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2023 Environmental, Social and Governance Report

China Tourism Group Duty Free Corporation Limited



China Tourism Group Duty Free Corporation Limited

Stock Abbreviation: CTG DUTY-FREE
A Share Stock Code: 601888.SH
H Share Stock Code: 01880.HK



2023

Environmental, Social and
Governance Report

About this Report

Introduction

This report is the third Environmental, Social and Governance Report (hereinafter “ESG Report”, “this Report” or “the Report”) issued by China Tourism Group Duty Free Corporation Limited (hereinafter “CTG DUTY-FREE”, “the company”, or “we”) and its affiliated companies.

Reporting Scope

Unless otherwise stated, the scope of content disclosed in the ESG Report is consistent with that of the company’s Annual Report.

Reporting Period

The period of this Report is from 1 January to 31 December 2023. To enhance the readability of the Report, some contents or data refer to previous years or extend to the date of disclosure of the Report.

Source of Information

The information and data provided in the Report have been obtained from our internal documents, statistical reports and ESG-related performance summaries. Unless otherwise specified, the currencies involved in the Report are all measured in.

Reporting Principles

This Report is prepared in accordance with the *ESG Metrics System for ESG Reports of Listed Companies Controlled by Central State-owned Enterprises* issued by the State-owned Assets Supervision and Administration Commission of the State Council (the “SASAC”) and the *Environmental, Social and Governance Reporting Guide* (“ESG Guide”), Appendix C2 to the *Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited* (“Hong Kong Stock Exchange”), and with reference to the following rules:

- The *Guidelines for State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities* issued by the SASAC;
- The *Guidelines No. 1 for Application of Self-regulation Rules for Listed Companies – Standardised Operation* issued by the Shanghai Stock Exchanges (the “SSE”);
- The *Guideline No. 14 for the Application of Self-regulation Rules for Listed Companies – Sustainability Reporting (Trial) (Exposure Draft)* issued by the SSE;
- The *Guidelines on Corporate Social Responsibility Reporting in China* released by Chinese Academy of Social Sciences (“CASS-ESG 5.0”)
- *Global Reporting Initiative’s Sustainability Reporting Standards* (“GRI Standards”)
- *The Ten Principles of the United Nations Global Compact*
- United Nations Sustainable Development Goals (SDGs)

Reporting principles

Materiality: We identified key ESG issues through materiality assessment, the process and results of which have been disclosed in this report.

Quantitative: For those indicators need calculation, calculation sources have been disclosed in this Report.

Consistency: We follow a consistent approach for disclosure statistics and maintain the same disclosure statistics for this report in respect of information previously disclosed in the report for last year to the largest extent.

Release Form of the Report

The electronic version of this Report can be downloaded from the company’s official website or obtained by following the WeChat official account of “CTG DUTY-FREE Investor Relations”. This Report is published in Simplified Chinese, Traditional Chinese and English. In the event of any discrepancy between the three versions, the Simplified Chinese version shall prevail.



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Letter from the Management



Dear stakeholders:

2023 marked the first year in which the spirit of the 20th CPC National Congress was fully implemented, and in response, CTG DUTY-FREE forged ahead and pursued concerted action. During the year, the company won a number of awards, such as the title of Model for World-class Specialised and Innovative Enterprise from SASAC. As a responsible central state-owned enterprise, the company has been working with stakeholders to actively embrace the world and lead the development of the global tourism retail industry.

Responding to National Strategies as a Central State-owned Enterprise

The company actively supported national strategies, strived to fulfil its duties as a committed central state-owned enterprise, and continued to uphold its original beliefs and mission. During the year, we comprehensively promoted rural revitalisation and spent CNY13.37 million on assistance efforts to consolidate and expand achievements in assistance projects, strengthen assistance at all levels, promote the development of rural industries, improve living and working conditions in rural areas, and forge beautiful rural areas. The company also supported local economic development and facilitated the construction of Hainan Free Trade Port. We focused on our major responsibilities and core business

and strived to seize favourable opportunities, which included successfully competing with overseas destinations to attract tourists and consumer spending. The company adheres to the strategy of “laying deep roots in Hainan” and makes great efforts to explore investment and development opportunities on the island. To this end, we have opened six offshore duty-free stores in Haikou, Sanya and Boao, fully covering visitors leaving Hainan by “plane, ship or train”. At the same time, the company has seized development opportunities in the GBA by opening duty-free stores in Guangdong, Hong Kong, and Macau with a view to facilitating the construction of the GBA. The company is actively responding to the Report to the 20th National Congress of the CPC, taking action in line with the Belt and Road Initiative, actively exploring overseas markets, and promoting tourism retail business in order to “Go Global”. In recent years, the company has steadily pursued tourism retail opportunities in Cambodia, Singapore and other Southeast Asian countries.

Collaborating in Pursuit of Innovation and Sustainable Development

We fully leveraged our influence in the supply chain and cooperated with multiple partners – from brand partners to consumers – to jointly explore innovative paths to green and sustainable development, and we cooperated with upstream brand partners and downstream consumers to carry out green environmental protection activities. In this way, we are conveying the “green cdf” message to our customers. The company continued to engage in in-depth cooperation with brands to jointly explore social benefits in the fields of art and culture, while also encouraging partners to implement ESG concepts and assisting brands in developing ESG products. The company is fully committed to meeting customers’ desire for a better life. We offer a wide variety of merchandise to meet consumers’ shopping needs, while also promoting the coordinated and sustainable development of the environment, society and economy.

Engaging in High-quality Development, Pursuing Long-term Stable Operations

With high-quality development as our core direction, and focussing on the goal of “building a central state-owned enterprise that upholds the principles of integrity, safety, environmental awareness, and harmony”, we have put in place a robust governance system to enable long-term stable operations, and we are exercising stronger governance to implement ESG concepts. While steadily upholding the concept of “trusted business operations and excellent services”, the company is expanding its offerings of high-quality goods and services, and encouraging the vigorous development of China’s duty-free market. We protect the rights and interests of employees, care about their development, and continuously optimise our career platform to promote the development of both employees and the company. We care for the planet, protect the environment, and engage in green and low-carbon operations. The company is acting quickly to analyse the potential challenges that climate change may bring, deploy mitigation and adaption measures, and explore opportunities.

Over the past year, CTG DUTY-FREE has been strengthening its capabilities, actively embracing the world and acting as a leader in the duty-free tourism retail industry. The company is using international events such as the China International Consumer Products Expo (CICPE) and the Asian Games to tell a new story about the tourism retail industry in China, and it is calling for enhanced cooperation among all stakeholders to embrace a bright future for the industry. We are looking forward to a prosperous future alongside all our stakeholders. During this new development stage, we aim to help create a new development landscape and pursue win-win results for the environment, society and economy, and we are fully committed to delivering results that meet societal expectations.

China Tourism Group Duty Free Corporation Limited
Chairman and General Manager
Mr. WANG Xuan
March 2024

Mr. WANG Xuan

China Tourism Group Duty Free Corporation Limited
Chairman and General Manager

Social Responsibility Performance Overview

Economic

First class

First-class travel retail operator in the world Ranked No. 1 among tourism retail players in the “Top 500 Most Valuable Brands in China” rankings for the 20th consecutive year

Ranked first

Ranked No.1 in China in terms of number of duty-free brands With the wildest product range and the most diversified portfolio

Top two

We operate the two largest duty-free shops in the world – Haikou International Duty-Free Shopping Complex and Sanya International Duty-Free Shopping Complex

Most comprehensive

With full coverage on on-board aircrafts, borders, foreign ships, passenger stations, railway stations, diplomatists, cruises and downtown channels, we are the travel retail operator with the complete types of duty-free shops and the largest number of retail stores in a single country worldwide

CNY675 billion

Operating income reaches CNY675 billion

CNY67 billion

Net profit attributable to shareholders of listed company reaches CNY67 billion

CNY64 billion

Various taxes and fees paid in 2023 reach CNY64 billion

350,000

Selling over 46 types of goods, and over 350,000 SKUs of goods

Social

1,455 well-known brands CNY27.93 million

About 1,455 well-known brands in the world are in our duty-free shops

We invested CNY27.93 million in operation safety, organised 663 safety training sessions

16,789 employees

There are 16,789 total employees as at the end of 2023

CNY13.37 million

We spent CNY13.37 million in rural vitalisation, implemented 10 assistance projects and attracted CNY2.60 million to assistance projects

100% training coverage, more than 547,000 training hours

The employee training coverage reaches 100%, with more than 547,000 training hours in total.

32 million

32 million registered cdf members

45:55

The ratio of male and female employees is 45:55, and females in the Board of Directors and the Supervisory Committee account for 37.5%, females in the senior managerial roles account for 20% and in middle managerial roles account for 35%.

Environmental

Green building certification

Both Haikou International Duty-Free Shopping Complex and Sanya International Duty-Free Shopping Complex Zone C have obtained LEED Gold certification¹; Both Sanya International Duty-Free Shopping Complex Phase 1 Plot 2 Commercial Project and Haikou International Duty-Free Shopping Complex Plot 1 have obtained 2-star Green Building pre-certification.

25.78 million shopping bags

In Hainan province, more than 25.78 million shopping bags that meet environmental protection requirements have been provided, effectively reducing the generation of non-degradable plastic waste

18 LEED Certifications

18 stores/counters have received LEED certifications, including 16 LEED Gold certifications and 2 LEED Silver certifications

0.0177 Tons of standard coal/m²

0.0177 Tons of standard coal/m² of comprehensive energy intensity

0.04 tonnes of carbon dioxide equivalent

Greenhouse gas emissions per square metre are 0.04 tonnes of carbon dioxide equivalent

¹ LEED or Leadership in Energy and Environmental Design is a rating system devised by the United States Green Building Council (USGBC) to evaluate the environmental performance of a building.

* All the above are data as of the end of 2023 or for the year 2023. Please refer to the 2023 Annual Report for details of financial data.



Statement of the Board of Directors



In order to standardise the ESG management mechanism and enhance the quality of ESG management, CTG DUTY-FREE has established an ESG governance structure with the Board of Directors having the highest responsibility and decision-making authority for ESG matters, bearing full responsibilities for the company's ESG strategy, target management and information disclosure, and approving ESG improvement proposals. The Strategy and Sustainability Committee mainly conducts surveys and puts forward proposals on the company's ESG development strategy, policies and targets, as well as substantive issues focused by stakeholders. It is also responsible for inspecting the implementation and improvement of ESG activities, and reviewing the company's reports on sustainable development and ESG matters. The company establishes the ESG Leadership Group, which is headed by the Chairman of the company; the deputy head of it is the General Manager; and its members include heads of departments. The ESG Leadership Group is responsible for managing and coordinating the company's ESG-related work, which establishes and improves the company's management system and operating mechanism for ESG-related work, and it also formulates ESG work plans and integrates the company's development strategy, image, branding and operations with ESG concepts.

Based on the external environment and the development strategy of the Group, CTG DUTY-FREE has identified 13 key ESG agendas through the engagement of stakeholders during the reporting period and thus clarified its critical tasks, including excellent service experience, customer satisfaction, health and safety of products employee welfare and satisfaction, health and safety of employees, employee career development and skill upgrading, employee diversity and equal employment, the integrity of operations, supply chain management, information security and privacy protection, response to national strategies, collaborating with brand partners to promote environmental protection, response to climate change. The above issues have been examined and the performance has been improved in routine work, and target-oriented management has been carried out accordingly. In the future, we will continue to regulate our sustainable development management strategy and promotion methods according to the expectations of stakeholders and the actual operation of the Group, in an effort to continuously improve the level of sustainable development.

The Report provides detailed information on the progress and achievements regarding CTG DUTY-FREE's ESG efforts in 2023 and has obtained approval from the Board of Directors on 27 March 2024. The Board of Directors and all directors of the company hereby guarantee that the information presented in this Report is free from any false records, misleading statements or material omissions, and undertake joint and several liabilities for the authenticity, accuracy and completeness of the information.

About the Company

Company Overview

China Tourism Group Duty Free Corporation Limited (stock abbreviation: CTG DUTY-FREE; stock code: 601888.SH 01880.HK) was listed on the Shanghai Stock Exchange in October 2009 (previously known as "China International Travel Service Co., Ltd.", the stock abbreviation "China CITS"), and was listed on the Main Board of the Hong Kong Stock Exchange in August 2022. Our company mainly engages in duty-free business, including the wholesale and retail of duty-free commodities such as fragrance, luxury, jewellery, watch, etc. Moreover, the company is also involved in investing and developing commercial complexes with duty-free business as the core.

Our company has established long-term and stable cooperations with 1,455 renowned brands worldwide. It also has set up over 200 duty-free shops in more than 30 provinces, cities, autonomous regions and special administrative regions in China, and also Cambodia, covering airports, on-board aircrafts, borders, passenger stations, railway stations, foreign cruise supply, diplomatists, cruises and downtowns (offshore, departures) in these regions. Its eight customs-supervised logistics centres in Dalian, Qingdao, Shanghai, Shenzhen, Haikou, Sanya, Hong Kong SAR and Beijing cover the entire country. Its main sales channels cover large domestic hub airports in Beijing, Shanghai, Guangzhou, Chengdu and Hangzhou, international airports in Hong Kong SAR and Macau SAR in the Asia Pacific region, and Sanya International Duty-Free Shopping Complex, Haikou International Duty-Free Shopping Complex. China Duty Free Group has developed into a travel retail operator with the most complete types of duty-free shops and the largest number of retail stores in a single country in the world, providing duty-free commodity services to nearly 200 million domestic and foreign tourists every year.

The "courageous, professional efficient, cooperative, innovative" corporate culture has been fostered during the company's development over the years, and it is with this culture that we face challenges bravely and overcome difficulties. In recent years, the company's core functions and capabilities such as procurement, operations, channel expansion, digitalisation and marketing have been continuously enhanced. Our business has been steadily transformed and upgraded, achieving leapfrog development.

In the future, our organisation will maintain the continuous, stable and healthy growth of the duty-free business, adhering to the concept of "customer-centered, market-oriented", with "duty-free business" as the core to upgrade the value chain, and "tourism retail" as the extension to upgrade the industrial chain to build a more globally competitive world-class travel retail operator.

Corporate Culture

Brand Positioning

The world's leading travel retail operator



Core Values

Courageous, professional efficient, cooperative, innovative



Corporate Mission

Share the joy of shopping and extend the enjoyment of travel



Operation Concept

Customer-centered, market-oriented



Our Milestones

Over the past 40 years, the company has developed into the world's leading travel retail operator by successfully seizing opportunities and addressing challenges:

1984

The PRC State Council officially authorised the establishment of China Duty Free Company.

1989

An office of China Duty Free Corporate was established in Hong Kong SAR to strengthen the overseas procurement and distribution capability of duty-free merchandise.

cdf 中免集团
CHINA DUTY FREE

1990

Our Beijing Downtown Duty Free Shop, the first downtown duty-free store in China, commenced its business operation.

1996

Our Heihe Border Duty Free Store, the first duty-free shop on the border of Asian countries was established.

1997

We began to sell domestically produced goods in duty free shops, showcasing the Chinese domestic brands and products to the world.

2004

We are selected as one of the franchised retailers for the 2008 Beijing Olympic Games.

2006

We entered the international market and established its first sales terminal in the overseas market.

2009

We successfully listed on the Shanghai Stock Exchange.

2011

Our Sanya Downtown Duty Free Store commenced its business operation as the first offshore duty-free store in Hainan province.

2014

- Our Sanya International Duty-Free Complex commenced its business operation as the first travel retail complex in China. It was the largest standalone duty-free store in the world in terms of sales area at that time.
- Our first overseas downtown duty-free store commenced operation in Angkor, Cambodia.

2017

Acquired Sunrise Duty Free (China) Co. Ltd.

2018

- Acquired Sunrise Duty Free (Shanghai) Co., Ltd.
- The first independent cruise duty-free shop in China commenced its business operation.

2020

- Acquired Hainan Duty-free Co., Ltd.
- We became the world's largest travel retail operator; the membership system of cdf was officially launched, marking a historic breakthrough in online and offline interconnection, domestic and overseas interconnection.

2021

We remained the No.1 travel retail operator in the world.

2022

- Listing on the Hong Kong Stock Exchange
- Grand opening of Hiakou International Duty-Free Shopping Complex, the largest single duty-free shop worldwide
- Ranked as the world's largest travel retail operator for the three consecutive years

2023

Awarded the title of Model for World-class Specialised and Innovative Enterprise by SASAC

Honours and Awards²

External Governance and Investor Relations Awards Received in 2023:

- 1** Awarded the title of Model for World-class Specialised and Innovative Enterprise by SASAC


- 2** Selected into the “Grade A (Excellent) Companies” in the Information Disclosure Evaluation of the Shanghai Stock Exchange for eight consecutive years


- 3** Received the “Hong Kong Equity Issue of the Year 2022” award from IFR Asia


- 4** Included in the 5th session “Best Listed Companies” selected by “New Fortune”


- 5** Recognised among the Listed Companies with the Best Competitive Edge in the “Golden Phoenix Tree Awards” at the Chinese Listed Companies Investment Value Summit jointly organised by the China Industrial Cooperation Association, Ji’an Fintech Corporation and TMTPost


- 6** Included in the “2023 Phoenix Star Hong Kong Stock Best Listed Companies” selected by Phoenix TV and Phoenix New Media


- 7** Received the “Best IR Team” award and “Most Honoured Company (Consumer and Non-Staples Category)” award in the “Institutional Investor 2023 Asia (Ex-Japan) Executive Team” selection


- 8** Received the “Investor Relations Management Award” in Securities Market Weekly’s 2023 Capital Market Crystal Ball Selection


- 9** Received the “Best Responsibility Advancement Award” and “Best Corporate Governance Responsibility Award” from Sina Finance


- 10** Received the “Best Digital Investor Relations Award”, “Best Information Disclosure Award” and “Best ESG Award” at Excellence in IR’s 7th Awards Ceremony



² The list of honours and awards is not exhaustive.

Brand Communication Awards Received in 2023:

11 Ranked first in the selection of “China’s 500 Most Valuable Brands of 2023” for the tourism service sector by World Brand Lab



13 Received the “Most Influential Communications Award” in the “2023 Caijing Magazine Evergreen Awards” selection



15 Received the “Annual Influential Brand Communications” award at the 8th Southern Weekly Brand Conference



12 Recognised among the “Top 20 Chinese Tourism Groups in 2023” at the “2023 Chinese Tourism Group Development Forum” sponsored by the China Tourism Academy and China Tourism Association



14 Awarded the title of “Most Influential Cultural and Tourism Brand Value Communication Enterprise of 2023” at the 10th Culture and Tourism Integration and Innovation Forum organised by Xinhuanet



ESG and CSR Awards Received in 2023:

16 Included in ESG-Pioneer 100 Index of Central Enterprises released by the parallel forum of the sixth China Enterprise Forum under the guidance of the Bureau of Social Responsibility under SASAC and China Social Responsibility 100 Forum



18 Recognised among the “Outstanding ESG Practice Cases of Listed Companies” by the China ESG Observers Consortium



20 Included in the “ESG Excellence TOP 20 Ranking” at the “2023 Zero-Carbon Mission International Climate Summit”



22 Received the Best ESG Practices Award for Listed Companies in 2023 from Yidong and Value Online



17 Included in the “Leading 100 ESG Cases of Chinese Listed Companies” selection at the 2nd Sustainable Investment and Financing (ESG) and Free Trade Port Construction Forum held in Sanya



19 Received the ESG Pioneer Award for Listed Companies in 2023 at the “8th Golden Orange Awards of Times Finance” organised by Guangdong Times Media Group



21 Recognised among the “Top 100 Best ESG Practices among Listed Companies in China for 2023” by Wind



Topic 1

Proactively Responding to National Strategies by Fulfilling our Mission as a Central State-owned Enterprise



CTG DUTY-FREE actively responds to United Nations (UN) Sustainable Development Goals (SDGs) 1 and 10 by extensively engaging in rural revitalisation with a view to promoting common prosperity.



To meet its social responsibility as a corporate citizen, the company is fully committed to responding to national strategies, fulfilling its original aspirations and missions, and creating sustainable economic, social and environmental value.

Comprehensively Promoting Rural Revitalisation to Facilitate Common Prosperity

The 20th Communist Party of China (CPC) National Congress has showcased the Chinese path to modernisation and the ambition to achieve the great rejuvenation of the Chinese nation. Rural revitalisation is key to the effort to build a modern socialist country in an all-round way. In 2023, the company spent CNY13.37 million in rural vitalisation and implemented 10 targeted assistance projects to promote the revitalisation of industry, talent, culture, ecosystems and organisations in Menglian and Ximeng counties. In addition, the company attracted CNY2.60 million in alleviation donations, among which CNY1.3 million was provided unconditionally and CNY1.3 million was provided in the form of an investment. The company also supported various training activities for 277 grassroots county officials, 382 leaders in rural revitalisation and prosperity, and 2,215 professional technical personnel. In addition, the company's trade unions spent CNY1.335 million to procure local agricultural products from Menglian and Ximeng counties, and leveraged its advantages as a leading tourism retailer, the company assisted in selling agricultural products, generating CNY3.93 million in revenue. In addition, to promote organisational revitalisation, we conducted Party-building and joint-construction activities as part of our paired assistance efforts. The company's Party branch in Kunming signed joint-construction agreements with four grassroots Party organisations in Menglian and Ximeng counties in 2023.



Counting 2023

The company spent **CNY13.37 million**

Implemented **10** targeted assistance projects

Supported various training activities for **2,874** grassroots county officials and other categories of personnel

assisted in selling agricultural products **CNY3.93 million**

Consolidating and Expanding Achievements in Targeted assistance



Assistance for Immediate Need

To strengthen its achievements in assistance projects, the company spent CNY300,000 in the "Temporary Relief" assistance project (formerly known as the "Together – Rescue and Relief" project) in Menglian County to alleviate pressure on villagers experiencing difficulties as a result of illness, emergencies, accidents and other issues. In 2023, a total of 58 people benefited from the "Temporary Relief" assistance project.



the company spent **CNY300,000** in the "Temporary Relief" assistance project



Assistance by Consumption

In an effort to promote consumption, the company has taken various measures, such as setting up "Xing Lv Yun Pin" stores at Sanya International Duty-Free Shopping Complex and Haikou International Duty-Free Shopping Complex, and establishing WeChat groups among commissioned officials to facilitate the sales of local agricultural products and encourage farmers to participate in trade fairs. Harnessing our extensive customer resources, we have also strived to promote the sale of local specialty products across the country, which has significantly increased the income of local farmers.

