8% and 6% lower, respectively, as compared to the prior year. The water consumption and power consumption per unit of non-alcoholic beverage output were 5% and 9% lower, respectively, as compared to the prior year. Moreover, the division also used eco-friendly cloth bags for packaging to reduce disposable plastic bags usage.

ENVIRONMENTAL PROTECTION CAMPAIGNS

The Group is committed to promoting environmental protection by launching activities in the hope of raising public awareness on energy conservation and environmental protection. To spread this message to our customers, our retail division took part in the WWF's "Earth Hour" campaign for the fifth consecutive year, in which all shops turned off their unnecessary lights. Furthermore, various "華潤萬家 CR Vanguard" stores in different regions carried out a gift box recycling campaign and a mooncake box recycling campaign, respectively, during the Chinese New Year and Mid-Autumn Festival. The Group coorganized the "Empty Bottle in Exchange for Water Campaign" with Coca Cola which has lasted for 2 months. The campaign received extensive coverage by the media community and overwhelming response from our customers, which have raised awareness of recycling.

"華潤萬家 CR Vanguard" has endeavored to donate algae-eating fishes to help clean up the Taihu Lake in Jiangsu for the fifth year and made a contribution of 20,000 fishes.

"太平洋咖啡 Pacific Coffee" shops promoted the recycling of resources by re-using coffee grounds to produce outer casings of thermo mugs.



COMMUNITY CARE

The Group has been actively involved in services and public welfare initiatives for the community to foster a corporate culture of social care and support those in need in different manners. In addition to donations in cash and in kind, we also encourage our employees, customers and suppliers to participate in various types of volunteer services. By incorporating social services in team building activities, we are able to enhance staff morale and sense of belonging while serving the community.

CARE FOR THE UNDERPRIVILEGED

Throughout China, wherever we operate our business, we are actively involved in local charity activities and volunteer services to help the underprivileged groups such as low income families, the physically disadvantaged and singleton elderly. For example, our retail division continued to support the Hong Kong Agency for Volunteer Service's "Share-to-Care Volunteer Campaign" for the eighth year, with preparation work spanning a year. Nearly 100 supermarket outlets in Hong Kong have engaged simultaneously and formed volunteer teams to process 30,000 gift packs and distributed them to those in need through 400 organizations, sending them blessings and regards in person.

The Group also launched an array of community activities to help senior citizens. Outlets of "華潤堂 CRCare" in Hong Kong continued its long-standing practice by offering 50% discounts on its Chinese medical services to patrons aged over 65. The Group's retail division co-organized the "4.2 Autism Awareness Day: Light It Up Blue Campaign" with various academies and social organizations with the aim to raise awareness of autism, during which an exhibition with charity sale of more than 60 paintings drawn by autistic children was held.

Our community work has earned us wide recognition. For example, the Group's supermarket chain "華潤萬家 CR Vanguard" was presented the "Caring Company" logo by the Hong Kong Council of Social Service for seven consecutive years, while our "華潤堂 CRCare" and "太平洋咖啡 Pacific Coffee" have also been named a "Caring Company" by the same organization for five and three consecutive years, respectively.



Last August, the "華潤萬家 CR Vanguard" supermarkets in Hong Kong organized a mooncake coupon donation activity, whereby customers were encouraged to deliver spare mooncake coupons to the Hong Kong stores of "華潤萬家 CR Vanguard" which would then donate all coupons received to "Food Angel (惜食堂)". The aim of the activity was to share the festive joy of Mid-Autumn with those in need.

DISASTER RELIEF

In April 2013, a 7.0-earthquake hit Lushan County, Ya'an City of Sichuan. The Group swiftly commenced work in disaster relief. A number of fund-raising events were organized by the headquarters and various business divisions to donate cash and disaster relief supplies, such as food and tents, etc, to the victims. The southwestern regional branch of our beverage business division made an urgent delivery of drinking water to the disaster-stricken region on the same day it was hit. The Group's supermarkets, shopping centres and "太平洋咖啡 Pacific Coffee" shops also supported disaster relief by holding charity sales and posting "missing person" notices.

Following the earthquakes in Ya'an of Sichuan and Dingxi of Gansu in last April and last July respectively, the typhoon in Chaozhou and Shantou of Guangdong as well as the calamitous rain and flood in Fushun of Liaoning in last August, our business divisions were extensively involved in donations and relief work, taking initiatives to deliver disaster relief supplies to the affected areas.