Case study: "Xing Lv Yun Pin" store at Haikou International Duty-Free Shopping Complex

The "Xing Lv Yun Pin" store opened on the same day that Haikou International Duty-Free Shopping Complex officially opened. At the store, visitors can purchase a wide variety of local specialties, such as ice wine, beef jerky, tea, preserved fruit, leisure food, honey and coffee sourced from seven cities or counties in four provinces (Ximeng County, Menglian County, Shangri-La City and Deqin County in Yunnan Province, Linxia City in Gansu Province, Bayingolin Prefecture in Xinjiang Province, and Lichuan County in Jiangxi Province).



▲ Xing Lv Yun Pin store in Haikou International Duty-Free Shopping Complex

Strengthening Responsibility for Assistance at All Levels



Enhancing Organisational Leadership

In 2023, the company's Party Committee firmly shouldered its responsibility for targeted assistance. During the year, the Party Committee held four special meetings on improving targeted assistance and implementing the working mechanism for paired assistance. During two on-site visits to Menglian and Ximeng counties in Yunnan Province, the company's managements gave instructions to frontline personnel and supervised the assistance projects to ensure their successful completion in 2023.



Designation of Commissioned Officials

In 2023, the company successfully completed the rotation of designated commissioned officials to paired counties. After taking over the assistance missions, the newly designated commissioned officials continued conducting extensive surveys of frontline personnels diligently, and took the initiative to organise and implement a number of assistance projects to promote industrial development, cultural tourism, the living environment, talent training and people's livelihood. As a result, the officials were able to make a significant contribution to the effort to effectively connect assistance achievements and rural revitalisation in Menglian and Ximeng counties.



▲ Photos of assistance work

Promoting the High-Quality Development of Rural Industries

Assistance in the Cultural Sector

The company is dedicated to helping Menglian and Ximeng counties maintain their unique ethnic minority cultures, while also exploring the path to rural revitalisation through the development of the cultural sector.



▲ Akha Swing: a wooden swing for folk activities used by Hani ethnic minorities in Yongqian old village



▲ A park used for fishing by Hani ethnic minorities in Yongqian old village



▲ A Hani ethnic restaurant in Yongqian old village decorated for the Eni Juema Banquet



▲ Aka Stage: an event venue for Hani ethnic minorities in Yongqian old village

Assistance for Rural Industry

We strive to use innovative business models to cultivate new industries in rural areas. In 2023, under the government's "One Industry in One County" strategy, the company focused on the avocado industry in Menglian County, spending CNY1.06 million to comprehensively improve the county's avocado industry in five areas: market orientation, organised development, green transformation, specialisation and scale expansion. These measures have effectively promoted the healthy development of the avocado industry, extended the industry chain and broadened sales channels. With the help of the company's efforts, in 2023, Menglian County's avocado industry generated revenue of more than CNY500 million and sales of fresh fruit exceeding 10,000 tonnes.



▲ People in Menglian County receiving session 1 of a training course on avocado industry management from the Chinese Academy of Tropical Agricultural Sciences under the theme of "One Industry in One County"



▲ An avocado product sample

The company attaches great importance to the transfer of technical know-how, and to this end, it continuously makes efforts to hold training sessions for rural brokers (bellwethers of rural revitalisation and prosperity), covering the resource economy, port economy, livestream e-commerce, and the development of the planting and breeding industries. In this way, we are cultivating high-quality rural brokers, providing job opportunities for villagers, and taking measures to boost their annual incomes, with a view to improving villagers' working and living conditions and supporting rural revitalisation in Menglian and Ximeng counties.

Improving Living and Working Conditions to Forge Beautiful Rural Areas

Assistance for Education

The company continued supporting the "Star of Hope" teachers programme. During the year, we launched a paired assistance project between Zhenxiang Senior High School, the affiliated school of Yunnan Normal University with Menglian County to enhance the collaboration on teaching management and leading educational resources, with a view to promoting education in Menglian County. The company's contribution to the "Star of Hope" teachers programme has enabled students in Menglian and Ximeng counties to access high-quality education resources and pursue a better education.



▲ Activities under the "Star of Hope" programme



Rural Construction

To vigorously develop rural tourism and improve farmers' ability to grow their income and pursue a better life, the company has made steady contributions to the Beautiful Village project, which aims to assist villagers in shaping their towns into pleasant ethnic settlements that preserve their rural character. As part of this initiative, the company launched a rural tourism construction project in Laga, Yongqian old village, Mangxin Town, Menglian County. In 2023, we implemented the fourth phase of the project, which mainly included constructing a new tour path around the village, improving the village's landscaping and decorations, and beautifying housing in the village.



▲ An aerial view of Yongqian old village



▲ A Road of Hani ethnic minorities



▲ Greenery around Yongqian old village



▲ Houses in Yongqian old village

Supporting Local Economic Development and Facilitating the Construction of Hainan Free Trade Port and the Guangdong-Hong Kong-Macau Greater Bay Area (GBA)

Focusing on its major responsibilities and core business, the company has strived to seize favourable opportunities in Hainan – which is successfully competing with overseas destinations to attract tourists and consumer spending – in order to actively facilitate the construction of Hainan Free Trade Port and the GBA.

Laying Deep Roots in Hainan

In its effort to explore investment and development opportunities in Hainan, the company adheres to the business philosophy of “engaging in trusted business operations and providing excellent services”, and the strategy of “laying deep roots in Hainan”. Taking advantage of the favourable policies for Hainan Free Trade Port, we have opened six offshore duty-free stores in Haikou, Sanya and Boao, striking a geographical balance in an effort to fully cover visitors leaving Hainan by “plane, ship or train” and enhance their shopping experience. Moreover, Sanya International Duty-Free Shopping Complex and Haikou International Duty-Free Shopping Complex – located at the southern end and northern end of Hainan Island, respectively – are strongholds in our Hainan network and act as integrated tourism retailers with a dual focus on “duty-free retail and cultural tourism”, with duty-free business as the foundation.



Leveraging brands, services and creativity, the company has been able to steadily introduce premium-brand flagship stores that offer a unique shopping experience and set an example for innovation in duty-free consumption in China.



The company is also committed to promoting the upgrading of the tourism industry. For example, we have organised joint promotion activities at the Hainan Tourism Consumption Carnival for two consecutive years. Through these types of initiatives, we are promoting common development and leveraging the advantages of the industry chain to position Hainan as a premium tourism destination for global consumers.



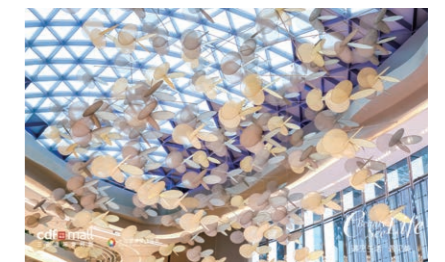
We are committed to continuously satisfying consumers' growing demands and pursuit of a better life. To this end, we are steadily introducing more brands and better services and providing a more convenient and pleasurable retail experience to Hainan's offshore duty-free consumers, with a view to offering travellers the joy of “seeing the world and shopping at cdf”.

Case study: cdf inaugurated the Global Beauty Plaza in Sanya International Duty-Free Shopping Complex Block C

cdf Sanya International Duty-Free Shopping Complex Block C and the Global Beauty Plaza were inaugurated on 28 December 2023. The Global Beauty Plaza, which is housed within Block C, offers an array of top international beauty brands, unique design styles, high-quality services, and a blend of fashion and artistic elements. It is designed to provide consumers with better travel and retail experiences and enhance both cdf Sanya International Duty-Free Shopping Complex and Hainan's position as world-class tourism and shopping destinations.

Project Style

cdf Sanya International Duty-Free Shopping Complex Block C, which covers an area of 78,000 square metres, was jointly designed by Büro Ole Scheeren and Valode & Pistre Architectes. The overall design was inspired by a docked yacht and tells the story of a “Fragrant Journey”. The atrium design features three different themes: “The Journey of a Seed”, “Green Wonderland”. The art corridors, which link Block C to Blocks A and B, were designed with the themes of “A tunnel of time” and “A Corridor of Flowers”. The design imbues Block C with a unique ambience and style while forming a cohesive connection between the new block and other structures in the complex. It also highlights Hainan's tropical climate and natural landscape and offers an immersive experience for visitors.



Brand Introduction

cdf Sanya International Duty-Free Shopping Complex Block C expansion has been accompanied by a string of high-profile openings, greatly strengthening the complex's beauty offerings. Beauty giants such as Lancôme, Estée Lauder and Dior have all introduced their first-ever two-storey travel retail flagship stores, while Maison Francis Kurkdjian and Pat McGrath Labs have chosen to showcase their latest and China travel retail-exclusive designs and concepts in Block C. The introduction of these new shops provides a wider selection of retail options and a more interesting shopping experience to consumers.



cdf Sanya International Duty-Free Shopping Complex currently offers over **850** Chinese and international brands

Customer Experience

In addition, shoppers can enjoy a variety of high-quality services and facilities at cdf Sanya International Duty-Free Shopping Complex Block C, including Hainan's first multi-brand Spa Centre. Featuring an impressive brand mix and exclusive, limited-edition products, the Spa Centre promises customers "an immersive multi-dimensional sensory experience and a serene space for physical and mental healing".



Facilitating the GBA's Development into a World-Class Bay Area

At the 19th and 20th National Congress of the CPC, the Central Economic Work Conference, and other major conferences and occasions, President Xi Jinping has provided important instructions on promoting the construction of the GBA. The company has actively responded to national strategies, vigorously developed the duty-free economy, attracted Chinese consumers who would have otherwise sought overseas consumption, assisted to build an international consumption hub and forged the new "dual circulation" development pattern.

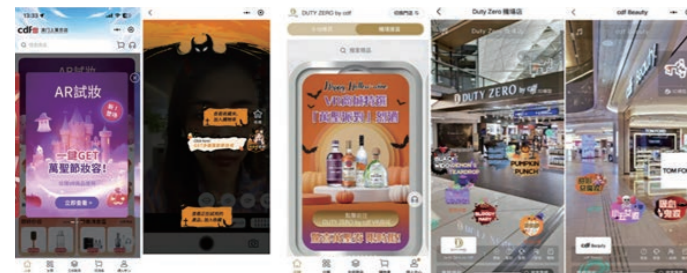
The company has seized development opportunities in the GBA by opening duty-free stores in Guangdong, Hong Kong, and Macau with a view to facilitating the construction of the GBA. At present, the company operates outbound and inbound duty-free stores in Guangzhou Baiyun Airport, as well as a number of duty-free stores in Hong Kong and Macau. The aforementioned stores include city stores, airport stores and cruise stores.

The company has vigorously developed "Smart Stores" to support consumption that integrates online and offline capabilities. Relying on technologies such as passenger flow statistics and analysis programs, in-store virtual reality (VR) monitoring, and electronic price tags, we continuously innovate our services to keep up with the latest consumer experience trends. The company's array of automated and digital tools digitises the entire consumption chain and effectively improves stores' operational efficiency.

In 2023, we continued to promote the expansion and operational planning of new stores through AR and VR smart retailing. As a result, we have achieved the successful online launch for DUTY ZERO airport & city stores and cdf Beauty stores through the VR technology, and the online launch for CDFG (Cambodia) Limited and cdf Membership Club through AR technology.

Case study: The company launches cross-store AR and VR marketing activities during festivals

During the Halloween and Christmas holidays, the company launched cross-store AR and VR marketing activities. Based on a cross-platform marketing model with the theme of "trying-on makeup/cocktails + products", users were able to enjoy various scenarios and engage with user and operator terminals that supported product interaction, visualisation, jump logic, product display, icon size changes and icon customisation. During the activities, more than 1,100 SKUs were launched by our overseas smart retail stores and Membership Club, and month-on-month traffic, visits, new customers, sales figures and other indicators significantly improved after the activities of Halloween, Christmas and New Year Holiday.



▲ C-end interfaces for AR and VR activities during Halloween



▲ C-end interfaces for AR and VR activities during Christmas

Cooperating Overseas to Improve the Company's Brand Image under the Belt and Road Initiative



▲ On 16 October 2023, DUTY ZERO, the first cdf airport duty-free store in Southeast Asia, opened for trial operation.

The Report to the 20th National Congress stressed the importance of promoting high-quality Belt and Road cooperation. The Belt and Road Initiative provides a direction for Chinese enterprises on how to implement their internationalisation strategies. As the growth trend of global tourism remains positive, we are taking action in line with the Belt and Road Initiative, actively exploring overseas markets, and promoting tourism retail business in order to "Go Global".

The company is deeply engaged in tourism retail business in Southeast Asia, and it has steadily expanded in Cambodia and other emerging markets. In 2013, Cambodia's tourism industry experienced rapid development, seeing double-digit growth in terms of global visitors and Chinese visitors. Against this backdrop, we successfully opened our first duty-free store in Cambodia in 2014.

By the end of 2023, the company had opened three downtown duty-free stores in Phnom Penh, Siem Reap and Sihanoukville. The company is also promoting duty-free projects in Southeast Asia and other key areas covered by the Belt and Road Initiative, with a view to playing a leading role in the international tourism retail market.

Enhancing Cultural Exchanges between the Chinese and Cambodian People

To improve local employment conditions, the company prefers to recruit local residents in Cambodia, and the proportion of local to total employees at CDFG (Cambodia) Limited exceeds 93%. Moreover, under our "Journey of Love" initiative, we provide targeted assistance to art welfare homes for Cambodian children. Since the end of 2016, the company has carried out public welfare activities once a quarter for eight consecutive years, delivering a positive impact on society.

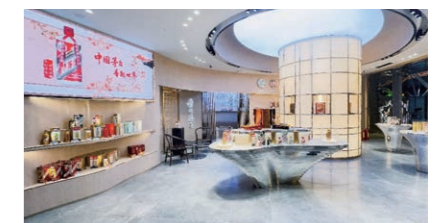
In recent years, CDFG (Cambodia) Limited has rapidly expanded its market share, and promoted the construction of ancillary facilities for local tourism alongside the Cambodian government and other organisations. In this way, we are meeting the growing demand from tourists and forming a sustainable development pattern that delivers mutual benefits.



▲ cdf Sihanoukville International Airport Duty-Free Store

Case study: Expanding diversified global duty-free business to facilitate Chinese enterprises' efforts to "Go Global"

The company cooperated with Moutai to open its world's first overseas airport store in the DUTY ZERO by cdf Siem Reap-Angkor International Airport Duty-Free Store, bringing overseas customers Eastern culture and providing a new sales platform for national liquors seeking overseas expansion. This cooperation is an effective move for the company to diversify its global duty-free business.



▲ Facilitate Moutai to open its world's first store in an overseas airport

Promoting Friendship between the Chinese and Cambodian People by Telling China's Story

Based on its experience jointly organising two sessions of the "Global Consumption Innovation & Duty-Free and Travel Retail Conference" with the Hainan Provincial Bureau of International Economic Development, the company actively prepares for influential international events in Cambodia, and promotes cross-border exchanges and cooperation at major international conferences and events to demonstrate the economic and cultural charm of China. In our overseas operations, we conduct in-depth surveys of local customs, and delicately integrate them with Chinese elements to tell China's story in new ways. In this manner, we are able to showcase the true version of China and improve the international community's understanding and recognition of our country. During the implementation of key projects, the company strives to improve local people's well-being and enhance their sense of achievement, happiness and satisfaction, with the aim of delivering mutual benefits and laying a solid foundation for mutual understanding.

Topic 2

Capitalising on Our Competitive Edge to Jointly Uphold ESG Concepts with Brands



To actively respond to UN SDG 12, CTG DUTY-FREE focuses on fulfilling its corporate social responsibility and pursuing excellence to provide consumers with quality products and services.



The company fully leverages its influence in the supply chain and cooperates with multiple partners – from brand partners to consumers – to jointly explore innovative paths to green and sustainable development.

Taking Green Actions and Joining Hands with Brands to Deliver Green Value

The company connects upstream brands and downstream customers in building a consumer space that integrates fashion and environmental protection. In this way, we convey the “green cdf” message and encourage customers to embrace the philosophy of sustainable consumption, with the goal of promoting the transition to a better consumption ecosystem.

Case study: Unlocking retail potential to help SEKKISEI carry out environmental protection activities

In 2009, SEKKISEI launched the “SAVE the BLUE” environmental protection project, which originally aimed to protect coral reefs. In 2022, the project was expanded to Hainan, where it had helped restore about 1,500 square metres of forest as of the end of 2023.

During the period from 1 July 2023 to 31 August 2023, for each bottle of designated duty-free product sold, SEKKISEI donated CNY5 to environmental protection organisations in Hainan province, and six cdf duty-free stores in Hainan also made efforts to publicise this initiative. As a result of these efforts, a total of CNY47,533 was raised to protect the marine environment of Hainan Island.



six cdf duty-free stores in Hainan also made efforts to publicise



a total of **CNY47,533** was raised to protect the marine environment

Case study: The company and Clarins join hands with the Blue Ribbon Ocean Conservation Association to plant trees on Hainan Island

Under the theme of the “A Beautiful Journey towards Environmental Protection”, Clarins – a French natural skincare brand – set up a pop-up store in Haikou International Duty-Free Shopping Complex in November 2023. Forest Stewardship Council (FSC)-certified paper was used for all printed products, and customers used a digital check-in system to take part in activities at the pop-up store. Moreover, the store itself was built using raw materials that had received environmental protection certifications.

Meanwhile, the company, Clarins’ Tourism Retail team and the Blue Ribbon Ocean Conversation Association jointly carried out public welfare activities to encourage Chinese consumers to make “green commitments to beauty”. For each commitment made, a mangrove tree was planted by Clarins in the East Harbour National Nature Reserve, with a view to giving back to the local community.



▲ Clarins counter



▲ Electronic check-in for the tree planting activity

Case study: Cooperating with Edrington Group and the Blue Ribbon Ocean Conservation Association to jointly plantcoastal forest

President Xi Jinping stated, “We must respect science and fulfil our responsibility to mangrove protection”. In response to these important instructions, in April 2023, the company, six cdf stores in Hainan, Edrington Group and the Blue Ribbon Ocean Conservation Association carried out mangrove restoration and planting activities in the Sanya Qingmei Port Mangrove Reserve with the theme of “Co-planting coastal forest”.



▲ Tree planting activities



Cooperating in Commercial Activities to Deliver a Positive Impact on Society

The company continues to engage in in-depth cooperation with brands to jointly explore social benefits in the fields of art and culture. By exploring opportunities for diversified and all-round cooperation with international brands, we can provide consumers with better products and shopping experiences, and ultimately better meet their needs.

Case study: Collaborating with Kiehl's to protect, promote and pass down Hainan's intangible cultural heritage

The company recently joined hands with Kiehl's and Hainan Binglanggu Li and Miao Cultural Heritage Park to protect, promote and pass down Hainan's intangible cultural heritage. In September 2023, Kiehl's opened a counter at Haikou International Duty-Free Shopping Complex to give customers the opportunity to immerse themselves in the Li people's culture. Participants who purchased designated items received patterned satchels that had been handmade in an ethnic style by elderly Li women.



▲ Consumers enjoyed an immersive experience that took inspiration from the Li people's original ecological style

Case study: Introducing M. Chapoutier, an inclusive, organic wine brand

M. Chapoutier is one of the oldest and most storied wineries in the Rhone Valley of France. It interprets the wine style of different plots in the Northern Rhone Valley in an organic and bio-dynamic way by using wild yeast, strictly controlling yield and steadily improving its winemaking process. In 2023, the company screened and selected 23 quality wines from first-hand allocations sourced directly from the brand. Notably, the blind can read the bottle labels by touching them, which reflects a culture of openness and the spirit that underlies the sharing of good wines.



Case study: The company and Qeelin unveil a stunning Spring Festival art installation at Sanya International Duty-Free Shopping Complex

In February 2023, the company, in cooperation with Qeelin – a high-end jewellery brand owned by world-class luxury group Kering – successfully held a stunning art installation exhibition with a Spring Festival theme at Sanya International Duty-Free Shopping Complex, presenting consumers with a richer duty-free shopping experience and adding a special sparkle to the holiday. The installation's decorations, such as the red Wulu (gourd), helped cultivate an auspicious atmosphere, warmly welcoming visitors from around the world, and the blooming Chinese flowering crabapple provided a sense of happiness and prosperity. In this way, the company and Qeelin collaborated to convey best wishes for peace, happiness and good luck to all consumers, while also integrating traditional Chinese culture with modern design elements to showcase the unique charm of the country's traditional culture.



Assisting Brands in Implementing ESG Concepts

The company takes concrete actions to put into practice the philosophy of sustainable development, such as by encouraging partners to implement ESG concepts and assisting brands in developing ESG products. In this way, we are promoting the coordinated and sustainable development of the environment, society and economy.

Case study: Cooperating with FIYTA and the Blue Ribbon Ocean Conservation Association to carry out "Island Cleaning Activities", launch cdf's special edition green-themed wristwatch

On 30 October 2023, the company, together with FIYTA and the Blue Ribbon Ocean Conservation Association, carried out "Island Cleaning Activities" on uninhabited Xigu Island, Hainan province. Volunteers were organised to clean up litter on the island and restore the damaged ecosystem, with a view to promoting sustainable development and supporting the island's role as a clean and green habitat for wildlife. During the activity, a total of 486 kilogrammes of marine garbage were collected and disposed of.



In December 2023, the company cooperated with FIYTA to launch a special edition green-themed the "J-20" blue ocean watch in cdf stores. The watch's strap is made of recycled plastic from the sea, to enhance customer awareness of the severe plastic pollution and encourage more people to reduce the use of plastic in their daily lives. In addition, "Ocean Guard Certificates" were jointly issued by the Blue Ribbon Ocean Conservation Association, the company and FIYTA to watch buyers to recognise their use of recycled materials, which will help protect our blue oceans and promote sustainable development.

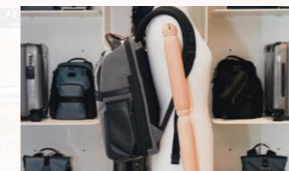


Case study: The company encouraging brands to promote green products

The company actively cooperates with brands to introduce green, sustainable and renewable products at cdf stores. This represents one way in which we are facilitating environmental protection and the development of the circular economy and encouraging brands to engage in sustainable research & development.

TUMI

Alpha Bravo's products, as well as women's bags under the VOYAGEUR brand, are green products that use **recycled nylon** as body fabric;



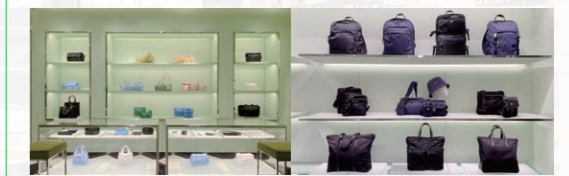
Tory Burch

The outer layers of Tory Burch's Ella Bio handbags are crafted from a bio-based leather alternative called **Bio-Tex™ Susy**;



Prada

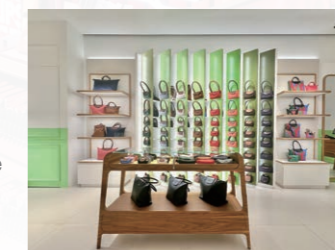
Re-Nylon series products are composed of ECONYL® regenerated nylon, a material refined from **waste plastics, fishing nets and textile fibre waste recycled** from the sea through cooperation between Prada and spinning manufacturer Aquafil;



▲ Photos from Prada

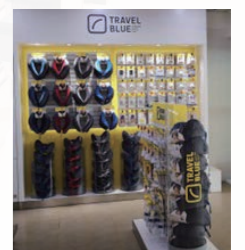
Longchamp

Le Pliage Original series and Le Pliage Green series products are made of recycled nylon refined from fishing nets, carpets, floor mats and industrial waste, delivering a message that promotes waste recycling. These products have received Global Recycled Standard (GRS) 4.0 certification.



British brand Travel Be

Has launched products **made of renewable or recyclable materials that meet the GRS**.





The Journey of a Seed

Principles of Governance

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Complying with Commercial Ethics to Reinforce Internal Control Compliance	38

CTG DUTY-FREE actively responds to United Nations (UN) Sustainable Development Goals (SDGs) 16 and 17, and has been continuously improving corporate governance and empowering corporate sustainability with ESG.



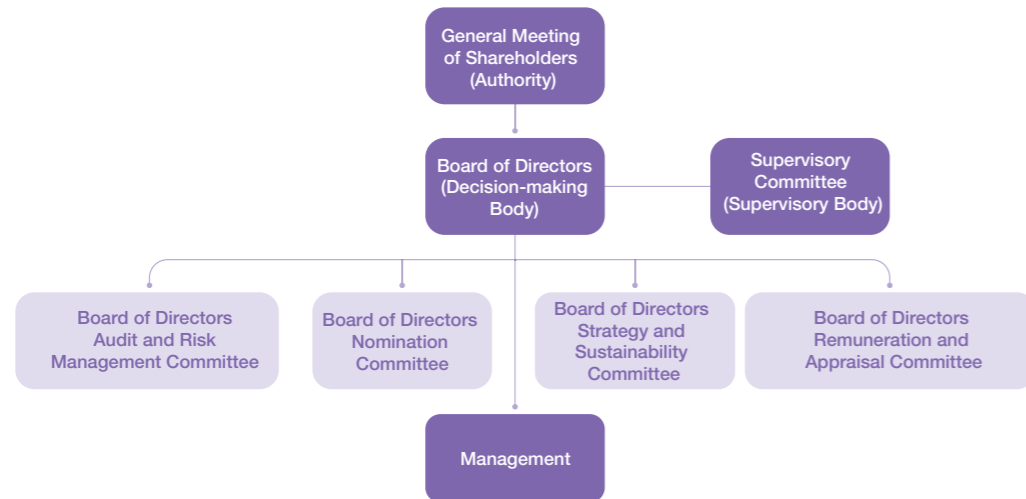
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Robust Governance System for Long-term Stable Operations

Corporate Governance

Robust Governance System

The company has established a governance system consisting of the Party Committee, General Meeting of Shareholders, the Board of Directors, the Supervisory Committee, and the Management with a clear division of authority, responsibilities, and regular operations. The Party Committee plays a leading role in "setting the direction, managing the overall picture, and ensuring implementation", and implements the decisions and plans made by the CPC Central Committee and national development strategies. The General Meeting of Shareholders represents the highest decision-making authority and plays an overall guiding role in the company's operation and development. The Board of Directors is accountable to the General Meeting of Shareholders. It plays the role of "setting strategy, making decisions and preventing risks", exercising decision-making power on major issues of the company in accordance with legal procedures and the "Articles of Association", and carrying out its work strictly with the "Articles of Association" and the "Rules of Procedure of the Board of Directors". Four special committees, namely the Strategy and Sustainability Committee, the Audit and Risk Management Committee, the Remuneration and Evaluation Committee and the Nomination Committee, have been set up under the Board of Directors to provide consultation and advice to the Board on significant decisions. The Supervisory Committee, as the supervisory body, is responsible for overseeing the performance of the Board and management. The management level is responsible for the operation, implementation, and administration, and is subject to the management of the Board of Directors and the supervision of the Supervisory Committee.



CTG DUTY-FREE has formed a corporate governance system based on the "Articles of Association" and concerning the "Rules of Procedure of the General Meeting of Shareholders", the "Rules of Procedure of the Board of Directors", the "Rules of Procedure of the Supervisory Board" and the "Rules of Work of the General Manager" in accordance with the requirements of the *Company Law* and the *Code of Governance for Listed Companies*. In 2023, the company revised the "Management Measures for the Standardised Operations of Affiliated Companies' Board of Directors", formulated the "Detailed Working Rules for the Investment Review Committee", devised the "Compilation of the Management System of Domestic Duty-free Subsidiaries", and promoted the standardisation and efficiency of the company and its affiliated companies' system of four committees and one level of management.

As of 31 December 2023, the company's Board comprised five directors, including one female director, representing 20% of the board of directors. Three independent directors are mainly drawn from first-class universities, research institutes and think tanks. They have held important positions in large state-owned enterprises, financial enterprises, and accounting firms, and they possess strong professional qualifications and experience in financial audit, legal risk control, new retail, and digital transformation. Their presence enhances the diversity and complementarity of the company's Board in terms of the members' experience and capabilities. We are committed to cultivating a professional and diverse Board of Directors that aligns with the strategic positioning of the company as a world-class tourism retail enterprise. All directors have a term of three years, and accessible for re-election when their term of office expires, if eligible. Independent non-executive directors are not allowed to hold the position for more than six consecutive years. In terms of educational background, 2 directors have doctorate degrees, and 3 have master's degrees. The directors have a balanced mix of knowledge and skills. They obtained degrees in various areas and possess experience from different industries and sectors. The current Board is characterised by significant diversity in terms of skills, experience, knowledge, gender, age and other areas, in compliance with the requirements on Board diversity.

The company's senior management consists of 7 executives, including 1 female executive, representing 14% of senior management personnel.

In 2023, we improved the efficiency of corporate governance and successfully completed the election of the Board of Directors in accordance with the principle of "standardisation, efficiency and smoothness". The company strengthened support for independent directors to assist them in performing their duties, and provided professional decision-making, communication, and information support to new independent directors to ensure that decisions made by the Board are reasonable, efficient and precise. In accordance with changing regulatory rules in China and overseas, we will continue to refine the corporate governance system, provide compliance management training, and improve the compliance awareness of all staff members, especially directors, supervisors and executives.

Professional backgrounds of Board members					
	Name	Retail	Finance & accounting	Legal	Digital transformation
1	WANG Xuan	√			
2	CHEN Guoqiang	√			
3	GE Ming		√		
4	WANG Ying			√	
5	WANG Qiang	√			√



Information Disclosure

The company has formulated the "Information Disclosure Management System" to strengthen its management of information disclosures and protect investors' legitimate rights and interests. In 2023, the company disclosed information truthfully, accurately, completely, promptly, and fairly, in strict compliance with the *Company Law*, the *Securities Law* and other laws and regulations, as well as the relevant regulations of the CSRC, SSE, HKEX. We continue to regard "zero-error" information disclosure as its basic goal, and we are steadily improving our information disclosure system accordingly to effectively protect shareholders' right to know and enhance the effectiveness of our information disclosures.

As an A+H listed company, CTG DUTY-FREE has been addressing the differences in capital market regulatory concepts and rules between the A-share market and the H-share market. The company follows the principle of "early start, frequent communication, and focus on quality and efficiency" to optimise its system for regular reporting, announcements, and key information disclosure, and to regulate related-party transactions, dividend planning and other details. In 2023, a total of 226 announcements were disclosed, and none of them were subject to any supplements, corrections or official inquiries. The company has been awarded an A-grade evaluation for information disclosures by the SSE for the past eight consecutive years.

In 2023, a total of **226** announcements were disclosed

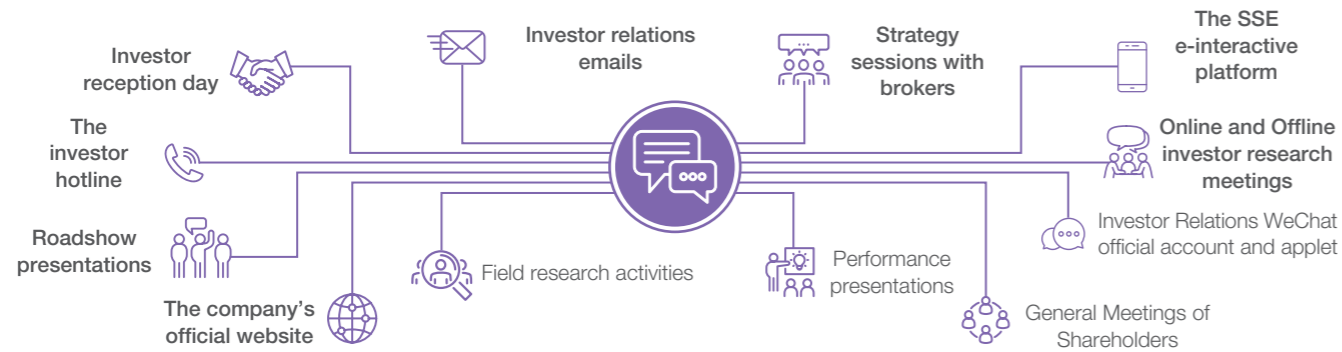
has been awarded an **A-grade** evaluation for information disclosures by the SSE for the past eight consecutive years



Investor Relations

The company strictly complies with the *Company Law*, the *Securities Law*, the *Listed Company Investor Relations Management Guidance* and other laws and regulations and established the “Investor Relations Management System” to implement investor relations management. Guided by the needs of investors, the company continuously enrich and improve the smooth investor communication channels to enhance pertinence and effectiveness. We also improve the quality of investor relationship management and convey corporate investment value to the market precisely and timely to promote high-quality development of the company.

Diversified Communication Mechanism



Based on cdf's unique characteristics, we have been enriching and innovating investor relations (IR) activities and inviting investors to visit the company in person. The company held many sharing sessions and reverse roadshows in Hainan, Hong Kong SAR and other regions; performance briefings are held in a timely manner after regular reporting; and sessions are also held to provide updates on business operations. The company has participated in the collective roadshows of listed central state-owned enterprises organised by the SSE; and it engaged in overseas roadshows for the first time. We continue to promote the company's digitalised IR platform; our official WeChat account has garnered more than 290,000 views; and our IR applet has been followed by more than 1,100 institutional users.

Case study: Organising research and exchange sessions for investors to experience business scenarios in person

In 2023, the company organised for investors to visit its main stores for research and exchange sessions. These activities were designed to give domestic and foreign investors the opportunity to personally experience the company's core business scenarios, and to give the company the opportunity to proactively listen to investors' valuable suggestions related to its development.

The company has organised visits to “Skyrim Forest”, an immersive visual experience, the “Watches & Wonders” luxury watch exhibition, the Moutai tasting shop, the flying dome theatre, wine tastings, and many other IR research activities in Haikou International Duty-Free Shopping Complex to demonstrate the company's proactive, open, and positive image to the capital markets.



▲ Research and exchange activity ▲ An immersive on-site experience ▲ Exhibition visit ▲ Face-to-face sharing session

Exercising Stronger Governance to Implement ESG Concepts

Focussing on ESG

ESG Targets To build a central state-owned enterprise that upholds the principles of integrity, safety, environmental awareness, and harmony.

Planning for Sustainability

With high-quality development as our core direction, we have implemented the five development concepts of “innovation, coordination, going green, openness and sharing”. CTG DUTY-FREE actively fulfils its social responsibilities as a central state-owned enterprise, and we are preparing for a new stage of development under the direction and goals described in the 14th Five-Year Plan (14th FYP) and are striving to achieve these goals.



The company has been included in various domestic and international sustainability indexes, demonstrating capital markets' recognition of the company's ESG efforts.

Hang Seng Corporate Sustainability Index (HSSUS)	Hang Seng (China A) Corporate Sustainability Benchmark Index (HSCASUSB)	MSCI Emerging Markets Index
Hang Seng (China A) Corporate Sustainability Index (HSCASUS)	Hang Seng SCHK China Central SOEs ESG 40 Index	
Hang Seng (Mainland and HK) Corporate Sustainability Index (HSMHSUS)	Hang Seng SCHK China Central State-owned Enterprises ESG Enhanced Index	CSI 800 ESG index Shanghai and Shenzhen 300 ESG Leading index SSE 180 ESG Leading index
Hang Seng Corporate Sustainability Benchmark Index (HSSUSB)	Hang Seng SCHK China Central State-owned Enterprises ESG Index	

CTG DUTY-FREE's 2023 ESG performance and 2024 ESG targets		
Sector	Achievement of 2023 ESG targets	2024 ESG targets
Green office	<ul style="list-style-type: none"> Continued to advocate energy conservation and emissions reduction, fully implemented energy conservation and environmental protection initiatives, and thoroughly put the "Green and Low Carbon Initiative" into practice In 2023, no major incidents involving energy conservation or environmental protection violations occurred, and the company received no penalties or notifications from environmental protection authorities 	<ul style="list-style-type: none"> Continue to advocate energy conservation and emissions reduction, and improve green operations management capabilities and energy efficiency Avoid major incidents involving energy conservation or environmental protection violations and avoid penalties or notifications from environmental protection authorities
Green building	<ul style="list-style-type: none"> Haikou International Duty-Free Shopping Complex obtained LEED gold certification Zone C of Sanya International Duty-Free Shopping Complex obtained LEED gold certification Sanya Duty-Free Shopping Complex Phase 1 Plot 2 Commercial Project obtained pre-certification as a 2-star Green Building Continuously optimised existing facilities' energy efficient transformation, and conducted carbon footprint management capabilities Worked with brand partners to apply for LEED certifications: 10 stores/counters obtained LEED certifications 	<ul style="list-style-type: none"> Follow green building standards in new construction projects and apply for green building certifications Continue to promote energy-efficient transformation of existing facilities Actively explore the use of new energy sources Facilitate brand partners to obtain LEED certification
Operational safety	<ul style="list-style-type: none"> 129 responsibility pledges were signed regarding operational safety targets, reflecting 100% coverage, and full coverage of operational safety responsibility (for leads in charge) was achieved Conducted routine inspection and expert diagnostic safety inspection activities, and full coverage of operational safety inspections (for all places) was achieved Held 663 operational safety trainings, 154 themed lectures, drawing 18,500 participants, and full coverage of operational safety training (for all staff) No safety accidents and no work-related fatalities throughout the year Enhanced automation and smart operations, diligently staged emergency drills Spent a total of CNY27.93 million in operational safety 	<ul style="list-style-type: none"> Achieve 100% signatures for the responsibility pledge regarding operational safety targets and 100% coverage of operational safety responsibility (for leads in charge) 100% coverage of operational safety inspections (for all places) 100% coverage of operational safety training (for all staff) No safety accidents and no work-related fatalities throughout the year Continue to enhance automation and smart operations to empower operational safety Guarantee investments in operational safety
Training	<ul style="list-style-type: none"> Invested CNY7.543 million in employee training; total training hours exceeded 547,000 hours; training coverage reached 100% of personnel; and on average, each employee participated in 32.8 training hours 	<ul style="list-style-type: none"> Guarantee investments in employee training Guarantee investments in launching training activities Continue to diversify training courses and improve training quality
Anti-corruption advocacy	<ul style="list-style-type: none"> Conducted onboarding integrity training for 100% of new leaders Carried out six anti-corruption trainings for all employees and two anti-corruption trainings for directors and supervisors, including independent directors, with a training coverage rate of 100% 	<ul style="list-style-type: none"> Conduct onboarding integrity training for 100% of new leaders Conduct onboarding integrity training for 100% of new joiners Achieve a 100% coverage rate in annual anti-corruption training
Public services	<ul style="list-style-type: none"> Spent CNY13.37 million in rural vitalisation, implemented 10 assistance projects and attracted CNY2.60 million to targeted assistance projects The company fully leveraged its influence in the supply chain and cooperates with multiple partners – from brand partners to consumers – to jointly explore innovative paths to green and sustainable development. 	<ul style="list-style-type: none"> Closely monitor and respond to community and societal needs

ESG Governance Structure

The Board of Directors is the highest decision-making authority for the company's ESG work.

The Strategy and Sustainability Committee of the Board of Directors assumes the primary responsibility, including:

- conducts research and makes recommendations on matters relating to the Company's sustainability and ESG matter, including but not limited to vision, targets and policies;
- studies the Company's ESG development strategy and the material issues that stakeholders are concerned about and put forward corresponding suggestions;
- tracks and inspects the implementation and improvement of ESG matter to ensure that the management and decision-making mechanism of important sustainability issues, including but not limited to environment, anti-corruption, occupational safety and health, comply with the requirements of relevant laws and regulations;
- reviews the Company's reports on sustainability and ESG matters and reports to the Board of Directors.








The company establishes the ESG Leadership Group, which is responsible for managing and coordinating the ESG-related work. The ESG Leadership Group establishes and improves the company's management system and operating mechanism for ESG-related work. It also formulates the ESG work plans and integrates the development strategy, image, brand and operations with ESG concepts. The ESG Leadership Group is headed by the Chairman of the company; the deputy head of it is the General Manager; and its members include heads of departments.

The company incorporates ESG work into strategic decision-making and daily management to reinforce ESG awareness and continuously improves the standardisation and systematization of work. The departments and affiliated companies allocate the ESG-related tasks to the frontline employees; and they are responsible for supervising and implementing ESG-related work. For details regarding our work focuses, please see the "Statement of the Board of Directors" of this Report.

Stakeholder Communication

Stakeholder Communication Mechanisms

The company attaches great importance to communication with stakeholders and actively builds a robust internal and external communication platform. We pay attention to material issues of concern to our stakeholders and continuously reinforces our management to better respond to their expectations and create value for them.

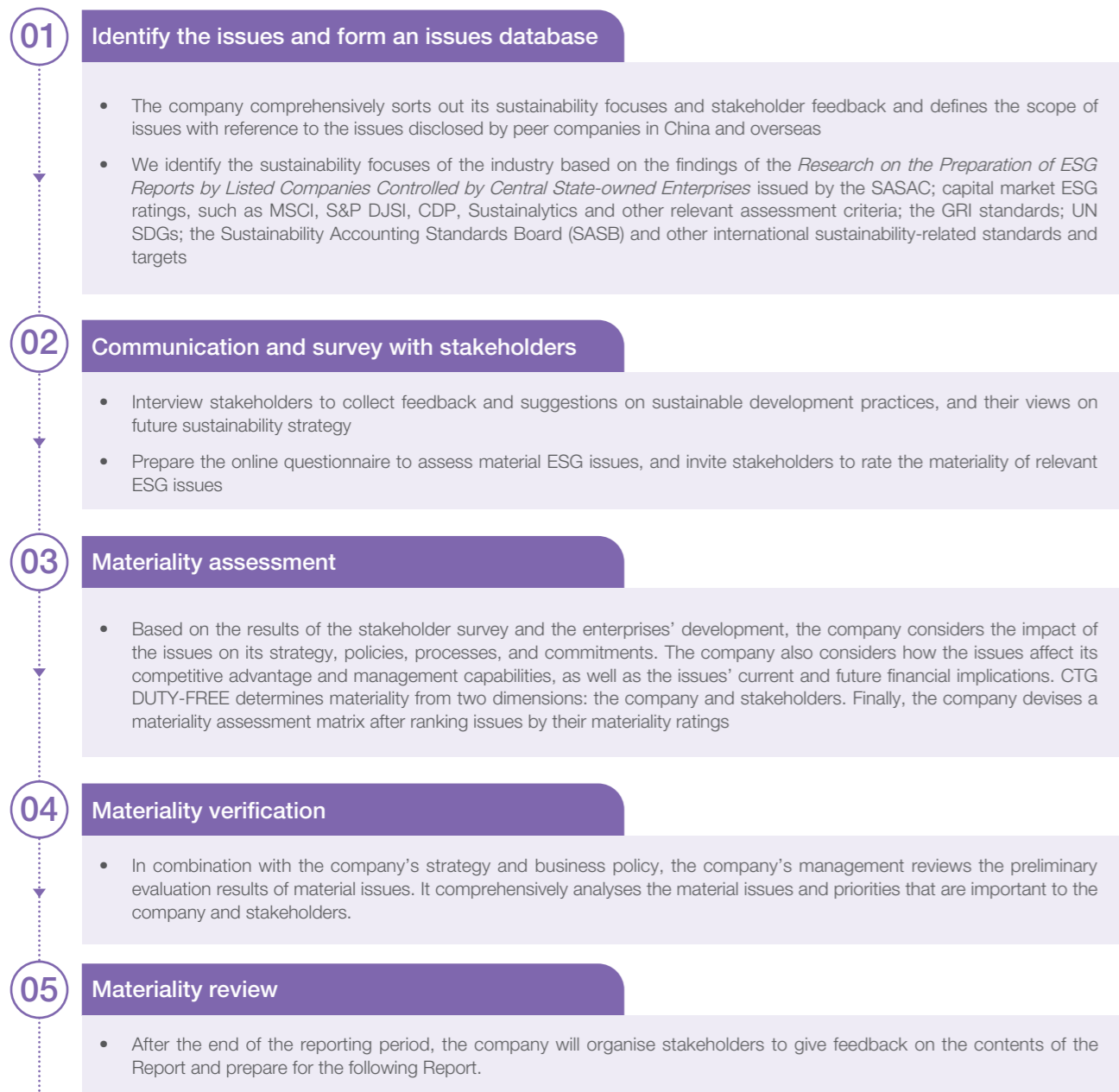
Stakeholders	Stakeholder expectations	Communication and participation mechanism	Corporate response
 Investors	<ul style="list-style-type: none"> Improvement of market capitalisation and profitability Protecting shareholders' rights and interests Standardisation corporate governance Accurate information disclosure Smooth investor communication Improvement of ESG performance 	<ul style="list-style-type: none"> Periodic reports and announcements Communication via SSE e-interactive platform Official website, new media platforms, telephone, fax and emails, General Meeting of Shareholders, performance presentations, roadshows, analyst meetings, investor reception day, investor seminars 	<ul style="list-style-type: none"> Provision of truthful and adequate information disclosure Improvement performance and generate profits Diversified investor communication channels Improvement of ESG practices
 Consumers	<ul style="list-style-type: none"> Product quality guarantee Improvement of shopping experience Protecting customers' legitimate rights and interests 	<ul style="list-style-type: none"> Communication during service process Diversified after-sales channels Customer satisfaction surveys 	<ul style="list-style-type: none"> Meeting product quality Good service quality Improvement of the mechanism of after-sales service Innovative service practice
 Employees	<ul style="list-style-type: none"> Guaranteed remuneration Good working environment Improvement of communication mechanisms Employee development and career paths 	<ul style="list-style-type: none"> Employment contracts Trade union, general meetings of employee representatives Seminars and condolence visits 	<ul style="list-style-type: none"> Enhancement of the remuneration and welfare system Improvement of the system for general meetings of employee representatives Provision of a strong career development ladder Diversified staff trainings Various staff activities Establishment of healthy and safe working environment
 Business partners	<ul style="list-style-type: none"> Honest, fair, and provision of mutual benefits Maintenance of long-term cooperation Complying with business ethics Promotion of supply chain's sustainable development 	<ul style="list-style-type: none"> Daily business exchanges Business meetings and negotiations Document correspondence Procurement activities Industry forums 	<ul style="list-style-type: none"> Legal perform of contracts and agreements Arrangement for open and fair tendering Open and transparent business principles Collaborations on environmental projects Continuous diversification of cooperation models
 Communities	<ul style="list-style-type: none"> Community engagement and development Public services support Social development concerns 	<ul style="list-style-type: none"> Research via site visit Public service activities Targeted assistance Volunteer services 	<ul style="list-style-type: none"> Actively participation in public services Targeted assistance projects Community development support Advocacy of green development
 Government and regulators	<ul style="list-style-type: none"> Law-abiding compliant operations Undertaking social responsibility Promotion of economic development 	<ul style="list-style-type: none"> Participation in relevant trainings, and conferences Daily communication and information reporting Document notifications Cooperation between government and enterprise 	<ul style="list-style-type: none"> Abiding by laws and policy requirements Tax payment in accordance with laws Compliant information disclosure Promoting regional economic development Increase of local employment
 Industry associations	<ul style="list-style-type: none"> Promotion of industry development 	<ul style="list-style-type: none"> Daily communication Document notifications Participation in associations' conferences and activities 	<ul style="list-style-type: none"> Performing duties as an association member Participating in conferences and activities held by industry associations Sharing our experiences with a wide audience

Materiality Assessment for ESG Issues

Materiality assessment process

Based on the findings of the *Research on the Preparation of ESG Reports by Listed Companies Controlled by Central State-owned Enterprises* issued by the SASAC, and with reference to the Global Reporting Initiative (GRI) procedures on materiality assessment, the company at least every year, collects issues of concern to critical internal and external stakeholders include employees, management, investors, consumers, brand names, etc through questionnaires and interviews. Then, we perform the materiality assessment and rank the results to identify the company's material environmental, social and governance issues, and disclose them in the Report.