PARTICIPATION IN CHINA RESOURCES HOPE TOWN PROJECTS

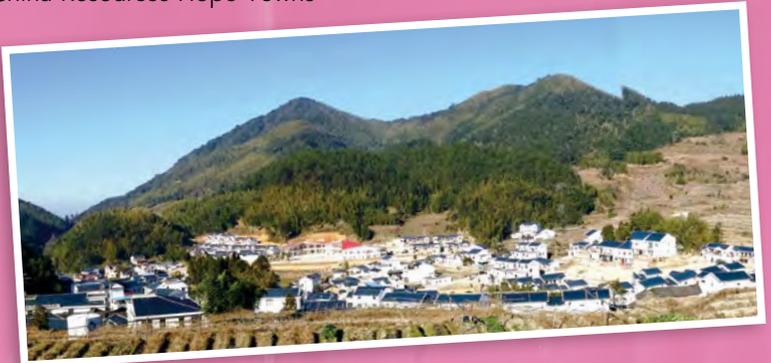
In 2013, the Group continued to participate in the Hope Town projects organized by CRH, our parent company. Through our food division, we operated the China Resources Hope Town projects. We implemented centralized management and industrialized operation at the Hope Towns, utilizing knowledge in modern production processes to enhance production efficiency. Through driving local development of ecological agriculture, it enables farmers to increase their income and improve their living standards. During the year under review, progress of the work of our food division in China Resources Hope Towns includes the following:

1. China Resources Hope Town in Baise, Guangxi Province – We have established a 10,000 mu subtropical fruits and vegetables plantation together with a chicken farm in Baise, Guangxi Province and its neighboring areas, which together generated over 1,000 jobs for local farmers.
2. China Resources Hope Town in Xibaipo, Hebei – construction of Nandian chicken farm for breeding hens, which is scheduled to commence production in 2014.
3. Dongshan Goat Breeding Project at Wanning, Hainan – as one of the largest and most standardized key breeding bases in Hainan, the project has created job opportunities and increased income for local farmers, and received the honorary title of “Production Project in Support of the Vegetable Basket Programme of Hainan Province 2013 (海南省 2013 年菜篮子工程产品生产项目)”.
4. China Resources Hope Town in Shaoshan, Hunan – We cooperated with business partners to acquire whole grain products from local farmers aiming to boost the sales and increase their incomes.

In addition, our beverage division has participated in the drinking water purification project of the Hope Towns, leveraging the technical edge derived from its business exposure. The drinking water purification project of China Resources Hope Town in Xibaipo, Hebei has been completed, while the project for China Resources Hope Town in Gutian, Fujian has reached the final stage and will be completed in the near future.

ABOUT CHINA RESOURCES HOPE TOWNS

Since 2008, CRH has been building Hope Towns in impoverished areas in China. Through centralized planning, conversion and rebuilding works are carried out on the site for a completely transformed living environment for farmers. At the same time, CRH have leveraged its strengths in different industries and abundant resources to help the farmers to set up specialized cooperatives, aiming to build China Resources Hope Towns into new villages engaging in dynamic agricultural developments, being eco-friendly, organic, green and in harmony with the natural local environment with distinctive local and ethnic features. To-date, CRH has developed China Resources Hope Towns in Baise of Guangxi, Xibaipo of Hebei, Shaoshan of Hunan, Wanning of Hainan and Gutian of Fujian, while more China Resources Hope Towns are under planning or construction in Miyun of Beijing, Zunyi of Guizhou and Jinzhai of Anhui. In future, CRH will continue to build more China Resources Hope Towns in other impoverished areas in China.



China Resources Hope Town in Gutian, Fujian

EDUCATION AND CULTURE

Children are our future. We believe that every child is entitled to proper education that helps them to realize their potential and contribute to the society when they come of age. As such, our Group sees the support of education as an important part of our corporate social responsibility. Besides, we are also committed to the promotion of culture and art, seeking to enhance quality living for the public.

SUPPORT FOR EDUCATION

The Group's beverage business initiated the "China Resources C'estbon 100 Libraries Program" in 2007 to build libraries in primary and secondary schools in poor areas that lack educational resources. The program gave one bottle of C'estbon water for one spare book to encourage donation of books to children living in those areas. During the year under review, the division held approximately 2,000 book donation activities and collected over 380,000 books.

In April and May of 2013, the beer division cooperated with the media in Heilongjiang to launch the "SNOW – Dreams Come True" scholarship program. The activity has sponsored 40 underprivileged students with the aims of raising money for their education and raising public concern for those underprivileged. In addition, the division has been organizing its flagship "Great Expedition with SNOW" campaign for many years. In June 2013, the campaign gave out free drinking water to parents of the candidates outside examination centres of middle school and high school examinations in more than 50 districts in Heilongjiang, showing its support to them.

As at the end of 2013, the division established 105 libraries in 15 provinces or cities across the nation and donated about 730,000 books.



CULTURE AND ART

The Group is committed to cultural conservation and raising awareness of cultural heritage. Since 2008, our beer division has partnered with The School of Architecture of Tsinghua University to organize the “Popularization and Inheritance – China’s Ancient Buildings Series” program with an investment of more than RMB10 million. As at the end of 2013, the program published five series of books, totaling 31 on ancient architecture to enrich public knowledge of ancient buildings. In 2013, our beer division entered into a RMB20 million contract with Tsinghua University again in relation to the planned publication of an illustrated dictionary of ancient architecture and a series of ancient architectural maps between 2013 and 2017.

In addition, the Group successfully held the fifth “SNOW Draft Beer – Photo Competition on Chinese Ancient Buildings”. In 2013, the number of competitors topped 1.2 million. Moreover, the impact of the competition reached beyond China as works of the competitors were displayed in an exhibition in Moscow to promote the ethnic culture of China. A documentary on ancient Chinese architecture was produced in association with Tsinghua University and shown on 27 TV channels at provincial or municipal level throughout China, including CCTV channels. It has resulted in enthusiastic response and raised stronger concern for the conservation of ancient architecture in China, providing a solid driving force for the popularization and inheritance of China’s ancient architecture.

Our retail division also sponsored the “International Children Painting Competition” in Hong Kong last year. The aim of the competition was to encourage teenagers and children to realize their artistic potential and creativity, while promoting artistic and cultural exchanges between Hong Kong and the international community. A premiere exhibition of the award-winning paintings was held for free admission at Pacific Coffee Emporium, the flagship store of Pacific Coffee in Hong Kong, from November to December last year. Desk calendars showing these paintings were made and offered in charity sales in December. Pacific Coffee pledged a donation of HK\$10 to the “Promotion of Young Artists Foundation” for every calendar sold in support of youth art development.

The “International Children Painting Competition” was the first of its kind as a major international art event hosted by Hong Kong, as well as the first international live painting competition held in Asia.

The “SNOW Draft Beer – Photo Competition on Chinese Ancient Buildings” has become China’s largest competition in photography of ancient architecture.



STAFF RELATIONS

People are the most valuable asset of CRE, and they are essential to the continued success of our business development. Therefore, apart from reviewing staff remuneration and benefits on a regular basis with reference to market standards and individual staff performance to maintain our competitiveness in the employment market, we are also committed to providing a safe and ideal work environment, as well as opportunities for training and development to encourage staff to realize full potential. We also place a strong emphasis on staff communication, taking a proactive approach to care for our employees in a bid to attract and retain high-calibre personnel for mutual growth with the enterprise.

OCCUPATIONAL SAFETY

We have formulated internal occupational health guidelines and policies based on the different operating environments of our business divisions. We also seek to ensure occupational safety for our staff through the implementation of a comprehensive production safety management system and safety training sessions. For example, our food business conducted an internal audit of the EHS management systems of all subsidiary profit centres in 2013 and applied the audit results in the performance assessment of the profit centres. The exercise has effectively enhanced the execution and accountability of EHS management. Besides, our beer division held 356 emergency drills during the past year with 9,193 persons taking part.

TRAINING AND DEVELOPMENT

To nurture and retain outstanding staff and enhance our competitiveness on a continued basis, we have dedicated strong efforts to the provision of training and development opportunities to facilitate our employees' career development. In 2013, the Group provided numerous training opportunities to staff of different levels. To sharpen the competitive edge of our management team, the Group is devoted to providing lean management training for over 30,000 staff of different levels. The Group's retail division established "CR Vanguard Institute", which provides comprehensive learning opportunities to staff at different levels to cater for the needs of different positions. As for the beer division, it has actively provided learning and training opportunities to its staff, resulting in 100% coverage of staff training.

Our management and the participants took a photo at a lean management training graduation ceremony.



The unveiling ceremony of the Coffee Academy of "Pacific Coffee 太平洋咖啡" shops was held in Beijing in December 2013.



STAFF COMMUNICATION AND CARE

Different channels and means have been established in our business divisions, such as staff job commitment and satisfaction polls, to strengthen communication and interaction with our employees. Staff opinions and suggestions are collected on a regular basis through our comprehensive opinion collection mechanisms and exchange activities for the senior management and the staff. For example, for the beer division, suggestions adopted will be announced and rewarded as a way to encourage staff participation in the day-to-day company management.

Moreover, we are also highly concerned with the holistic health and wellness of our staff. Our business divisions organize regular health checks for staff, as well as a variety of leisure activities such as sports days, interest groups and party gatherings, to help employees achieve a balance between work and life and foster amiable staff relations. We also organize activities to express care for our staff. In August 2013, the beverage division initiated a series of caring activities for its staff, including "Touching C'estbon – Finding Our Beloved Around Us". We paid visits to over 100 junior staff in some 20 cities and published stories of their daily life to boost staff morale and enhance their sense of belonging to the Company.