The company's process for assessing the materiality of ESG issues



Materiality matrix

CTG DUTY-FREE determines the materiality of sustainability issues from two dimensions: the company and stakeholders. Based on an effective selection from the issues database and sufficient stakeholder engagement, the company has depicted a materiality assessment matrix and finally identified 13 highly important issues, 3 important issues and 2 related issues.



Ranking	Importance	Issues	Response in the Report
1	Highly important	Excellent service experience	Delivering Excellent Services for People's Well-being
2	Highly important	Customer satisfaction	Delivering Excellent Services for People's Well-being
3	Highly important	Health and safety of products	Creating a Comfortable Environment for Consumption to Ensure Trusted Business Operations
4	Highly important	Employee welfare and satisfaction	Protecting Employee Rights and Promoting Their Interests
5	Highly important	Health and safety of employees	Operational Safety and Physical and Mental Health
6	Highly important	Employee career development and skill upgrading	Diversified Training to Promote Staff Development
7	Highly important	Employee diversity and equal employment	Protecting Employee Rights and Promoting Their Interests
8	Highly important	Integrity of operations	Robust Governance System for Long-term Stable Operations
9	Highly important	Supply chain management	Optimising Supply Chain Management Driven by the Environment and Intelligence
10	Highly important	Information security and privacy protection	Complying with Commercial Ethics to Reinforce Internal Control Compliance
11	Highly important	Response to national strategies	Topic 1: Proactively Responding to National Strategies by Fulfilling our Mission as a Central State-owned Enterprise Engaging in Charity Initiatives to Act as a Responsible Corporate
12	Highly important	Collaborating with brand partners to promote environmental protection	Topic 2: Capitalising on Our Competitive Edge to Jointly Uphold ESG Concepts with Brands
13	Highly important	Response to climate change	Addressing Climate Change to Protect the Environment
14	Important	Advertising and responsible marketing	Creating a Comfortable Environment for Consumption to Ensure Trusted Business Operations
15	Important	Environmental management systems and resource management	Green and Low-Carbon Operations for a Better Life
16	Important	Intellectual property protection	Complying with Commercial Ethics to Reinforce Internal Control Compliance
17	Related	Packaging material management	Green and Low-Carbon Operations for a Better Life
18	Related	Waste management	Green and Low-Carbon Operations for a Better Life

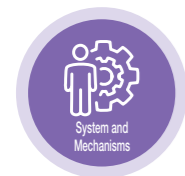
Complying with Commercial Ethics to Reinforce Internal Control Compliance

Business Ethics

The company strictly abides by the *Law of the People's Republic of China Against Unfair Competition* and other laws and regulations. We participate in fair market competition according to business ethics and market rules and forbid commercial bribery, and we continuously optimise the company's anti-bribery mechanism to ensure its effectiveness. We are earnest in conducting self-examinations and self-rectifications, and we do not violate any laws, regulations, business ethics or market rules in business activities or engage in any unfair trading practices that undermine fair competition. The company continues to attract consumers by engaging in trusted business operations and providing excellent services, and we continue to promote anti-corruption, anti-monopoly, and human rights protection initiatives in relation to our suppliers. During the reporting period, there were no corruption lawsuits filed against the company or its employees.

Working with Customs to combat the practice of the "reselling duty-free goods", CTG Duty Free makes efforts to raise the legal and compliance awareness of consumers by informing them of the consequences of such practices and strengthening self-supervision.

Anti-corruption



The company has formulated a supervisory and management system covering its headquarter and affiliated companies and established a leading group and a coordinating group for upholding anti-corruption. The anti-corruption leading group convened three meetings during the year to study and analyse the development of anti-corruption Party building, anti-corruption trends, and the ecosystem of corporate politics, and then draws up work plans. The coordinating group comprises Disciplinary Inspection, Audit, Inspection, the Party Office, the General Office, Human Resources, Finance, and Legal, among other departments, held a meeting during the year. They coordinate the supervision of all parties to enhance supervisory effectiveness in accordance with the working rules.



The company accepts letters, visits, and telephone reports, and announces telephone numbers, e-mail addresses and physical mailboxes for reporting. Our staff must strictly comply with the confidentiality and avoidance mechanism, precisely control the information scope and the clues of problems, and strictly prohibit any disclosures regarding the case information and disposal solution. As a protection measure for whistle-blowers, the company's Disciplinary Inspection Committee enforces the "Rules on the Handling of Whistle-blowers' Reports by Disciplinary Inspection and Supervision Organs" and other regulations, strictly prohibits the revealing of whistle-blowers' information and giving priority to handling the accusations with a real name; for anonymous reports and reporting materials, unauthorised checks of the whistle-blowers' information are strictly forbidden.



The company regularly implements special supervisory inspection, including monitoring and reviews before festival and holidays. These approaches cover persons who are in leadership positions, examine their performance of duties and scrutinise their business expenditures. Special supervisory inspections are also conducted for compliance operations.



The company continues cultivating an integrity-based culture to create a stable and law-abiding operating environment. Throughout 2023, the company implemented the "Detailed Work Arrangements of the Company's CPC Committee in Implementing the Opinions on Strengthening the Development of an Integrity Culture in the New Era" to reinforce the construction of a culture of integrity. The company also issued the "Detailed Measures of the CPC Committee of China Tourism Group Duty Free Corporation Limited on Further Implementation of the Central Party Leadership's Eight-point Decision" to reinforce the disciplinary structure. Moreover, the company held various anti-corruption and compliance training sessions, engaged in anti-corruption dialogue with new hires during the on-boarding process, staged educational seminars for all CTG DUTY-FREE employees to warn against the dangers of corruption, carried out educational activities through the "cdf e-Party" application, and strengthened education for company cadres to remind them to distance themselves from corruption and stay committed to acting with integrity and complying with the law.



The company has formulated the "Conclusive Evaluation Method for Personnel Selection and Appointment and Operational Integrity" in order to thoroughly meet the rigorous requirements for the Party's governance, strengthen the selection and appointment of cadres by the company's CPC Committee, select honest people with integrity, and prevent corrupt officials from being promoted.



In 2023, the company carried out **six** anti-corruption trainings

available for all employees and **two** anticorruption trainings for directors and supervisors

including independent directors, with a training coverage rate of **100%**

Case study: The company's special "Family Traditions" training

In March 2023, the company headquarters invited external lecturers in Chinese culture to hold a special seminar for our staff members named "President Xi Jinping's Family Traditions and Classic Family Mottos" with the theme "Cultivating Good Family Traditions – Staff in Action". The seminar focused on the four aspects of "knowing, learning, practising and advocating good family traditions".



▲ Screenshot of online activities

More than **300** people participated in the seminar

Anti-money Laundering (AML)

We strictly comply with the Anti-money Laundering Law and other laws and regulations in the local regions of our operation. We have developed our AML policies and procedures accordingly, such as "Know Your Customer" procedures, transaction monitoring, suspicious transaction reporting and record-keeping. Our company is constantly looking for ways to further improve our anti-money laundering measures. We provide AML training to our employees to ensure that they are kept abreast of laws, regulations and updates to our AML policies and procedures.

Intellectual Property Right (IPR) Protection

We attach great importance to works related to IPR and has formulated the "Brand Management Measures" and "Trademark Use Management System", which regulates the management and use of IPRs, including the standardised management of the Brand Visual Identity (VI) system and the use of trademarks.

We established a comprehensive retail terminal VI system, which conveys the corporate philosophy, culture, and norms to the public and eventually shapes a unique corporate image.

For trademarks with more comprehensive applications, the company has a team of professional lawyers to monitor trademark infringement both at the time of registration and use; we will defend our rights vigorously in the event of a violation.

As of 31 December 2023, the company had obtained two software copyrights – the IOS and Android versions of the Sunrise Mall application.

Risk Management

Risk management

The company formulated the "Measures on Comprehensive Risk Management" and the "Management Regulations on the Reporting of Significant Operational Risk Events", to establish an effective and comprehensive risk management system; improve risk prevention and management; clarify the collection, collation and reporting of significant operational risk events; and safeguard the company's stable operations and sustainable development.

The company performs an annual assessment of material risks based on two dimensions: the possibility of risk and the magnitude of impacts. CTG DUTY-FREE trained the compliance risk topics to all staff quarterly to enhance their awareness.

In terms of risk governance, the company has specified the top-level personnel responsible for operational risk management, the top-level personnel responsible for monitoring and auditing risk management performance, and their relevant reporting lines.



The company organises a company-wide risk assessment every year to study and determine the risk situation in the coming year.

In this regard, the first objective is to establish the risk classification of each business, fully apply the results of risk loss event analysis, internal control supervision and inspection, quantify the relevant criteria for risk analysis, and form a panoramic risk list for each business through bottom-up aggregation of risks.

The second objective is to further deepen and expand the study of risk early warning indicators, the key business areas are selected, and the selection of industry indicators and the design of early warning thresholds are studied from both quantitative and qualitative aspects to form a holistic risk early warning indicator applicable to the company. In 2023, starting from the existing system of early warning indicators for risk, the company has been optimising and refining how indicators and early warning thresholds are set. New indicators related to human resources risks and information risks have been added, and the risk management system has been launched in a way that achieves daily, full coverage, visual management of operational risks across all the company's important sectors.

The third objective is to evaluate the probability and impact of each risk according to specific risks in the risk database. The evaluation team comprises the company's management, various departments, and key subsidiaries. Ultimately, the team determines the risk priorities for the coming year based on the comprehensive assessment, and response plans are devised for the top 10 risks. The company monitors and tracks its risk response on a quarterly basis to improve its risk response capabilities.

Case study: Training on "Prevention of Risks under International Trade Laws" to enhance the risk prevention capabilities of staff

To implement the requirements of the SASAC for the comprehensive promotion of the rule of law among central state-owned enterprises, in June 2023, the company held a training session on "Prevention of Risks under International Trade Laws", with more than 500 staff members from relevant businesses from the headquarters and affiliated companies participating. The training focused on the key business processes involved in international trade activities, including export controls, financial settlements and international payment precautions, dispute resolution, etc. By studying typical cases of international trade dispute resolution, participants could fully understand the legal risks involved and the prevention methods used in international trade activities, effectively improved the enterprise's legal risk prevention ability in regards of international trade.

We have taken the following actions to create an effective risk management culture within the company:

According to the requirements of the company's "14th Five-Year" strategic plan to comprehensively improve risk management and control, we comprehensively organise and implement tasks related to the risk management and control system and tasks related to the "year for strengthening compliance management". The company plans to establish a long-term management mechanism to enhance its overall management and risk prevention capabilities.

To this end, we have initiated the systematic construction of an internal control system, conducted risk analysis and diagnosis of business processes throughout the system, urged relevant units to implement rectifications according to the risk diagnosis report, and put forward optimisation suggestions for key issues, such as the company's digital transformation, to support management decision-making and enhance the company's overall operations and management.

The company also embeds its own requirements on risk management and control into specific control points and maps specific responsibilities to information in the risk database. In this way, we ensure that the company's internal control lists and programmes and internal control system are vertically linked and horizontally consistent. Using the system, we can generate useful management tools, such as a practical internal control manual that reflects the company's business reality, as well as risk control blacklists and whitelists.

At the end of the reporting period, the company had not identified any long-term emerging risks that could have a significant impact on future business. The company will continue to conduct risk assessments and analyse the potential impacts of emerging risks and formulate solutions if any long-term emerging risks are identified.

Internal control management

- In accordance with the *Basic Standards for Enterprise Internal Control*, the *Application Guidelines for Enterprise Internal Control*, the *Guidelines for Corporate Internal Control Assessment* and other regulations, the company has formulated the "Management Measures on Internal Control" to establish a robust and comprehensive internal control system. The company has established a management and organisational system for internal control comprising the Board of Directors, Board of Supervisors, Operating Department, Internal Control Construction Department, Internal Control Operations Department, and Internal Control Supervision Department. For internal control management, the company adopts a system of "centralised leadership and hierarchical responsibilities", which combines the comprehensive management of internal control supervision and management departments with the professional management of functional departments.
- The company implements the internal control evaluations and prepares the "Internal Control Evaluation Report" annually, which is disclosed on the SSE website concurrently as the Annual Report.
- The company carry out various internal evaluations for affiliated companies to ensure the full coverage of corporate top-down internal management. Annual internal self-assessment covers all affiliated companies, the evaluated areas including social responsibility, safety and health, environmental protection, etc. Core entities perform semi-annual internal self-assessment regarding focused areas. On-site internal supervisory assessment is implemented irregularly. External auditors carry out the auditing task of annual internal control.
- According to the relevant regulatory provisions, the company formulated the "Management Regulations on Rectification of Issues Identified in Internal Audits" in 2023. These regulations aim to standardise relevant rectification processes, strengthen the implementation of audit rectification, and improve the effectiveness of audit oversights. They also seek to clarify rectification responsibilities, rectification procedures, result identification, supervision and inspection, responsibility constraints, and result implementation, while improving the internal audit system.

According to the 2023 plan, the company has rolled out the internal control oversight and evaluation of its affiliated companies. The evaluation aims to comprehensively assess and review the formation of stores' risk and internal control systems and identify and rectify any potential risks and deficiencies. Following this, suggestions for rectification were proposed to promote the optimisation and standardisation of the stores' internal control processes, implementing the use and optimisation of the internal control manual and other management tools, so that employees pay closer attention to risk prevention and control in an environment in which all employees actively participate and promote internal control.

In 2023, internal audits conducted by the company included an audit of the economic responsibilities for employee termination at subsidiaries, and an audit of subsidiary operations and management. In addition to ethical codes, the audit also covered corporate governance, strategic decision-making, human resources management, financial management, procurement management, project management, investment management, information systems, and other business sectors.

Compliance management

To improve the company's compliance regarding operations and management and to meet corporate needs in preventing compliance risks, in 2023, the Company formulated the "Compliance Management Measures" to strengthen compliance management, improve corporate compliance management, and build an effective compliance management system. In 2023, the company continued to improve its internal control and compliance management system by incorporating risk, internal control, and compliance responsibilities into the duties of the Audit Committee and Risk Management Committee under the Board of Directors. In addition, the organisational systems for risk, internal control, and compliance are being steadily improved to strengthen responsibilities for the management of these areas at the corporate governance level. In 2023, the company also revised the "Management Measures for the Assessment and Evaluation of the Company's Performance", in which risk, internal control, and compliance management are deemed indicators within the enterprises' performance evaluation to encourage better execution of internal control, compliance and risk management.

The company has given itself the specific task of constructing a compliance system. The task selects eight sectors as its focus, these being the supervision of listed companies, the supervision of state-owned assets (investment and M&A), customs supervision, tenders and bidding, construction projects, labour, tax management, and data security.

In 2023, to enhance the digital supervision of its stores, the company has been supervising system and mechanism improvements in key areas and across key links. In 2023, operational compliance inspections were conducted in 138 stores, and disciplinary inspection cadres were dispatched to supervise projects in areas where corruption is prone to occur. Disciplinary committees from the company and at stores work together to conduct joint inspections.

Case study: Using the compliance management pilot programme to build and improve the company's compliance management system

In 2023, the company selected Hong Kong SAR as a pilot programme for offshore compliance management. The pilot focuses on enhancing the compliance operations mechanism for key sectors. The company's compliance management system is established and improved through the research and diagnosis of the current compliance status, the compliance risk identification system, and the responses to special compliance risks. Supporting management tools will then be introduced to effectively prevent and address compliance risks.

Cybersecurity and Personal Information Protection

The company respects and protects customer privacy and assists safeguard network and information security in strict compliance with laws and regulations such as the *Cybersecurity Law*, the *Personal Information Protection Law*, and the *Information Security Technology - Personal Information Security Specification*. The company develops its information security systems under these laws, regulations, and principles.

Information security system construction

The company and affiliated companies have established and improved various information management systems and standards to suit the company's digitalisation needs. CTG DUTY-FREE formulated information security management systems that cover information security management, network security management, data management, information encryption rules, information security emergency plans and other aspects of information security management. In this way, we have developed comprehensive information security management systems that feature well-defined responsibilities, a clear division of labour and a combination of technology and management. The company's Board of Directors is the highest responsibility and decision-making authority with regards to information security and privacy protection. The Information Technology (IT) Department is responsible for specific work in information security and privacy protection. To keep the team updated with the latest IT knowledge, IT staff members are required to receive regular training.

Client privacy protection

In June 2023, the company updated its customer privacy policy, which is available to consumers and other stakeholders on its website (<http://www.ctgdutyfree.com.cn/p/yinsizhengce.html>). In accordance with the *Personal Information Protection Law* and our customer privacy protection policy, we take the following measures to protect customers' information:



A customer can register cdf memberships at the system of member terminal (cdf membership applet, cdf membership App, cdf Membership Club and other channels) in a self-service manner. Once the information is entered, the key parts of the personal data are desensitised; and the customer has the right to access, adjust and delete his/her personal information at any time. The company obtains personal information from the self-input of customers and does not collect personal data from third parties (except when required by law). The company undertakes to delete customer data within the time limit required by law and does not provide personal data to any third parties (except when required by law).



To raise our employees' awareness regarding customer privacy issues, the company conducts specific training sessions for all employees at least **twice** a year.

Case study: The company's specific training on "Corporate Response to Personal Information Protection and Data Security Compliance Risks"

To effectively enhance employee awareness of personal information protection and data security compliance, and to improve their ability to address risks, the company invited a partner from law firm to give a lecture on compliance-related topics that included relevant legal and policy requirements, common corporate risk points and typical cases, reminders of risk points in corporate products (applications, applets), and corporate compliance systems and mechanisms.

Corporate Information Security

The company cooperates with leading domestic security server providers and adopts a variety of security protection means to guarantee the security of key information systems. The data centre is designed with active-active architecture and a stable and reliable data backup plan to provide double protection to ensure the information security of our company.

The company inspects its information system regularly for all types of operating and maintenance events and performs checks to safeguard the system's health. Daily automatic or manual inspections are carried out for key information system to ensure that the information system operates in a routine and stable manner 24 hours per day. The company guarantees sound operations and maintenance for vital activities and events and has formed a working mechanism to efficiently resolve problems and rapidly rectify them afterwards.

To improve the safety of employee work habits, raise awareness of safety precautions, protect the company's data assets, and ensure that security threats are reported in a timely manner, the company conducted an online "Safety Awareness Training" for all employees.

Case study: Issuing study materials to all employees to strengthen the company's operational safety and emergency management

In 2023, the company issued documents entitled "Information System Guarantee of Key Subsidiaries during Critical Times" to all employees for their study. This aims to consolidate the company's operational safety and emergency management, reinforce the foundations of information construction, effectively prevent various information system failures, ensure the continuity and security of the company's key information systems during critical times, and ensure that the system is safe and free from any incident to the furthest extent possible.

Case study: Focusing on security tasks during the "Two Sessions" in 2023

To ensure cybersecurity during the annual plenary sessions of the National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC) (the "Two Sessions"), the management of the company set up a cybersecurity working group and developed a detailed work plan and emergency system for cybersecurity. The company carried out drills for key information systems of the company's headquarters and key subordinate companies, and quickly arranged personnel to rectify security issues identified in the drills. We also formed a tracking mechanism to quantify the progress of rectification, and successfully completed the security tasks during the "Two Sessions".



In 2023, the company provided **five** training courses related to information security and privacy protection.



A tunnel of time

02

Prosperity

- Delivering Excellent Services for People's Well-being 46
- Creating a Comfortable Environment for Consumption to Ensure Trusted Business Operations 54
- Optimising Supply Chain Management Driven by the Environment and Intelligence 55
- Engaging in Charity Initiatives to Act as a Responsible Corporate 58
- Setting the Industry Benchmark for High-quality Development 61

CTG DUTY-FREE actively responds to United Nations (UN) Sustainable Development Goals (SDGs) 4, 10, 11, 12 and 15, and focus on meeting our social responsibility, pursuing excellence, and providing consumers with quality products and services.



Delivering Excellent Services for People's Well-being

To comprehensively improve the development of tourist destinations and the duty-free industry, the company is expanding its offerings of high-quality goods and services, with a focus on new consumption demands, while steadily upholding the concept of “trusted business operations and excellent services”. We aim to serve as a benchmark in the development of the modern cultural industry and the promotion of high-quality development in the tourism industry, while at the same time encouraging the vigorous development of China's duty-free market.