EMPLOYEE ASSISTANCE STATISTICS

Type of Assistance	2011		2012		2013	
	Persons/ families	HK\$'000	Persons/ families	HK\$'000	Persons/ families	HK\$'000
Assistance to employees in difficulties	1,103 persons	1,020	1,211 persons	2,520	1,222 persons	1,780
Visits paid to families of employees in difficulties	714 families	430	736 families	570	834 families	1,600
Education assistance to children of employees in difficulties	209 persons	280	286 persons	330	247 persons	340
Assistance to employees with diseases	1,095 persons	2,550	1,201 persons	2,470	1,080 persons	3,960

The beer division organizes various leisure activities such as sports days for its staff.



Our business divisions have set up their charity funds to help those staff who are in need or are ill so as to promote the spirit of solidarity and culture of mutual help.

PROSPECT

In 2014, we will continue to improve our mechanism for the administration of corporate social responsibility, aiming to put social responsibility into practice with enhanced regulation and planning. We will also gradually optimize our key performance indicators regarding social responsibility. These endeavors will enable our values in social responsibility to be better reflected in our day-to-day operations. Moreover, we will continue to communicate our efforts in the fulfillment of social responsibility to our stakeholders in a proactive manner. We will also further enrich and improve the content of our corporate social responsibility report.

In future, CRE will continue to be committed in providing consumers with products and services of higher quality and make more contributions to the sustainable development of the community. We will also strive to provide employees with a better work environment and opportunities for career development, while making every effort to add value for shareholders.



KEY PERFORMANCE INDICATORS

Key Performance Indicators	2011	2012	2013
Protection of Employees' Rights			
Total number of staff (excluding associated companies)	200,000	211,000	217,000
Employment of additional staff	29,000	11,000	6,000
Employment contract signing rate*	100%	100%	100%
Social insurance/provident fund/mandatory provident fund coverage*	100%	100%	100%
Percentage of female senior management	16%	17%	18%
Disability employment (no. of persons)	507	898	1,264
Coverage of staff training	80%	96%	99%
Investment in training per capita (HK\$)	292	308	357
Hours of training per capita	71	17	26
Production Safety			
Number of work injuries	1,140	1,236	1,164
Fatal casualties in workplace incidents	1	2	0
Coverage of medical check-up*	53%	60%	66%
Number of occupational illness	0	0	0
Investment in production safety (HK\$)	116,310,000	119,780,000	105,270,000
Coverage of safety training	98%	96%	99%
Number of emergency drills	3,323	6,275	8,265
Other Indicators			
Charitable donations (HK\$)	15,000,000	10,000,000	8,000,000
Complaints handling rate	100%	100%	100%
Responsible procurement rate**	98%	98%	99%

* Calculated on the basis of full-time employees

** Responsible procurement means that relevant terms in one or more social responsibility focus areas (e.g. product quality and safety, green environment, staff rights, prevention of commercial corruption, etc.) are set out in procurement contracts of the Group.



FEEDBACK

We hold a high regard for communications with all stakeholders. Comments on our strategies for sustainable development, practices of corporate social responsibility and contents of our social responsibility report are most welcome. Kindly give your opinions by emailing us at info@cre.com.hk.

EDITORIAL TEAM

TEAM LEADER:

Chen Lang (CRE headquarter)

DEPUTY TEAM LEADER:

Liu Xiujun (CRE headquarter)

Wong Mei Ling (CRE headquarter)

TEAM MEMBERS:

Li Han (CRE headquarter)

Kevin Leung (CRE headquarter)

Jonathan Tu (CRE headquarter)

Kelly Lau (CRE headquarter)

Purple Whang (CRE headquarter)

Joanne Ding (CRE headquarter)

Jiang Yan (China Resources Vanguard Co., Ltd.)

Ma Shaojun (China Resources Vanguard Co., Ltd.)

Hua Yijiu (華潤雪花啤酒(中國)有限公司)

Jiang Yu (華潤雪花啤酒(中國)有限公司)

Xiong Lang (China Resources Ng Fung Limited)

Chen Litong (China Resources Ng Fung Limited)

Wang Jiaqi (China Resources Ng Fung Limited)

Wang Chengwei (China Resources C'estbon Beverage (Holdings) Company Limited)

Xiang Jun (China Resources C'estbon Beverage (Holdings) Company Limited)

Song Bei (China Resources C'estbon Beverage (Holdings) Company Limited)

Guo Qingbin (China Resources C'estbon Beverage (Holdings) Company Limited)





www.cre.com.hk

39/F, China Resources Building
26 Harbour Road, Wanchai, Hong Kong
Tel: 852-2827-1028
Fax: 852-2598-8453
Website: www.cre.com.hk
Email: info@cre.com.hk