Service Management System and Training System

The company has continued to improve its service standards while implementing various related systems in an organised, structured, and effective manner. The company has developed the “Code of Conduct for Sales Staff” to clarify requirements on customer services, the dress code and customer-welcome etiquette. Our company also formulated the “Operating Standards for 400 Customer Service Posts” and the “Operating Standards for After-sales Services” to specify after-sales service standards.

We also constantly improve our talent management and staff training system. The company continuously carries out various training, including leadership training, professional skills training for front-line staff, and general knowledge training, to ensure that employees at all levels possess professional service capabilities. The ultimate goal of the training is to accurately grasp customers' core demands.

On 11 April 2022, President Xi Jinping visited Sanya International Duty-Free Shopping Complex. While there, he stressed the advantages of leveraging China's huge market size, the need to foster a favourable market environment with the necessity of trusted business operations and excellent services in attracting customers, all with the aim of making a greater contribution to the development of “a free trade port with Chinese characteristics”. In response, the company has been providing employees with training on integrity culture and related business skills. Meanwhile, the company's “Service Quality Work Plan” aims to improve standards for business and service quality, promote quality goods and boutique strategies, and uphold the concept of “trusted business operations and excellent services”, with a view to comprehensively improving customer service standards and ensuring the provision of quality goods and services to consumers.



Case study: “Customer Service Improvement Training Camp” for internal instructors

In November 2023, the company held the “Customer Service Improvement Training Camp” to empower internal instructors. The camp lasted four days, and a total of 43 front-line business staff from affiliated companies participated. The training focused on two major themes: Customer Service Skills Improvement, and Course Internalisation and Teaching Skills Improvement. As part of the programme, the participants were divided into groups to develop internal training courses for customer service personnel, transforming what they had learnt into practice.



▲ A teacher instructs students at the camp



▲ Roleplaying and interactive activities



▲ Graduation ceremony



▲ Training camp group photo

Case study: Improving Sunrise Shanghai's customer service for the China International Import Expo (CIIE)

During the CIIE, Shanghai Airport showcased China and Shanghai as a welcoming destination for visitors from all over the world. In its role as the “Shanghai brand” of the airport duty-free retail industry, Sunrise Shanghai has implemented the “Year of Management Service Improvement” strategy, staged specific training sessions and practical evaluations to improve employees' service skills, and improved its customer services according to the requirements of the CIIE.



▲ Service skill training



▲ Practical evaluation of service skills

Case study: Hainan DF stages the “service with a smile” campaign

In 2023, Hainan DF produced a video course for etiquette training with the theme of “service with a smile”. Through the training, “service with a smile” was standardised across stores. A total of 163 training sessions were held, with in a total of more than 5,130 attendances. Alongside the training and business practice, ‘service with a smile’ stars were selected from stores, with case studies being shared via the WeChat accounts of the stores of Hainan DF for publicity and guidance purposes, and for the continuous improvement in service capability and service level.



▲ Etiquette training course materials on “service with a smile”

Case study: Dalian cdf invites Customs personnel to train staff

On 27 September 2023, prior to its opening, Dalian cdf invited personnel from the relevant Customs division for an on-site staff training. The training featured the flow of duty-free goods, sales management regulations, and other related issues.



The company's service guarantee for major festivals



The company provides accessible facilities to cater for special needs groups.



Enhancing Service Quality

The consumer shopping experience and consumer shopping satisfaction are the top priorities for tourism retail development. The company takes multiple measures to steadily improve its service quality and to create a comfortable shopping environment.

Digitalisation and omni-channel are the developmental priorities of the tourism retail industry. The company continues to integrate its online and offline channels, providing consumers with "pre-sales, sales, and after-sales" tourism retail services that are both more convenient and of higher quality, fully meeting consumer shopping needs and ensuring consumers undergo a comfortable shopping experience throughout the entire process.



Moreover, the company uses the quality services provided on its major e-commerce platforms to demonstrate its responsibility, warmth, and commitment to customers. The company's cdf Membership Club fully guarantees the quality of goods by the three dimensions of quality control of incoming goods, logistics services, and after-sales services, to strengthen the quality of goods and services. It also focuses on the five optimisations of expanded service channels, standardised services, timely services, automated services, and outcome-oriented services, to effectively improve service quality, maximise consumer satisfaction and service efficiency, and increase consumer confidence and comfort in their consumptions.

To further improve the consumer shopping experience, cdf has established a two-way interaction mechanism for consumers in Hainan alongside an increase in the number of online customer service portals and related capacity for cdf members to purchase in Hainan and on the offshore duty-free shopping platform. Online customer service portals have been embedded in the product, order, and service sites to give customers multi-channel availability and further meet their service needs before, during and after sales.

Case study: Providing quality services during the Boao Forum for Asia

At the Boao Forum for Asia in 2023, the company's Qionghai Boao Duty-Free Shop arranged in advance for specific training for guaranteed services at the forum. This created a thoughtful, comfortable, and convenient shopping experience for consumers and helped build an image of high-quality service through increasing the number of temporary support staff alongside other conveniences such as convenient make-up counters.

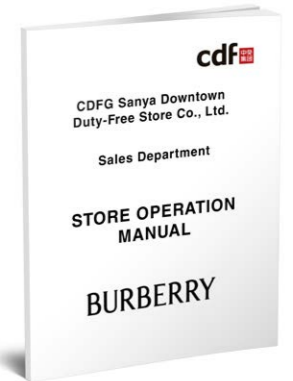
Case study: Wuhan cdf invites personnel from brand partners to train staff

In early November 2023, Wuhan cdf staged a training with the theme "Empowerment Improvement for Service Improvement", in which personnel from several brand partners were invited to provide staff training to enhance their professional knowledge of merchandise.



Case study: New shopping experience as part of the Sanya Downtown Store "S Store" programme in 2023

The "S Store" programme is a project initiated by Sanya Downtown Store that creates a new shopping experience through the multi-dimensional improvement of service quality and store management. At the beginning of 2023, Sanya Downtown Store introduced 8 benchmark stores, or "S Stores" (Saint Laurent, Moncler, Burberry, Coach, Bulgari, Blancpain, Cartier, and Van Cleef & Arpels). To improve the operational management capability and service quality of the S Stores, Sanya Downtown Store has optimised the existing linear "store manager with store-keepers" structure by using direct-sale stores of leading luxury brands as a benchmark. Differentiated posts were designated that include a store manager, a customer management manager, a sales specialist, a concierge, and an additional team for service quality supervision under the Operations Management Department. A team has been set up to supervise internal service quality and improve professional services. In addition, under the leadership of the general Party branch of the Sales Department, Party members and cadres in relevant divisions of the Sales Department worked with the main S Stores to revise and improve the operations manuals of the eight S Stores, aligning the brands' operations standards based on the actual situation of Sanya Downtown Store, while ensuring the manuals are practical and workable.

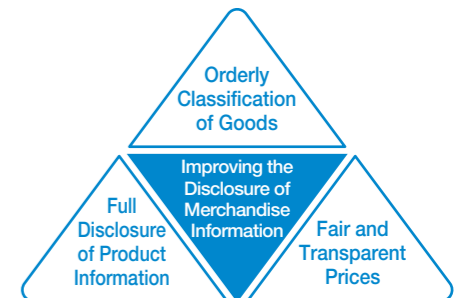


Improving Service Coverage

To protect consumers' legitimate rights and interests and improve their shopping experience, the company has issued the "Public Commitment to Improving After-sales Services and the Shopping Experience". This makes a clear and solemn commitment to enacting trusted business operations and being in strict compliance with the Consumer Rights Protection Law, the E-Commerce Law, the Interim Measures for the Return without Reasons of Commodities Purchased Online within Seven Days, the Measures for the Supervision and Management of Online Transactions, and other laws and regulations. The company has formulated various rules and protocols for the platform in accordance with laws and regulations, has made after-sales service terms available in a clear and convenient way, and effectively protects consumers' legitimate rights and interests.

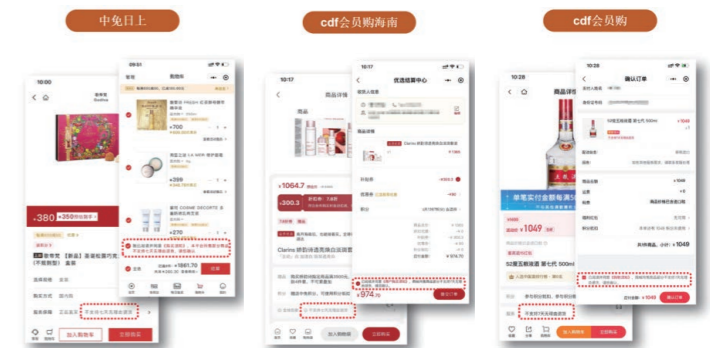
The company has been improving the disclosure of merchandise information to achieve the orderly classification of goods, the full disclosure of product information, and fair and transparent prices. Duty-free goods and non-duty-free goods are showcased separately on different web portals to avoid misleading consumers.

In strict adherence with the provisions of the Interim Measures for the Return without Reasons of Commodities Purchased Online within Seven Days, the company provides clear procedures and guidance on the return of goods without the need to specify a reason, and clearly identifies and confirms with consumers those goods that are not applicable under the policy in accordance with the law. The company does not arbitrarily expand the scope of which goods are not applicable under the return of goods without specifying a reason.



Case study: Revising the platform shopping guidance to further protect consumers' rights and interests

On 4 January 2023, in accordance with the instructions of the administrative guidance meeting for duty-free industries organised by the State Administration for Market Supervision (SAMR), the company headquarters arranged for its subsidiaries to jointly make a public commitment to society. The platform shopping guidance was revised to delete additional restrictions on the return and replacement of goods. Only four categories of goods have been specified as not applicable under the policy of return of goods within seven days without the need to specify a reason: near-expired goods, damaged goods, goods without plastic packaging, and goods with a short shelf-life. The applicability of the policy to particular goods is clearly specified on the product web portal. Consumers are asked to confirm their understanding of the "Shopping Guidance" and tick an additional check box for their acceptance of goods that cannot be returned or replaced within seven days without specifying a reason.



• **Establishing and improving after-sales service channels and listening to and responding to consumer demands**

The company has updated the “Standards for After-sales Services V3.0” to better align the system with actual business needs. The updated standards optimise the mechanism for after-sales solutions, aid the judgment of customer service staff, expand the after-sales service team, strengthen after-sales service training, shorten the response time of after-sales services, and lay the groundwork for continuous improvements to the consumer experience of after-sales services:

1 The company works with market supervision authorities in the management and supervision of external customer complaints. The company strictly implements the policy of immediately handling “12315” complaints and has established effective communication channels with the Beijing Municipal Administration for Market Regulation in Dongcheng District. In March 2023, the company established a monthly report mechanism for “12315” complaints and implemented a policy of handling major customer complaints within a specified time frame.


3 The company is increasing its flexibility in handling customer complaints, and is improving the completion rate for customer complaint handling by using after-sales coupons, discounts and other incentives. Departmental links are strengthened for the regular analysis and consultation of merchandise, deliveries, and other issues, and to upgrade after-sales management.

5 The company has built, and is leveraging, the intelligent customer service platform. In 2023, it built a customer service liaison centre at its headquarters subject to the normal operations of existing local customer service call centres, connecting local call centres with headquarters under a centralised intelligent management platform for customer services, generating data on customer service value for the Operations, Procurement, and other departments. When completed, a unified customer service number will be assigned in cdf affiliated companies, ticket data classification will be unified, core indicators for management will be standardised, management processes will be optimised and centralised, the goal of an intelligent voice robot for response and outbound calls will be achieved, and ticket assignment and circulation within the complaint and public opinion system will be enacted.

2 The company accurately analyses customer complaints, implements categorised policy management, strengthens the efficiency of the consultation and handling of customer complaints, and strictly implements a mechanism for a 30-minute response time. The company works with functional authorities to jointly provide on-site services during major holidays and solve customers’ demands in-person.

4 In terms of service guarantees, the company has a professional after-sales service team in place that provides a 24-hour hotline service and an online customer service portal. The company is improving the emergency support of call centres and increasing the efficiency of customer complaint handling to a standard of “over 97% response rate at call centres, an online customer service response within 10 seconds, and a satisfaction rate exceeding 99%”.

6 The company continuously explores the application of smart customer service intelligent functions. For example, intelligent IVR voice navigation has been piloted in different time periods, robot callbacks in different businesses, and manual quality inspection assisted by intelligent quality inspection with 100% sample coverage.



The company’s affiliated companies formulate classified complaint response measures according to their own conditions. For example, CDF International classifies complaints into those related to services, products, logistics and operations, and designates the handling of solutions for each category.

• **Maintaining effective public opinion management to understand consumer needs and expectations**

The company maintains a system for the effective management of public opinion in order to understand consumer needs and expectations in a timely manner. The company monitors information across the network, collects it and sorts it in real time, stays updated on the dynamics in a comprehensive and prompt manner, operates a closed-loop monitoring system to implement a 24-hour early warning for negative information, and distributes information to all departments and stores in a timely manner for their effective handling. After classifying and evaluating customer complaints, the company deals with them by applying corresponding handling strategies. Analysis and judgment are steadily strengthened for the purposes of taking targeted preventive and control measures and preventing and eliminating adverse impacts in a timely manner. The company dynamically tracks unexpected negative information and post-handling developments, and continuously monitors relevant information. Customer complaints are promptly summarised, sorted out and reflected on upon their occurrence, dissemination and handling to safeguard the company’s steady development.

• **Conducting customer satisfaction surveys and optimising service processes**

Every year, our company conducts consumer satisfaction surveys. Before we implement phone interviews, we seek customers’ permission regarding their willingness to accept the survey through SMS.

Case study: Hainan DF conducts consumer satisfaction surveys to provide better services

To improve our service quality feedback and tracking system, in 2023, CDFG Haikou Riyue Plaza Duty-Free Shop, Haikou Meilan Airport Duty-Free Shop and Qionghai Boao Duty-Free Shop under Hainan DF conducted four satisfaction surveys of walk-in customers. A total of 7,727 questionnaires were completed, with the overall satisfaction of the three Hainan DF stores exceeding 98%. Targeted collection of customer satisfaction data on the customer shopping experience, the shopping environment and facilities, personnel, and services enables the company to continuously improve its service capability and competitiveness.


Case study: Haikou International Duty-Free Shopping Complex conducts in-store customer satisfaction surveys to identify and rectify gaps in services

In 2023, Haikou International Duty-Free Shopping Complex conducted in-store customer satisfaction surveys as a multi-dimensional study of the consumer shopping experience. A total 4,813 questionnaires were completed, revealing an overall satisfaction rate of 98.47%. Improvements have been made based on feedback from customers, including improvements related to front-line service personnel and service materials, as well as to the publication of promotional information. In addition, special plans for service improvements have been developed and implemented. Service satisfaction has been increased by identifying and rectifying gaps in customer service.

Haikou International Duty-Free Shopping Complex has made follow-up calls to VIPs who have a business relationship with the company or are members of the VIP team. In 2023, a total of 773 follow-up calls were made, with a follow-up satisfaction rate of 98.45%. VIPs offered 31 suggestions, and 100% of the issues raised were rectified.


Case study: Sanya Downtown Store carries out a regular survey of consumer satisfaction to empower its service business

In 2023, Sanya Downtown Store conducted regular consumer satisfaction surveys and continued to generate in-depth analysis reports on data related to its business orientation and members’ consumption habits and preferences, with the aim of identifying business problems and opportunities and empowering business development.




1

In 2023, the Customer Management Department of Sanya Downtown Store made a total of 12,672 follow-up calls, including 7,907 answered calls. All respondents were satisfied with our services, revealing a customer satisfaction rate of **100%**, representing an increase of about 0.1% over 2022.



2

The company continues to collect customer feedback. In 2023, a total of **2,158** customer survey questionnaires were collected, including 1,358 questionnaires on customer service satisfaction that revealed a satisfaction rate of 94.9%, alongside more than 800 thematic questionnaires with a satisfaction rate of more than **90%**.



3

Since May 2023, the company has been collecting customer satisfaction levels and feedback and generating regular research reports on shopping, services, and other needs through monthly questionnaires from customers who have joined the VIP programme. More than **500** samples have been received, revealing a good rating of overall satisfaction.

Innovation-driven Development

The company continues to provide innovation-driven services to meet consumers' growing demands and enable their pursuit of a better life.

• Innovating the service experience in response to new consumption demands

To further meet consumers' diversified shopping demands, the company insists on prioritising consumer needs, embracing the latest consumption trends, innovating consumption scenarios, and providing customers with an immersive shopping experience. For example, stores in Hainan have introduced various forms of shopping that allow consumers to visit, play and interact through such immersive experiences as camping, visiting bazaars, attending concerts and other events. Exclusive intellectual property (IP) activities have been staged to meet consumers' increasingly segmented and diversified consumption needs.

Case study: The 5th CTG DUTY-FREE Offshore Duty-Free Year-End Carnival to warm up the winter shopping and duty-free shopping spree

As an important festival IP of CTG DUTY-FREE to welcome Hainan's traditional tourism peak season, the 5th CTG DUTY-FREE Offshore Duty-Free Year-End Carnival was held from 15 November to 31 December 2023.

The company collaborated with its six stores in Hainan, offline and online shopping malls, and many brands to exhibit a collection of boutiques. Through themed campaigns, debut store showcases, cross-sector collaboration, celebrity store visits and multiple other forms of interaction, the company provided a spark to the year-end shopping carnival and helped release the potential of offshore duty-free consumption.



▲ Haikou International Duty-Free Shopping Complex – West Gate

In November, the company partnered with airlines to launch themed flights to create a festive atmosphere and bring passengers immersive, new and interesting interactive experiences, while propagating knowledge of duty-free goods and promotional campaigns.



▲ A themed flight



▲ Aerial view of Sanya International Duty-Free Shopping Complex, Phase 1 Plot 2

The company also worked with its stores to launch the cdf Handbag Festival and the cdf Wine Festival themed campaigns, providing a fun, one-stop experience for duty-free consumers. Sanya International Duty-Free Shopping Complex initiated the "Christmas Shopping Season" and other year-end carnival campaigns to offer consumers a more exciting, interesting, and diverse shopping experience. The Haikou Riyue Plaza Duty-Free Shop launched its new "selected liquor brands for quick delivery to members" service. Liquor products can be delivered in 2 hours to locations within 8 kms of the duty-free shop, allowing consumers to enjoy their drink with a single click. In addition, Haikou Riyue Plaza Duty-Free Shop has also initiated the "cdf Lighting life" campaigns that focus on popular activities like surf skating, coffee social meet-ups, and pet parties to create interactive, entertaining and interesting social scenarios that provide consumers with a new shopping experience.

• Working with partners to broaden the scope of services

Currently, demand for high-quality consumption is increasing as China accelerates the pace of its economic recovery. By integrating high-quality resources and working with global partners and consumers, the company and its partners work together to create consumption scenarios, build an ecosystem of consumption, act as trend setters in consumption, actively explore and innovate activities, further improve services, and jointly expand and share the tourism retail market. The company aims to provide unique and exclusive experiences to members to improve their lives.

Case study: Working with InterContinental Hotels Group (IHG) to enable the two-way exchange of exclusive privileges for VIP members

At a press conference on 10 August 2023, an in-depth partnership was announced between the company's cdf membership programme and IHG® One Rewards, a global guest loyalty programme of InterContinental Hotels Group. The two parties have enabled the two-way exchange of exclusive privileges for VIP members under excellent and consistent operating standards and service quality. Based in Hainan, a popular destination for tourists and duty-free consumers, the parties offer flexible access to member privileges for global tourists. Hainan has become a focus point for reaching out to the international tourism market and the starting point of a one-stop journey for "duty-free shopping and luxurious accommodation". The company won the "Best Launch Event Award" from the *Moodie Davitt China Travel Retail Report*, the authoritative media in the global travel retail industry.

Case study: The company and China UnionPay jointly initiate an IP-themed marketing campaign

As part of their strategic partnership, the company and China UnionPay have created an exclusive themed marketing campaign: The Members' Bonus Points Shopping Festival. The two parties introduced the concept of a "dual membership," which allows bonus points to be exchanged under either membership programme and activates marketing links during the payment process, thereby increasing the value of members' rewards and providing a better shopping experience to cdf members. The "dual membership" concept introduced by this campaign replaces traditional payment rebates with cdf points and activates marketing links throughout the payment process, representing a breakthrough in the marketing model in the traditional payment field. The campaign won the Best Collaborative Campaign of the Year (Retail Winner) at the 2023 Moodie Davitt Award Ceremony hosted by the *Moodie Davitt China Travel Retail Report*, the authoritative media outlet in the global travel retail industry.



Case study: Sanya Phoenix Airport Duty-Free Shop engages in cross-sector collaboration to promote duty-free tourism retail

Sanya Phoenix Airport Duty-Free Shop Phase 2 adopts a strategy that promotes multi-dimensional, cross-border, win-win collaboration. It has worked with more than ten 5A and 4A scenic spots, various well-known cultural and tourist sites, and over 80 five-star high-end resort hotels in Hainan to explore opportunities for interactive collaboration that link culture, entertainment, and duty-free tourism retail. Through expanded payment channels provided by China UnionPay, China Merchants Bank, China Guangfa Bank, Alipay, etc., the shop has introduced various gifts, discounts, red envelopes, lotteries, and other exclusive shopping rewards. Meanwhile, by partnering with China Southern Airlines, Juneyao Airlines, etc., the shop has introduced customised flights and rewards to jointly promote the grand opening of this new landmark duty-free retailer in Sanya.

Case study: The company and Luzhou Laojiao jointly create an exclusive journey named "Enter Luzhou, Taste the Cellar" for Diamond VIP members

In October 2023, the company worked with Luzhou Laojiao to create an exclusive trip for Diamond VIP members. Diamond VIP members were invited to visit the Luzhou Laojiao Museum, Chunyang Cave, Qiankun Wine Fort, and other tourist attractions to experience the profound history and exquisite brewing technology of Luzhou Laojiao and gain a deeper understanding of the history, culture, and customs of this premium liquor. The activity was warmly received and highly regarded by our members.



▲ Group photo

Creating a Comfortable Environment for Consumption to Ensure Trusted Business Operations

Product Quality Guarantee

The company strictly enforces procurement management measures and continuously monitors supplier selection and product quality assurance. In 2023, the company has issued the “Regulations on Safety Management, Quality-Risk Early Warnings, Inspection and Testing for Imported Commodities (Trial)”, which standardises and institutionalises quality and safety management for our imported commodities. We have strengthened safety and quality control for imported commodities to ensure that the company meets its responsibilities and protects consumers’ rights and interests.

In 2023, we improved our “Procurement Management Measures” and strictly enforced the procurement approval process. The company has formulated more detailed regulations on the methods and procedures for supplier selection, the methods used to assess suppliers, and supplier bidding and procurement behaviour. For the supplier sourcing process, we have strengthened the supervision and review of suppliers to guard the “entrance gate”. The company has also established a list of qualified suppliers and incorporated compliance performance requirements into the evaluation process for suppliers. We dynamically adjust the qualified suppliers list by promptly removing any suppliers involved in irregularities.

The company regularly communicates with suppliers on how to further improve product quality. The company requires suppliers to establish a mechanism for information exchange, so that if the product recall process is triggered due to product quality problems, the company can take timely actions to protect the rights and interests of customers. The company attaches importance to the handling of product quality problems, and actively works with suppliers to ensure product quality standards are met, so that our users can shop with confidence.

In terms of food and beverage safety, the company has made every effort to establish and improve its comprehensive management systems, including those related to food management rules, supervision and monitoring, traceability cooperation, inspection, and testing, to ensure the food safety of our pre-packaged goods. We adhere to standardised online and offline management standards with respect to food safety and exercise whole-process control in this area. In accordance with the *Law on Product Quality*, the requirements of the commodity quality standards issued by the SAMR and the National Standardisation Administration, and other laws and regulations, the company has re-signed agreements with domestic liquor producers and suppliers, and the new agreements include the “Liquor Quality Assurance Agreement”, which helps the company ensure the quality of its products, protect the rights and interests of consumers. For goods with special storage requirements, such as chocolate that needs to be stored below 20 degrees, our stores strictly enforce the storage and transportation standards provided by suppliers and maintain daily temperature and humidity measurement records.



In respect of the management of goods close to expiration, the company disposes of them by means of return shipments, returns to suppliers for exchange, selling them at a discount, offering special promotions, and destroying them under the supervision of customs in accordance with the product categories and actual circumstances. The company strives to reduce goods close to expiration by forecasting market demand, flexibly deploying goods and improving procurement efficiency, with the goal of enhancing resource use efficiency and operating effectiveness.

Responsible Marketing and Sustainable Brands

We attach great importance to the management of advertisements and new media marketing. In accordance with the Advertising Law and other laws and regulations, the company has formulated relevant documents such as the “Regulations on the Management of Press Release” and the “Marketing Activities Management Measures” to strengthen management and control over marketing activities. The company’s affiliated companies also formulate detailed management regulations following their respective business conditions, including the “Regulations on the Management of Promotional Videos and Brochures”, “Regulations on Advertising and Publicity Management”, “Regulations on the Management of Marketing Activities” and “Regulations on the Management of External Publicity Information”, etc. to regulate all aspects of marketing management.

To explore sustainable development strategies for its brands, the company has accelerated its transition towards digital management with the aim of becoming a global leader in this area. The company comprehensively improved its data capabilities and developed a membership system called OneID, therefore formed CTG DUTY-FREE’s own member tracking system. Based on the results, the company has been able to empower its brand; enhance collaboration, consumer services and marketing activities; and optimise tourism retail operations. Through this analysis work, the company was able to effectively mine the commercial value of its membership data and devise plans for how to use this data more effectively in the future.

In terms of marketing activities, the company has been adding new momentum to the tourism retail market by organising a series of themed marketing activities and consumption scenarios. Through these efforts, consumers can enjoy a wide variety of luxurious and quality products, colourful themed activities, interactive experiences, and considerate services.

Case study: The Third cdf Brands Day

The company staged the third brands day campaign with the theme “Embracing Warmth and Beauty” and released the “C-LOONG” IP for the Year of the Dragon. The campaign aims to deliver warmth, love, beauty, reunion, and blessings from cdf to all of society. “C-LOONG” greets and embraces people from different cities using local dialects at more than 10 cdf stores in Beijing, Hangzhou, Guangzhou, Chengdu, Hainan, and other cities.



▲ Haikou Riyue Plaza Duty-Free Shop ▲ Haikou Meilan Airport Duty-Free Shop ▲ C-LOONG gift ▲ C-LOONG gift

The company continues to develop brand stories, expand communication channels, and innovate new communication methods. News, pictures, videos, activities, and other publicity channels are used to showcase the new brand styles and narrow the distance between brands and consumers using rich brand content and diversified forms of expression. At the beginning of 2023, the company used its video account to showcase its offshore duty-free business in Hainan and new brand styles, continuing to enhance the influence of tourism retail brands in China.



The distribution of its brand partners is **542** in total, has **1,455** well-known brands, sales over **46** types of goods, and over **350,000** SKUs of goods.

Optimising Supply Chain Management Driven by the Environment and Intelligence

The company aims to establish a green supply chain to align its operations with the nation’s goal to construct an ecological civilisation. Based on standardisation and driven by green, intelligent, and innovation, the company has continuously been optimising its supply chain management.

Supply Chain Management

The company has established good partnerships with suppliers, and established a secure and stable supplier cooperation mechanism.

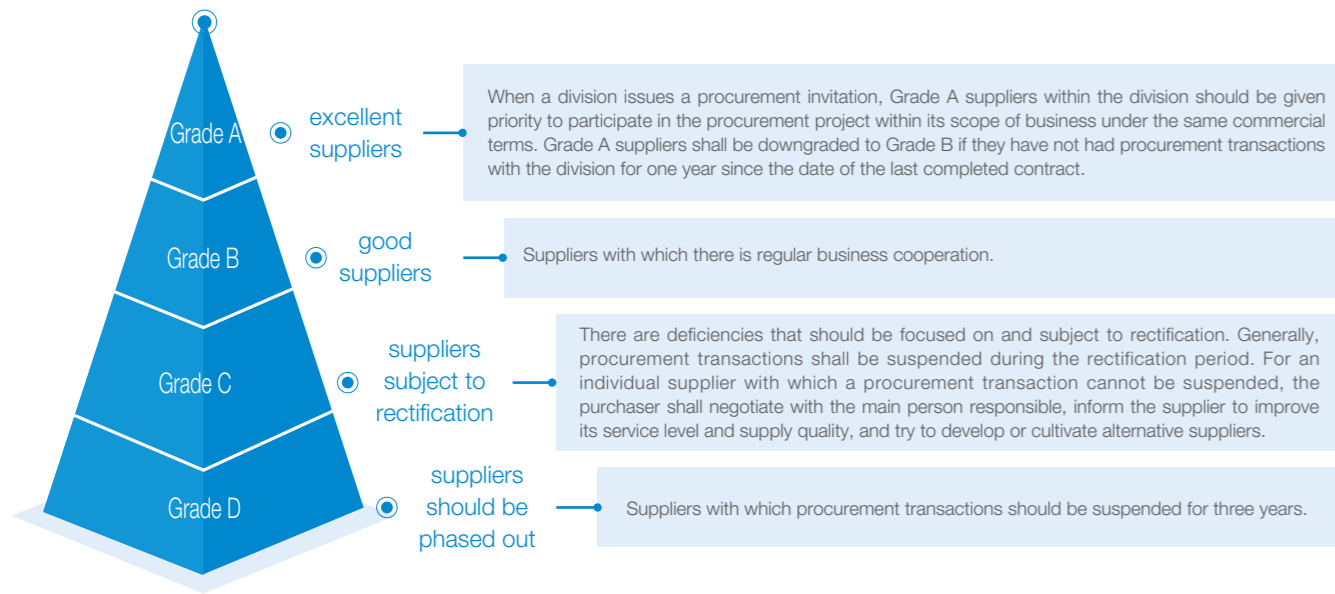
Supplier admission

In accordance with the “Supplier Management Regulations (Trial)” of and in view of the company’s business situation, the company has established a supplier management working group and formulated supplier admission criteria based on product category. For public procurement projects, such as open bidding, open competitive negotiations, and open inquiries, the winning bidder or the bid awardee can be directly included in the company’s supplier database. In addition to public procurement, interested suppliers should apply to relevant divisions for admission according to the procurement relationship and the management procedures.

In the process of selecting and approving suppliers, we conduct research and studies on the supplier market, steadily strengthen supplier development, and require that domestic suppliers be certified through a state-certified supervisory and management information platform. The company reviews suppliers’ certification information and business information, runs checks to determine whether suppliers have any record of legal or regulatory violations, and strictly implements supplier audit and selection processes.

• Tiered supplier management

According to the company's "Supplier Management Regulations (Trial)", the company, based on the results of dynamic evaluation, manages suppliers under a tiered system that includes:



In accordance with the requirements of the SASAC, the company implements a supplier evaluation model that combines dynamic evaluation and annual qualification inspection, and under which the dynamic evaluation results serve as an important basis for supplier grading and selection.

Intelligent and Green Supply Chain

To implement the 14th Five Year Plan for the Green Development of the Industrial Sector, the company strives to play a pivotal role in developing an intelligent and green supply chain, drive the efficient utilisation of resources and energy across upstream and downstream enterprises, and promote green development.

Intelligent Supply Chain

We are committed to digitalising and visualising the supply chain system and improving its efficiency and resilience by improving information transparency. Through a visualised supply chain system, we can monitor and track the logistics, inventory, deliveries and other key indicators along the entire supply chain in real time. Using visualised data, the management and relevant teams can clearly understand the status and trend of the supply chain. A digitalised supply chain system can be used to more accurately predict demand, optimise inventory management, and achieve rapid responses and flexible adjustments of the supply chain, reducing costs and risks.

The company is clearly aware of the key role played by suppliers in the supply chain. Data exchange and supply chain integration between suppliers, manufacturers and distributors is achieved through a visualised platform and digitalised supply chain, helping provide standardised and digitalised information of merchandise. As a result, operational efficiency is improved for enterprises and supply chain partners, and they are able to engage in harmonious, win-win cooperation.

The company considers the geographical location and climate of key suppliers in its supply chain management. Through the visualised intelligent supply chain platform, logistics personnel can identify optimal shipping routes and prioritise deliveries to reduce carbon emissions. In addition, robots are used to sort and optimise transportation routes to improve the efficiency and accuracy of sorting and reduce energy consumption during transportation.

Green Warehousing

The company is actively responding to national policies in the comprehensive implementation and promotion of green warehousing. We aim to reduce transportation costs and improve warehousing efficiency in order to conserve energy and reduce emissions.

- The company adopts a scientific and reasonable warehouse layout to integrate warehouses and ensure optimal loading capacity and vehicle utilisation. In the process of warehouse operations, goods are stored and handled taking into account their characteristics and shipping requirements to minimise inventory losses.
- The company gives priority to the use of energy-saving, environmentally-friendly and recyclable logistics equipment and facilities.
- The company has fully applied artificial intelligence (AI) and remote control technologies to improve overall warehousing and logistics efficiency, with a view to reducing costs, increasing efficiency and promoting green development. A warehouse management system is installed and adopted in each logistics centre to standardise warehouse operations in a more scientific and reasonable way, to improve the efficiency of warehouse management, and to reduce energy waste. We have deployed the Internet of Things (IoT) and management control systems, such as automated guided vehicle (AGV) robots and autonomous case-handling robots (ACR), and automatic equipment, such as clothing hanging chains and four-way shuttles, for integrated storage, handling and warehousing in logistics centres in Shanghai, Shenzhen and Hainan. These systems and equipment enable intelligent handling, picking and sorting and optimise processes for inbound warehousing, inventory management, replenishment sorting and shipping. Compared with traditional warehousing, the operational efficiency and storage capacity per unit are significantly improved, substantially reducing land use and energy consumption.

The box-type robot can pinpoint and transport goods with specific SKUs, enabling higher sorting precision. The official launch of the box-type robot has significantly improved the overall operating capacity of the Qianhai e-commerce warehouse and doubled its order picking capacity, resulting in an error rate of less than 1/10,000. Moreover, the box-type robot has also helped the warehouse surpass the previous height limits imposed by manual order picking. As a result, the warehouse has been able to expand the number of shelf layers from 4 to 7, which has doubled its cargo box storage capacity from 4,500 to 9,000. In addition, the box-type robot operates in a paperless manner by skipping order printing.



▲ AGV robots storage ▲ Clothing hanging chains

The company has promoted robotic sorting in the Sanya E-Commerce warehouse, Sunrise Shanghai e-Commerce warehouse and other sites. The intelligent console intelligently monitors the entire process, which greatly improves picking accuracy and sorting efficiency.



▲ Four-way shuttles, and AGV robots storage

- The company gives priority to partners who focus on environmental protection and sustainable development to ensure that all players involved in the supply chain are committed to emissions reduction, energy conservation and intelligent optimisation.

Supplier ESG Management

In 2023, the company urged suppliers to use more environmentally friendly products and services. For example, suppliers were asked to use recyclable materials, no-glue cartons and other environmentally friendly packaging materials. The environmental requirements and audits of suppliers were also tightened.

We recently updated the company's procurement policies and guidelines, and defined environmental requirements in detail. For example, we included goals for reducing packaging waste to save resources and promote sustainable development. We conducted in-depth communication and audits with suppliers to ensure they meet the latest environmental standards and requirements, and we required them to provide more comprehensive certifications related to environmental protection. For example, we give priority to suppliers with ISO 14001 certification for environmental management systems. In terms of supervision, we have strengthened our mechanism for evaluating and monitoring suppliers' environmental performance. We regularly review and evaluate suppliers, keeping a close watch on the implementation of their environmental protection policies and measures, and we work closely with suppliers to jointly promote the realisation of environmental protection goals.

Through these updated practices, and implementation and monitoring approaches, we are tightening requirements on suppliers' environmental responsibilities, and ensuring that selected suppliers continue to improve and innovate their environmental protection practices, with the aim of achieving more sustainable supply chain management, minimising adverse impacts on the environment, and providing customers with more environmentally friendly and reliable goods and services.

The company regularly collects data related to suppliers' sustainability and ESG performance. We inquire about suppliers' environmental system certifications, and conduct risk assessments on suppliers' performance related to environmental and social factors every year.

Engaging in Charity Initiatives to Act as a Responsible Corporate

• Community activities

Actively Participating in Public Welfare and Charity Initiatives

• Environmental protection

The company takes the initiative in environmental protection and social well-being campaigns such as "Guarding the Coral Sea", "Mangrove Restoration", "World Ocean Day" and "National Low-carbon Day". These activities aim to convey the concept of environmental protection and allow the company to give full play to its advantages in shouldering social responsibilities alongside the principle that "development and environmental protection should go hand in hand".



1 On 7 and 8 June 2023, Sanya International Duty-Free Shopping Complex staged "World Ocean Day", a campaign with the theme of ocean protection. By working with The Mangrove Sanya and Wuzhizhou Island Tourist Scenic Area, we organised volunteers to clean up garbage along the coastline, advocated marine environment protection, and emphasised working together to protect the ocean.



2 In April 2023, the Hangzhou cdf organised its employees to clean up garbage along the road and from the grassy areas around Hangwu Mountain, making our contribution to the beautiful environment of Hangwu Mountain.



3 In November 2023, Sanya Downtown Store volunteers cleaned up the dead-ends of roadside sidewalks, inter-village roads, parking lots and other areas to help create a clean and beautiful environment.



4 On 27 October 2023, the company headquarters and CDF Investment Development jointly launched the "Creating a Beautiful Environment, Sharing Lucid Water and Sky" voluntary initiative to improve the environment along the Liangma River, while providing publicity to tourists.



• Educational programmes

5 In 2023, Guerlain continued the brand's initiative of sustainable development themed "Bee School" activities. At the invitation from the brand, the company's employees and their families volunteered to learn about bee protection at the bee conservation base, participated in physical tasks, further promoted the concept of environmental protection, ecosystem protection and sustainable development, and took practical actions to fulfil our corporate social responsibilities.



6 On the eve of the 2023 June 1 International Children's Day, the Haikou Meilan Airport Duty-Free Shop volunteer team visited Hainan (Haikou) Special School to stage the "Love Heard" activity. Volunteers sang songs, drew sand paintings, and played games with children to inspire self-esteem, self-confidence, a resilient spirit within physically handicapped children and convey the Party's energy.

In 2023, Sunrise Shanghai launched the "Soma Blossom Student Assistance" charity programme. The programme aims to provide financial support for disadvantaged students in Sichuan Province who cannot afford living expenses during their studies.

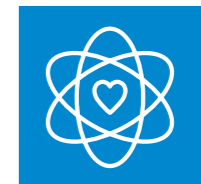


The company organised a second-hand clothing donation drive with the theme "Donating Clothing in Harsh Winters" for the 15th consecutive year, sending our care and recycled materials to the places most in-need. In 2023, to echo the "A Piece of Paper, Donate Your Love" project launched by the China Charity Federation, the company donated used clothing and other unused items for sale, with the proceeds going to charitable organisations to be used to treat children from disadvantaged families with congenital heart disease and patients with echinococcosis in Tibet.

In November 2023, more than 30 volunteers from the third Party Branch of Sanya Downtown Store and the Party Branch of Haifeng Village jointly staged the Party Day activity themed "Zebra Crossing Safety and Courtesy". Volunteers explained basic traffic safety rules and knowledge to the public at the intersection of the zebra crossing at Sanya International Duty-Free Shopping Complex, educating people to travel in a civilised manner alongside practical actions to take.



In June 2023, the company's "Spark Hero" volunteer team went to the Zuojiazhuang Street Elderly Care Centre to carry out a volunteering activity with the theme "Greetings during the Dragon Boat Festival". Volunteers brought milk, fruit, and other festive food to the elderly, made rice dumplings with the attendees, and helped stage art performances and other activities, sending their warm greetings to the elderly from the Party organisation and society.



On 7 April 2023, all party members of the Guangzhou Xinmian Party Branch went to the Huanghuagang 72 Martyrs Cemetery to stage the memorial tomb sweeping ceremony for martyrs.

In April 2023, staff representatives from the Shenyang cdf went to the Chinese People's Volunteers martyrs' cemetery in Shenyang to lay flowers, sweep tombs and listen to the stories of war veterans.



On 2 February 2023, during the Spring Festival travel rush, Haikou International Duty-Free Shopping Complex arranged a team of staff members to deliver drinking water, milk, snacks and other materials to drivers and passengers lined up in a traffic jam. The team served a total of 300 drivers and passengers. In addition, the team has also sent their care to front-line police and city janitors.

Fulfilling our Social Responsibility as a Central State-owned Enterprise in Hong Kong SAR, Macau SAR and Overseas

The company has been promoting a globalised business network and actively initiating overseas social well-being activities to draw attention and support from all sectors of society, so that more people can understand the importance of undertaking charitable actions.

2023 marked the 65th anniversary of the establishment of China-Cambodia diplomatic relations and it also marks “China-Cambodia Friendship Year”. China and Cambodia entered the “diamond hexagon” cooperation framework, ushering into a new era for the building of a community of a shared future between China and Cambodia. The three stores of CDFG (Cambodia) Limited have been promoting public welfare charities and fulfilling their social responsibilities along the Belt and Road: The Siem Reap store made cash donations to the Angkor Kanthabopha Children Hospital. The Phnom Penh store has organised 26 charitable activities for the Khmer Artist for Children Organisation. The Sihanoukville store has worked with the local government to implement the idea of protecting the marine environment, cleaning, and beautifying beaches, and building a beautiful home together.

On the 10th anniversary of CDFG (Cambodia) Limited, a charity art exhibition named “Childlike Innocence” was held in the Phnom Penh Store of CDFG (Cambodia) Limited. More than 100 philanthropists from China and Cambodia participated in the exhibition, with all 30 artworks on display being painted by children from the Khmer Artist for Children Organisation. There was also a charity sale arranged alongside the exhibition, with the sale aimed at helping the Khmer Artist for Children Organisation raise funds for renovating buildings and purchasing teaching and painting materials.



CDFG (Cambodia) Limited has been providing targeted assistance to the Khmer Artist for Children Organisation since 2016, with charity activities being staged each quarter. In March 2023, the cdf “targeted charity and assistance base” was officially unveiled. The Khmer Artist for Children Organisation was set up with the help of many philanthropists and children give full play to their creativity through pen and paper.

In 2023, CDFG (Cambodia) Limited joined the Phnom Penh Branch of Industrial and Commercial Bank of China to start a charity journey with the Khmer Artist for Children Organisation. CDFG (Cambodia) Limited and philanthropists donated stationery, pigment, milk, candy, paper towels, fruit and 1,000 kg of rice and other materials to the Khmer Artist for Children Organisation.



▲ In March 2023, the cdf “targeted charity and assistance base” was officially unveiled.

Setting the Industry Benchmark for High-quality Development

Following the Trends of the Time to Promote Industry Development

On the international stage, the company is using international events such as the China International Consumer Products Expo (CICPE) and the Asian Games to tell a new story of the tourism retail industry in China, and calls for enhanced cooperation among all stakeholders to embrace a bright future for the industry.

• Launching various activities to be a part of the CICPE and promote consumption

From 11 to 15 April 2023, the Third China International Consumer Products Expo was held in Haikou, Hainan Province. The company was deeply involved in the expo for the third time, setting up a booth of 600 square metres to display the new fashion trends of international consumer goods boutiques, as well as the rich history of the brands. In addition, the company also co-hosted the Third Global Consumption Innovation & Duty-Free and Travel Retail Conference, the Sustainable Consumption Summit Forum, and other events. The company shared and discussed new opportunities for the development of the duty-free and tourism retail industry alongside domestic and foreign experts, scholars, and leading enterprises in the industry. The company played a leading role in sharing the new experience in China’s tourism retail industry against the backdrop of a “Consumption-Boosting Year”, showcasing the innovative vitality of China’s tourism retail market and the surging power of its industry development.

During the CICPE, the company’s stores in Hainan launched various activities to further promote the release of consumption potential. Haikou International Duty-Free Shopping Complex staged creative performances during the Duty-free Culture and Tourism Week, prepared customised and special programmes based on Beautiful China and Skyrim Forest, held a parade performance featuring the first drone display of 2023 in Hainan.

In addition, a sub-venue for the CICPE Fashion Week was set up in Haikou International Duty-Free Shopping Complex. Well-known designer brands from both China and abroad staged fashion shows in the venue during Fashion Week. To facilitate exhibitors in travelling between Haikou International Duty-Free Shopping Complex and the CICPE main venue, Haikou International Duty-Free Shopping Complex provided free shuttle bus services, including one-on-one privileged services for free bus rides for cdf members.

With the spill-over effect of the CICPE, Sanya International Duty-Free Shopping Complex has become a high-end commercial entity preferred by many well-known brands in China and from abroad. In 2023, Sanya International Duty-Free Shopping Complex continued to promote themed events for the third cdf Watch Festival, bringing together global collections of watches, rare watch pieces, and cdf exclusive brands, starting a new upsurge in the duty-free consumption of high-end watches.



▲ The company’s stores in Hainan seized the opportunity of the high traffic flow to reward consumers with diverse high-quality services



▲ The Third cdf Watch Festival

• Showcasing the Chinese tourism retail industry to the world through the innovative services and experience of the Asian Games

During the Asian Games in Hangzhou, the company's Hangzhou Airport Duty-Free Shop focused on innovating new services and experiences and optimising its service quality. From improving service standards and optimising product displays, to establishing a dedicated green payment channel for the Asian Games, it has comprehensively improved the capabilities of core management services and provided solid support for the Asian Games. The company made full use of Hangzhou Airport Duty-Free Shop as the "first stop" for inbound travellers to the Asian Games. The shop showcased its image of being the world's largest tourism retailer committed to providing quality services.



▲ Hangzhou Airport Duty-Free Shop

• Attending the Trinity Forum in 2023 to promote industry development and innovation

On 25 October 2023, the Trinity Forum, jointly organised by the Moodie Davitt China Travel Retail Report (the authoritative media in the global tourism retail industry), ACI World and ACI Asia Pacific, was hosted by Hong Kong International Airport in Hong Kong SAR. As a platinum partner of the 2023 Trinity Forum, Mr. CHANG Zhujun, the company's standing Deputy General Manager, was invited to deliver a keynote speech on the first day of the forum. He introduced the company's recent developments, including its achievements in airports and overseas markets, the rapid development of Hainan market, and its online business, as well as the optimisation of merchandise innovation and shopping experience upgrades, and stressed the need to strengthen operation capabilities and the use of members' big data to improve member benefits and rewards. He also elaborated on four prospects for continuous expansion in offline channels and Hainan's strategic layout. Mr. CHANG Zhujun called on all parties to continue to strengthen collaboration and exchange and jointly promote industry development and innovation.



▲ Mr. CHANG Zhujun, the company's standing Deputy General Manager, was invited to deliver a keynote speech

Robust Planning for Future Development

As a leading enterprise in the global duty-free industry, the company makes investments in development projects to expand its business complexes, with a focus on duty-free business, and it has been deeply engaged in the cruise industry for many years. We aim to maintain our leadership in the exploration of new growth patterns in various fields to enable a brighter future for the travel retail industry.

• A new offshore duty-free landmark

Sanya Phoenix Airport Duty-Free Shop Phase 2 was opened on 7 September 2023. The project is a rare commercial complex in the quarantine area of the airport. It operates a wide range of duty-free products including watches and accessories, bags, cosmetics, perfumes, sunglasses, imported wine, electronic products, etc., with a construction area of about 5,000 square metres. Design elements

including suspensions, spheres, and mirrors are ingeniously combined to create an immersive space to experience and demonstrate the rich and romantic French style, transforming the shopping mall into an art space for taking photos.



▲ Beautiful decorations at the opening ceremony ▲ Star dome of Mingzhuang Wine Area on the 4th floor ▲ In-store shopping scene ▲ Lounge leisure area on the 4th floor

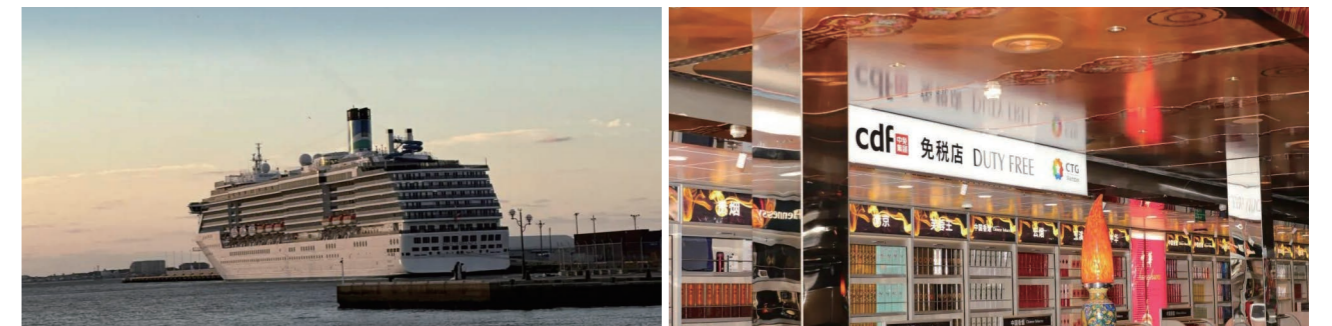
• The duty-free shop on the cruise ship "Mediterranea" of Adora Cruises was opened, representing the start of a duty-free shopping journey on the sea

On 30 September 2023, "Mediterranea" resumed its voyage from Tianjin Port. The newly renovated duty-free shop on "Mediterranea", under China Duty-Free Cruise Services Ltd.(CDFCS), was also officially opened, marking the resumption of the duty-free business of the CDFCS.

The duty-free shop of 600 square metres is located on the third floor of the "Mediterranea". Inspired by Mediterranean culture, it provides more than 100 world famous brands, including fashion accessories, watches and jewellery, cosmetics, perfumes, tobacco, wine, special food, and souvenirs. It aims to create for cruise passengers a maritime shopping space rich with a European style and artistic atmosphere and provide a unique and unforgettable maritime shopping experience. The duty-free shop on "Mediterranea" has also made a breakthrough in connecting with the cdf membership system, extending the rights and interests of cdf members from the land to the sea, for more attractive and higher quality duty-free cruise services.



The duty-free shop of **600** square metres is located on the third floor of the "Mediterranea" it provides more than **100** world famous brands



▲ Cruise exterior ▲ Duty-free shop on the cruise

In terms of duty-free business rights onboard cruise ships, the CDFCS won the duty-free business rights of the Italian Costa Atlantica line and the Astro Ocean's MV Piano Land line, in 2018 and 2019, respectively. In 2022, we also won the duty-free business rights on "Mediterranea" of Adora Cruises with the CDFCS having the right to independently operate three duty-free shops on cruise ships.



Duty Free Shop on the Italian Costa Atlantica line

Duty Free Shop on the "Mediterranea" of Adora Cruises

Duty Free Shop on the Astro Ocean's MV Piano Land line

Three Duty-free Shops on Cruise Ships



A Corridor of Flowers



People

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CTG DUTY-FREE actively responds to United Nations (UN) Sustainable Development Goals (SDGs) 3, 5 and 8. As a people-oriented organisation, we care for our employees. We provide them with training and create a platform for the company and our people to develop together.



Protecting Employee Rights and Promoting Their Interests

Employee Rights

We consistently uphold the “people-oriented” management philosophy regarding talent management and strictly comply with the *Labour Law*, the *Labour Contract Law* and other laws and regulations, as well as the international human rights and labour conventions and protocols that China has signed, such as the *Equal Remuneration Convention* and the *Elimination of Discrimination in Respect of Employment and Occupation*. We respect the *Declaration on Fundamental Principles and Rights at Work* issued by International Labour Organization (ILO) and *Guiding Principles on Business and Human Rights* by the UN. We adhere to the principles of honesty, trustworthiness, fairness and justice in our dealings with employees, and we fully guarantee their rights and interests.

Recruitment Management

The company has developed a comprehensive employee recruitment system and has recruited our employees through on-campus recruitment, job fairs, recruitment agencies, online recruitment platforms and internal recruitment. We sign labour contracts with employees.

We adhere to the recruitment principle of focusing both on integrity and ability. We also respect differences, encourage diversity, and prohibit any form of discrimination from upholding the principles of fairness, impartiality and openness. Our company has formulated hiring criteria according to the actual needs of each position without imposing any restrictions related to age, gender, ethnicity, religious beliefs or other characteristics. For high-end talents, we insist on a combination of external introductions and internal trainings, attracting more talents on a selective basis, and selecting the best candidates to target for recruitment.

Employment Management

In regards of prohibiting child labour, we strictly abide by labour laws and regulations, check ID card during on-boarding procedures and forbid the employment of child labour. In terms of preventing forced labour, we strictly prohibit restricting employees’ freedoms or forcing employees to work by collecting deposits, detaining documents, or engaging in threats. During the reporting year, our company did not have any violations of laws and regulations involving child labour or forced labour.

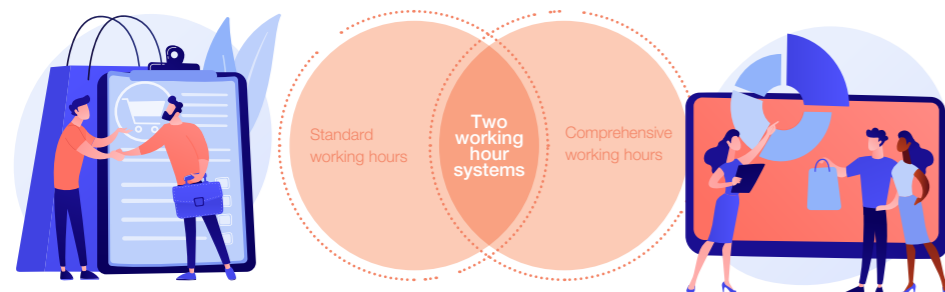
0 violation of laws and regulations involving child labour or forced labour

Resignations Management

Unless exceptional circumstances arise, we generally do not voluntarily sever or terminate the labour relationship with employees. If it is necessary to terminate or rescind an employee’s labour contract, we strictly follow the process in accordance with the requirements and procedures of labour laws and regulations. Those who should be given economic compensation according to the law will receive corresponding compensation according to the legal requirements. The company generally does not try to restrict employees’ choice of new jobs. For cases involving competition restrictions, such restrictions are handled according to the signed agreement.

Holiday and Working Hours Management

We strictly observe regulatory requirements regarding national statutory holidays, employees are entitled to annual leave, maternity leave, marriage leave, parental leave and additional blood donation leave, parent-teacher conference leave, etc. According to the company’s situation, we implement two working hour systems: standard and comprehensive working hours (for the frontline employees under particular working conditions). We strictly enforce the monthly 174 working hour working system. As for excess working hours, we arrange compensated leave or pay overtime according to labour laws and regulations to effectively protect employees’ rights to rest.



Comprehensive Remuneration Management

The company adheres to the concepts of market-oriented remuneration, determines remuneration standards based on the “double benchmarking” principle and matches the incentive level with the company’s development and talent strategy. The company has established a performance and remuneration management system, which aligns with the prioritises performance and follows the principles of fairness, positive motivation and sustainable development. We set the basic and performance salary ratios based on market practices. In this regard, the company determines the basic salary based on the position duties, personal capabilities and other factors. The salary is much higher than the local minimum wage level standard. The performance salary is linked to the company’s comprehensive performance, the department’s performance and the individual’s performance, forming a mechanism of effective incentives and restraints.

The company actively implements the spirit of common prosperity to share the fruits of its corporate development with employees. In addition to basic salaries, we offer monetary rewards to incentivise front-line employees whose positions may expose them to hardship, danger and heavy workload. Monetary rewards are also provided to employees who achieve excellent results in their performance appraisals. In this way, we have built a system of positive rewards and incentives for our people.

In terms of medium- and long-term incentives, the company comprehensively implements a system under which corporate managers at all levels are contractually managed on a tenure basis. Under the system, managers are required to sign contracts that reward them strictly in accordance with performance appraisal results. Tenure incentives are only awarded to managers who meet the contractual performance standards.

In accordance with national and local policies, we have established and implemented a welfare system to make timely and complete payments of social insurance and housing provident funds for employees; and we also offer annuities, supplementary medical care, canteen dining and other welfare programmes to our staff. In this way, we have built a multi-level welfare guarantee system based mainly on social insurance, with corporate welfare programmes acting as a supplement.

Democratic Management

We continue to improve its democratic management system, which is based on the trade union and the staff representative assembly. The company’s trade union is committed to safeguarding collective bargaining rights of employees; and it carries out its work following the *Trade Union Law*, the *Constitution of the Chinese Trade Union* and other laws and plays a vital role in public affairs. The trade union effectively promotes the participation of employees in the company’s democratic management and deliberations involving major issues concerning the vital interests of employees.

When formulating, revising and deciding rules, regulations and material issues that are directly related to the vital interests of our employees, such as labour remuneration, working hours, rest and leave, labour safety and health management, insurance and welfare, employee training, labour discipline, headcount management, etc., we collect opinions from general meetings of employee representatives to ensure that decisions are made through consultation and on an equal basis. We then make public announcements to all employees or notify the relevant departments or individuals after decisions are made. Employees may also appeal to the trade union through email, WeChat, in-person talks and other channels.

Case study: CTG DUTY-FREE offers training on labour and employment law in Hainan province

In October 2023, the Legal and Risk Control Department held the “Training on Labour and Employment Law for companies in Hainan province” in Haikou. All members of the company’s human resources management and legal and compliance management functions in Hainan province attended the training, either online or in-person. The training introduced necessary legal knowledge relating to employment compliance – from recruitment to the signing of labour contracts. In addition, matters calling for precautions and risk areas in the recruitment process were explained using real-life cases from the Hainan Labour Arbitration Commission and various courts.



▲ Training session

Staff Profile

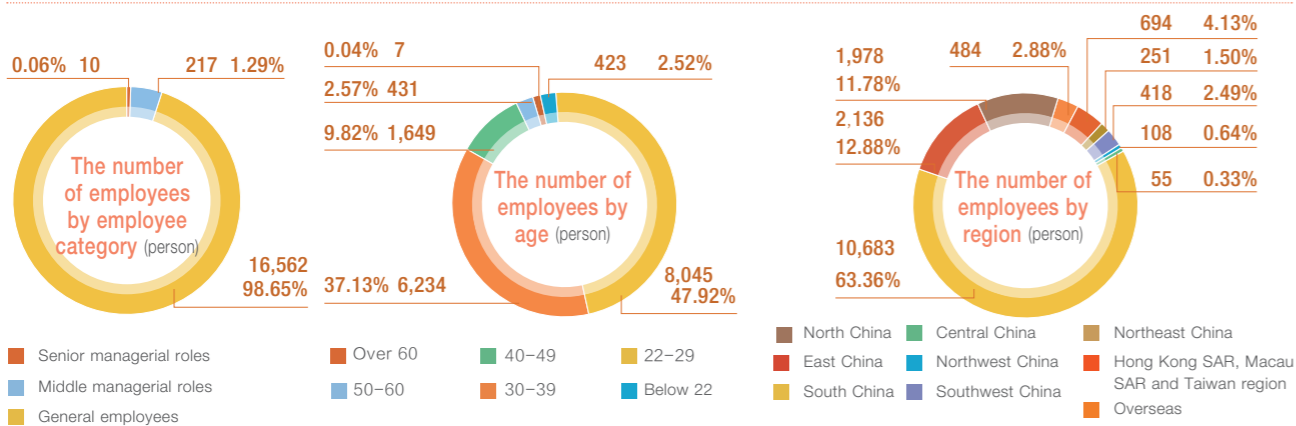
Total number of employees is **16,789**

The number of female employees is **9,285** accounting for **55.3%**. The number of ethnic minority employees is **1,169** accounting for **6.96%**. The number of foreign employees is **448** accounting for **2.67%**. The number of physically challenged employees is **134**.

The number of male employees is **7,504** accounting for **44.7%**. The percentage of ethnic minority employees in the management is **10%**.

Total number of new employees **2,949** Internal hire rate **15%**

Females in the Board of Directors and the Supervisory Committee account for **37.5%**. Females in the management account for **34%**. Females in the senior managerial roles account for **20%**, in middle managerial roles account for **35%**, and in junior managerial roles account for **43%**.



Employee turnover rate

Total employee turnover rate **16.63%**, of which employee voluntary turnover rate was **12.10%**

Employee turnover rate by gender	Employee turnover rate by category	Employee turnover rate by age group	Employee turnover rate by geographical region
Male 16.09%	Senior managerial roles 9.09%	Over 60 58.52%	Chinese Mainland 15.65%
Female 17.05%	Middle managerial roles 4.82%	50-60 14.99%	China's Hong Kong SAR, Macau SAR and Taiwan region 31.01%
	General employees 16.77%	40-49 8.95%	Overseas 22.31%
		30-39 12.22%	
		22-29 19.55%	
		Below 22 39.57%	

Employee Care

Based on the principle of "understanding our people, meeting their needs and addressing their difficulties", we continuously strive to care for our employees' needs. Our company also improves employees' working conditions, enhances and ensures their quality of life, increases their happiness and satisfaction, and generally creates conditions that make employees "proud to work at CTG DUTY-FREE".

In terms of employee benefits, we have formulated the "Administrative Regulations on Assistance for Sick Employees and the Collective Welfare of Trade Unions". The company's trade union conducts complete investigations to collect employees' opinions. It sends warm and considerate blessings to employees on holidays and birthdays based on their age, tastes and living habits. The company demonstrates care for various groups, such as employees with difficulties and female employees. The company advocates an inclusive culture and fully considers the needs of ethnic minority employees. For example, we have set up a halal canteen for Hui staff.



▲ Halal canteen

Case study: Offering heart-warming greetings during Spring Festival

Prior to the 2023 Spring Festival, the trade union conducted on-site visits and paid special subsidies to staff members facing financial difficulties and front-line workers who were on duty during New Year's Eve and Spring Festival.

At the beginning of 2024, the company held a cdf dinner party in the canteen to celebrate the 2024 Spring Festival. All members of the headquarters staff attended the party.



In general, we strive to provide financial assistance to employees experiencing difficulties and offer gifts to those who have gotten married or given birth, to demonstrate support for employees facing hardships or major life events.

Staff library

To promote reading and personal growth and thoroughly implement President Xi Jinping's guidance on reading, we strive to create an atmosphere that encourages all our people to read, and to this end, we have set up a staff library.



Trade unions at all levels regularly arrange reading campaigns:

Headquarters trade union

- Organises trade unions at all levels to actively participate in themed reading campaigns.
- Organises and stages reading campaigns in spring under the themes of "Reading in Spring", "Happy Reading Time" and "Countryside Visits and Writing".

CDF Investment Development trade union

- Under the "Readers of the Party Branch" initiative, each month a Party member is invited to share a book he/she has read.
- Subscribes to professional business-related publications to cultivate a reading and learning environment characterised by "continuous self-study, self-improvement and self-development".



cdf Wuhan Airport trade union

Organises all staff members to join the "Forging Ahead on a New Journey" reading campaign. Staff select books of interest from the recommended book list and share insights from their own reading experience.



Guangzhou Xinmian trade union

Purchases books to suit staff needs in line with the company's development status, and encourages employees to actively take part in reading.



cdf Kunming Airport trade union

Organises all staff members to download selected applications, collect and share books of interest, and share information about their reading experience in the airport lounge.



We organise various cultural, recreational and sports activities for employees. For example, the company stages festival celebrations and promotes cultural and sports interest groups to enhance employees' well-being and spiritual lives.

During the period from April to May 2023, 11 trade union groups of the company organised a total of 22 spring outings for employees.



▲ Various spring outings

Case study: Staging social and dating events for staff

To cater to the needs of young employees, the company held two sessions of social and dating events "Enjoying Youth and Encountering Romance" for young employees in Beijing and Haikou in October and December 2023 respectively, to provide an opportunity for young single people to socialise, and enhance the sense of belonging and happiness of young talents.

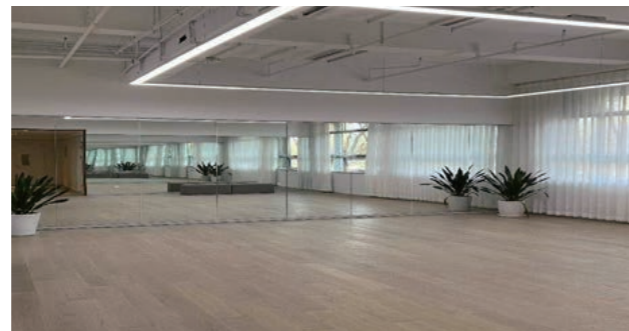


▲ Staff social and dating event "Enjoying Youth – Encountering Romance"

In terms of the work environment, we have made various efforts to improve office facilities, provide convenient services, and ensure that employees are satisfied with the company canteen. Our company is fully committed to creating a convenient and comfortable working environment. In addition, we provide comfortable nursing rooms to protect the privacy and rights of breastfeeding mothers and generally show respect for female employees.



▲ Staff centre with 247 square metres



▲ Employee recreational and sports centre: equipped with central air conditioning, dance mirrors, soft seating, fitting rooms and other necessary equipment and facilities



▲ Starbucks coffee machines in office area



▲ Warm and festive decorations in the company lobby

Diversified Training to Promote Staff Development

We have established talent-specific training systems that align with operations and international standards to build smooth career paths for our employees and provided them with a robust platform for their career development.

Employee Training

The company regards strategic development as the core goal of training, and establishes a robust talent development and training mechanism, promotes talent development, and creates and develops a youth talent pool to enhance our core competitiveness. To this end, our company has formulated "Training Management", and we enhanced training under the management principle of "grading and classification, and training for all employees". Under this principle, we provide various types of training for employees across different positions and levels, carry out new hire training for new joiners, organise training courses for middle and senior management, and take various other measures to strengthen the company's professional talent pool.

In 2023, we worked with a third-party organisation to diagnose and optimise the training system, and we formed a training system plan for management talent and key business professionals for the coming 3-5 years, as well as specific training plans for each year. Throughout the year, the company provided training courses in various forms via online and offline channels. In 2023, 1,520 key training sessions were held, resulting in a total of 148,000 attendances and 547,000 total training hours. On average, during the year, each employee completed 32.8 training hours. The total expenditure on training and development is CNY7.543 million.

In 2023, Hainan DF initiated the Leadership and Navigation talent cultivation programmes to comprehensively improve high-calibre talent and build an internal talent reserve. A total of 42 hours of training courses were provided, with 212 attendances recorded. Furthermore, Hainan DF launched the On-board Programme to help newly promoted managers in professional and management functions quickly adapt to and take on their new roles. This latter programme lasts for about 30 days, and a total of 35 people participated in the training.



▲ For talent in key business areas such as retail operations and procurement, special tiered and categorised training programmes are delivered



▲ In September 2023, approximately 50 operations and management professionals from affiliated companies at all levels participated in the "Special Training for Retail Operations"



▲ In December, more than 40 managers of subsidiaries below a designated size participated in the "Special Training for Operations and Management"



▲ In August, approximately 70 procurement personnel from the headquarters procurement centre participated in "Procurement Strategy and Negotiation Skills Training"



▲ Photos of the opening ceremony of the new staff training

In August, we organised a five-day training for new joiners. Heads and representatives from 10 departments from headquarters, and more than 50 new joiners, participated in the training. The training featured three parts: an introduction to the company and its principal activities, career orientation training for recent graduates, and team building activities. The participants bravely challenged themselves and motivated each other during the training activities, demonstrating the perseverance, collaborative spirit and youthful energy of this new generation of “cdf people”.

We continue to organise management trainee projects and programmes, training programmes, job rotation, and research projects to build an internal reserve of young talent.

In 2023, the company continued to run “China Duty-Free Academy”, an online training platform. During the year, the platform had 16,500 registered users, covering almost all employees. To promote the use of online learning, in 2023, courses for 25 topics were introduced, and 15 live training sessions were held, resulting in a total of more than 410,000 attendances and 7.5 average training hours completed per employee. The sessions included courses on product knowledge and sales skills for front-line sales staff, including “Lecture on Watches”, “Fragrance Products and Related Sales Skills”, “Knowledge of the Store’s Alcoholic Beverages” and other topics, with a view to enriching the product knowledge of staff. For professional staff at all levels, we provide courses on general skills such as team performance and the power of communication. The company’s professionals also regularly deliver internal lecture sessions; and under the “Excellent Teachers and Excellent Courses” series of lectures, the internal lecturers themselves have had the opportunity to view eight live and recorded lectures, which are designed to improve their capabilities as internal trainers.

In 2023, we conducted trainings as follows:

Employee Training Performance Summary				
Indicator	Sub-indicator	Unit	2023	2022
Percentage of employees trained	/	%	100	100
Percentage of employees trained by gender	Male	%	100	100
	Female	%	100	100
Percentage of employees trained by category	Senior management employee	%	100	100
	Middle management employee	%	100	100
	General employee	%	100	100
Total training hours	/	10,000 hours	54.7	33.0
Average training hours completed per employee	/	hour	32.8	19.6
Average training hours completed per employee by gender	Male	hour	24.4	19.3
	Female	hour	30.3	19.9
Average training hours completed per employee by category	Senior management employee ¹	hour	152.1	162
	Middle management employee	hour	35.2	22.6
	General employee	hour	32.7	19.5
Average training hours completed per employee by region	Chinese Mainland	hour	34.2	19.6
	Chinese Hong Kong SAR, Macau SAR and Taiwan region	hour	18.1	16.1
	Overseas	hour	19.8	26

¹ As far as the training courses organised by the company are concerned, there is no significant difference for employees at different categories; however, the senior management participated in more intense trainings subject to the requirement on the training hours in the Regulations on the Education and Training of Cadres issued by the CPC Central Committee.

Employee Development

Based on employees’ career development needs, we continuously improve the talent management system and consolidates the foundation of talent management to offer smooth career development channels to assist employees in achieving their dreams and living up to their full potential.

According to the actual circumstances of the company, we have established a ranking system covering all grades and types of positions based on a hierarchical management system and job qualification criteria. The company determines the function, level and rank of employees according to their abilities, performance and qualifications. We allow two-way movement between management positions and professional positions and use a ranking system that reaches every level and grade horizontally and vertically across our headquarters and subsidiaries. We have built multiple career paths – including through annual rank promotions, promotions based on professional reviews, open recruitment of executives, and an internal system for regular talent exchange – to align the development of each employee’s career with the overall development of the company’s talent. We adopted the Management by Objectives (MBO), Key Performance Indicators (KPI) and 360°Feedback for integrated employee performance management. The assessment includes both work performance and professional capability, and the performance assessment results are determined through the ranking of the overall scores of employees responsible for the same tasks, covering 100% of the employees.

In 2023, the company continued to promote the development of skilled talents. In respect of professional title reviews, we are qualified to review professional engineering titles; and staff members are encouraged to review and apply for professional titles in various fields. The company continues to organise and implement the local filing of vocational skill level certification, and it has completed the filing of the two identified vocational skill levels of “merchandise sales” and “labour relations coordinator” with the local human resources and social security authority.

Operational Safety and Physical and Mental Health

Operational Safety

We vigorously carry out the establishment of a safety culture, cultivate and refine the safety culture system with the characteristics of CTG DUTY-FREE, firmly establish the safety concept of “people-oriented, service first, and safety first”, focusing on five major pillars of safety, including Party construction, law, mechanism, science and technology, and employee awareness, to achieve the goal of “zero accidents” in operations safety.

Safety Compliance

The company strictly abides by laws and regulations such as the *Work Safety Law*, the *Law on the Prevention and Control of Occupational Diseases*, and we have formulated the “Operation Safety Responsibility System for Staff”, the “Operation Safety Management Measures”, the “Safety Training Management Measures”, and the “Emergency Management Measures”. The company and each affiliated company fully implement the main responsibilities of operations safety, strengthening operations safety responsibility at all levels for staff, establishing a duty list and a sound safety system, and strictly carrying out safety measures.

Party Construction

The company adheres to President Xi Jinping’s important statement on operations safety to arm ourselves intellectually and to guide our practice. Party organisations at all levels give full play to their leading role, improving the system of “equal responsibilities for CPC committees and government, dual responsibilities, and joint management”. All Party members should play an exemplary role in performing their duties, and ensure the implementation from the five aspects of safety regulations publicity, safety deployment implementation, safety funds investment, safety performance supervision, and safety awareness enhancement.



Safety Mechanism



In terms of operations safety management

the company has clarified the composition and responsibilities of the Safety Committee. All large-scale stores and projects under construction are equipped with full-time safety management personnel as required, ensuring the smooth implementation of all safety work. Based on the actual situation of the warehouse, the company formulated the "Warehouse Management Code" and other normative documents to strengthen warehouse safety management and ensure the regular operation of the warehouse. In 2023, the company signed 129 copies of the Letter of Commitment to Operational Safety, Energy Conservation and Environmental Protection, covering each department and affiliated company, to clarify management and assessment requirements, and reward and punishment standards, and guide and supervise companies at all levels in the detailed implementation of related measures. Each department and affiliated company are encouraged to sign the Letter of Commitment and shoulder its responsibility, so that the company can meet 100% of its operational safety responsibilities.



In terms of emergency management of safety risks

the company has formulated the Contingency Plan for Operational Safety Accidents. Under the plan, all affiliated companies have established a robust system for emergency planning that covers fire accidents, traffic accidents, electric shocks and other operational safety accidents. Affiliated companies have been guided to perform scenario simulation drills and effectively improve the efficiency of employees' emergency responses. Employees participate in the preparation of the annual emergency drill plan, training on the use of fire-fighting facilities, and fire evacuation drills to improve their safety skills. All affiliated companies strive to strengthen on-site emergency rescue and emergency response capabilities, adjust and optimise emergency command systems and coordination and linkage mechanisms, and ensure materials, equipment and personnel are prepared and targeted emergency drills are conducted.

Each affiliated company also actively carried out emergency drills according to their actual situation. In June and November 2023, Haikou International Duty-Free Shopping Complex carried out large-scale comprehensive emergency drills. During business hours, drills were carried out to prepare for fires caused by violent robberies and fires caused by spontaneous combustion of vehicles. The drills covered various emergency responses, including anti-terrorism and riot control, medical treatment, material rescue and firefighting rescue, among others. In total, more than 2,700 attendances were recorded for the drills.



▲ Comprehensive emergency drills



▲ Joint fire safety drills

In November 2023, in partnership with the Sanya Fire Brigade, the Sanya Public Security Bureau's Haitang Branch, the Haitang District Emergency Management Bureau, the Haitang District Commerce Bureau, the Haitang District Fire Brigade, the Tengqiao Police Station and other local bureaus and departments, Sanya International Duty-Free Shopping Complex conducted a large-scale practical drill for its comprehensive emergency response, and held an emergency fire drill and personnel evacuation in zone C. These drills drew more than 2,300 attendances.

In addition, in 2023, Hainan DF further raised employees' awareness of operational safety and emergency response issues by holding activities such as Publicity Week for the Law on the Prevention and Control of Occupational Diseases and fire safety month, and by organising training and special drills on first-aid and fire safety.



For all construction projects under CDF Investment Development, the company has set up mechanisms to exchange information and collaborate in rescue efforts with the local authorities that handle emergency management, safety management, health management and meteorology, among other areas.



CDF International has engaged external trainers to explain and provide on-site guidance on how to combat terrorism, theft and robbery for all its overseas projects; and fire, anti-theft, anti-robbery, anti-terrorism and other emergency drills have been carried out at the company's stores in Phnom Penh, Siem Reap, Sihanoukville and other cities, to improve employees' emergency response skills and protect employees, customers and their property.



In terms of operations safety inspections and control

the headquarter of the company has established a risk classification and control mechanism, has organised its duty-free complexes, stores, projects under construction and warehouses to carry out comprehensive risk identification and evaluation, controlling the safety risk according to the classification, and has implemented the working mechanism of "one company one list, one store one list". The headquarter of the company regularly checks the management and control of significant risks, serves, guides and supervises all units to improve management and control measures in combination with safety inspections.

During the reporting period, the company effectively strengthened hazard governance in production safety, firmly established the bottom-line principle of "unidentified hazards are accidents", thoroughly identified and rectified hazards, and urged all affiliated companies to effectively ensure operational safety and eliminate all forms of operational safety accidents.

The company has been promoting the "Year for Strengthening Compliance Management" initiative. In accordance with national laws and regulations and industry standards, we have determined criteria for identifying the company's major accident hazards, priorities and rectifications, developed special action plans, refined the division of responsibilities and task assignments, and comprehensively identified security hazards at store premises, warehouses, dormitories and other key facilities. Principals at all levels led teams in carrying out a total of 315 safety inspections in 2023. The company's Work Safety Committee has strengthened oversight of hazard identification, carried out on-site safety inspections at CDF Investment Development, Sunrise China, Sunrise Shanghai, Hangzhou cdf, the Shanghai Logistics Centre, the Dalian Distribution Centre, the downtown stores in Dalian and various projects under construction. The Committee has reviewed the results of interim safety inspections of key units in Hainan and has supported and guided all units to identify on-site safety hazards, with a view to strengthening overall safety management and preventing operational safety accidents. In addition, all affiliated companies were organised to actively carry out safety inspections before festivals, and special on-site inspections were conducted to ensure fire safety, gas safety and crane safety, among other safety concerns. Enterprises at all levels carried out a total of 468 safety inspections, and identified and rectified 1,907 safety hazards in 2023.

The company encourages front-line staff to act as safety whistle blowers and take the initiative in identifying and reporting hazards and vulnerabilities. They are also encouraged keep a close eye on key issues, safety hazards and control vulnerabilities to firmly defend the bottom line of operational safety.

Case study: Carrying out diagnostic troubleshooting and rectifications under the guidance of experts

In July 2023, the company invited a group of external experts to carry out an interim operational safety inspection and assessment on focus areas and major projects in Hainan. This project was designed to promote reform, leverage inspections to check the effectiveness of training, and strengthen troubleshooting and governance of safety hazards in critical premises such as the company's tax-free complexes, projects under construction and logistics centres. In September 2023, the company engaged experts in fire prevention, electrical safety, construction safety and other fields to carry out operational safety inspections at key units in Hainan before the Mid-Autumn Festival and National Day. Under this effort, for project sites under construction, experts conducted hazard troubleshooting for key processes and areas such as construction and installation, special operations, temporary electricity, fire-fighting facilities, on-site personnel management and controls, with a view to guaranteeing the safety of subsequent construction.

Science and Technology

The company attaches importance to using safe, reliable, efficient and practical safety management technology to improve safety management. For instance, we use facial recognition devices in various projects to achieve real-name people management, and use drones to inspect construction sites, improving the level of intelligent construction and automated operations, and further improving safety technology support abilities and operation safety guarantee abilities.

Safety publicity

The company continued to cultivate a culture of “safety publicity”. As part of this effort, we organised affiliated companies to stage publicity and education activities, such as fire prevention publicity month, Publicity Week for the Law on the Prevention and Control of Occupational Diseases, national safety publicity and consultation day, and safety induction training for new joiners. We also leveraged bulletin boards, banners, online learning, “open classes”, knowledge contests and other activities to promote and publicise operational safety laws and regulations and basic information regarding operational safety, with a view to raising the safety awareness of all staff. In 2023, the company organised and carried out 663 safety trainings, a total of 154 lectures on operational safety, with 18,500 participants.

In addition, to promote the development of a safety culture, the company organised a safety culture questionnaire for all staff, devised the “Safety Culture Manual” and invited external experts to host seminars on cultivating a safety culture. In 2023, the company and its affiliated companies actively participated in the collection of best practice cases and articles for safety culture, which was organised by the Publicity and Education Centre of the Ministry of Emergency Management. The company and Sanya Downtown Store won the Ministry of Emergency Management’s best practice case for safety culture. In addition, three articles submitted by the company, Sanya Downtown Store and CDF Investment Development were recognised among the best national articles for corporate safety culture.

Case study: Staging activities for Operational Safety Month

In 2023, for Operational Safety Month, the company staged various activities, including operational safety training and drills, with the aim of promoting awareness and knowledge of operational safety. Haikou International Duty-Free Shopping Complex hosted the opening ceremony of 2023 Operational Safety Month in Haikou. Emergency rescue drills for confined spaces and falls from heights were carried out on-site after the ceremony.



In 2023, the company invested a total of CNY27.93 million in operations safety, and this safety investment provided a strong guarantee for the safe development of the business. In addition, 314 drills were staged for different types of emergencies, including firefighting, emergency evacuation in offices and operations areas, typhoons, and flood prevention, drawing a total of 19,500 attendances. In the past three years, the company did not record any safety accidents. The company had no work-related injuries or deaths in 2023. The fatality rate of the Company’s employees due to work-related injuries² is 0, and the lost-time injury frequency rate (per one million hours worked)³ is 0.







invested a total of **CNY27.93 million** in operations safety

² Fatality rate = number of fatalities due to work-related injuries/number of workers*100%;
³ Lost-time injury frequency rate (per one million hours worked) (LTIFR) = number of lost time injuries/total number of man-hours worked in the accounting period*1,000,000

Physical and Mental Health

We are fully committed to fulfilling our duties as a people-oriented company and puts the safety and physical and mental health of employees first. In terms of occupational health management, the company provides benefits that includes annual physical examinations for employees and comprehensive medical insurance for employees and their young children, including accident insurance, serious disease insurance and medical insurance. In addition, the company provides medical insurance that covers overseas medical institutions for expatriate employees and those who are on overseas business trips, relieving employees of the burden of medical expenses while they are working abroad.

The company’s staff at construction sites may be exposed to a range of occupational hazards, including noise, dust, vibrations, toxic and harmful gases, and high temperatures. Meanwhile, merchandise handlers in logistics centres may be exposed to the occupational hazards of high and low temperatures. The company always pays attention to the physical and mental health of staff members and takes multiple measures to prevent occupational diseases:

 Special Trainings	<p>First, we organise special training on occupational health, and promote education on occupational health management, including the identification and prevention of occupational disease hazards, occupational disease classification and categories, personal protective equipment, and employee occupational health rights, to reinforce the foundation of the company’s occupational health management.</p>
 Collect Cases	<p>Second, the company collects and publicises typical cases of occupational health, and studies and analyses incidents such as deaths caused by inadequate implementation of heatstroke prevention measures, administrative punishments for improper management of occupational hazards, and failures to issue occupational hazard notifications, to provide reminders and lessons for employees and increase their awareness of the importance of occupational health management.</p>
 Organise Publicity Activities	<p>Third, the company has been organising affiliated companies at all levels to stage activities for Publicity Week for the Law on the Prevention and Control of Occupational Diseases. We carried out a series of publicity and educational activities to promote education related to occupational disease prevention and effectively raise employees’ awareness of occupational hazards. A total of 1,450 occupational health publicity materials were distributed; 158 themed lectures were held; and 129 educational reminder activities and 39 publicity consultations were carried out in 2023. These efforts reached a total public audience of 11,548, effectively strengthening the foundation of the company’s occupational health management.</p>
 Identification and Rectification	<p>Fourth, identification and rectification actions are carried out to combat occupational disease hazards. For example, the company conducted inspections of the working conditions in facilities and distributed personal protective equipment, with a view to preventing occupational diseases. In addition, at all units under construction, we comprehensively inspected measures that have been implemented to prevent occupational diseases, and analysed occupational health protection plans and emergency plans for occupational health accidents to prevent and address potential risks related to occupational health.</p>

During Publicity Week, the heads of Sanya Downtown Store led a team to visit front-line staff to understand the occupational hazards facing each post and the implementation of preventive and control measures. CDF Investment Development organised specialised workers and operators, paint insulation professionals, and other operators at sites under construction to carry out education and training related to occupational disease prevention, and checked the certification of specialised operators to ensure that 100% of the workers were certified. In addition, all stores held regular meetings to educate their staff about occupational disease prevention and control, and they displayed posters and played videos to cultivate a culture that upholds occupational disease prevention and control. Sunrise China organised a lecture on first-aid and invited experts from the safety and health education network to explain and demonstrate emergency treatments for health emergencies and heatstroke.

During Publicity Week

1,450 occupational health publicity materials were distributed	158 themed lectures were held	129 educational reminder activities	39 publicity consultations were carried out	These efforts reached a total public audience of 11,548
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Case study: The first staff badminton championship

To enhance the physical and mental health of employees, enrich their leisure time after work, and promote intragroup exchanges among employees at all levels, in 2023, the company's trade union and Youth League Committee held the first staff badminton championship, which carried the slogan, "Playing badminton to make new achievements" (羽动不凡 再建新功), with the purpose of promoting friendly competition.



▲ Beijing team's group photo



▲ Hainan team's group photo

Case study: Free clinic visits for staff

During the period from April to May 2023, the company invited experts from external medical institutions to provide medical consultations, physiotherapy and health education publicity activities for staff of the headquarters and affiliated companies at all levels in Beijing.

About 600 staff members took advantage of the free clinic consultations, which included traditional Chinese medicine (TCM) pulse diagnoses, acupuncture and massage sessions, blood pressure and blood glucose measurement, consultations on common diseases, publicity of knowledge on a healthy and scientific diet, sub-health prevention and treatment, and medication safety. Staff also received personalised healthcare advice based on their specific situation, with a view to providing them with scientific medical treatment and encouraging a healthy lifestyle.



▲ Free clinic activities

Case study: Setting up sports clubs to encourage employees to exercise and stay fit

Haikou International Duty-Free Shopping Complex has established basketball, badminton, football and other sports clubs, and it regularly stages activities to encourage employees to be more physically active and create a healthy and positive environment for the company.



▲ Basketball club



▲ Badminton club



▲ Football club

Case study: Integrating sports and reading to safeguard employees' physical and mental health

Reading has been incorporated into weekly interest group activities. For example, before and after their matches, participants in badminton interest groups are provided with readings to learn about common injuries and preventive measures, with the aim of promoting sports-related education and protecting employees' health.



Case study: Hangzhou cdf organised a fun sports competition

In 2023, Hangzhou cdf organised a sports competition to promote communication, friendship and teamwork among employees



Case study: Female employees design flower arrangements and engage in yoga and meditation

The company's trade union and the Committee of Female Employees staged the WO'MEN flower arrangement art salon to celebrate 2023 International Women's Day. At the activity, more than 200 female employees from the company's headquarters expressed themselves by designing unique arrangements of flowers and plants with the guidance of the salon lecturer.



▲ Yoga and meditation

In addition, the company invites professional instructors to provide weekly yoga courses to employees. Through these courses, members of the yoga interest group can learn meditation-related knowledge, balance their body and mind, and relieve themselves of pressure through innovative exercises and reading. In this way, employees are taking the opportunity to enrich their spiritual and cultural lives while improving their physical strength. These activities have been warmly received by staff members and are conducive to the company's efforts to cultivate a harmonious environment.



▲ Staff assemble flower arrangements





Green Wonderland

Planet

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CTG DUTY-FREE cares for the planet based on its business features and in light of environmental characteristics of its main business locations. We are actively responding to UN SDGs 2, 6, 7, 12, 13, 14 and 15 by engaging in multiple environmental protection initiatives, such as water resource management, green and low-carbon operations, green buildings, and active responses to climate change.



Addressing Climate Change to Protect the Environment

Climate change is having a broad and far-reaching impact on the world, CTG DUTY-FREE is acting quickly to analyse the potential challenges that climate change may bring, deploy mitigation and adaption measures, and explore opportunities. This section describes our efforts and future plans for addressing climate change with reference to TCFD (Task Force on Climate-Related Financial Disclosures) recommendations.

Governance

We have established an ESG governance structure, which covers the all-round governance on ESG matters, including addressing climate change.

The Board of Directors of the company is the highest decision-making authority to address climate change, and the Strategy and Sustainability Committee of the Board of Directors is the committee assuming the primary responsibility. We established the ESG Leadership Group, and it is headed by the Chairman of the company; the deputy head is the General Manager; and its members include heads of departments. ESG governance structure, strategy and the terms of reference of the Strategy and Sustainability Committee and the ESG Leadership Group, please refer to “Exercising Stronger Governance to Implement ESG Concepts”. The Strategy and Sustainability Committee holds meeting once a year, and the ESG Leadership Group holds regular meetings. By integrating ESG matters, including responses to climate change, with daily operations and management, the concerned departments and subsidiaries perform their specific responsibilities within their terms of reference. In addition, the company has also set up a “Leadership Group on Carbon Peaking and Carbon Neutrality”, please refer to “Green and Low-Carbon Operations for a Better Life”.

We have made it clear that the Board of Directors has to incorporate climate considerations into its review and instructions on strategies, important action plans, risk management policies, annual budgets and business plans, its formulation of performance goals for organisations, its monitoring on implementation, and its supervision on significant capital expenditure, acquisitions and divestitures. The ESG Leadership Group and the “Leadership Group on Carbon Peaking and Carbon Neutrality” provide support for this.

We steadily carry out the current status reviews, strategy formulation, risk management, and identification and tracking of metrics and targets for risks and opportunities arising from climate change that the company may be exposed to or can embrace.

Strategy

In view of the characteristics of the tourism retail industry and the company’s medium to long-term business planning, we continue to focus on and monitor business operations and risk management to identify, quantify and manage potential threats and uncertainties caused by global climate change. We then analyse the potential impact of these risks on the company’s own operations and the entire industry chain, from upstream to downstream processes, with the aim of safeguarding the steady development of the business.

We referred to the TCFD framework to identify the physical risks related to climate change (hereinafter “physical risks”) and the transition risks related to low-carbon economic transformation (hereinafter “transition risks”). For physical risks, we use a risk forecasting tool based on climate change scenarios (provided by MSCl) to assess the potential business and financial impacts subject to the geographical location of the company’s assets, their exposure and their hazard patterns. On this basis, we have developed systematic response strategies in site selection, emergency management, supply chain and inventory optimisation, and online business development. We then integrated these strategies into the company’s daily business management, to enhance its organisational resilience.

Scenario analysis

Based on the analysis of chronic and acute physical risks under different climate scenarios, we comprehensively assess the potential impact of physical risks on corporate strategy, business operations and financial conditions under different scenarios. We then prioritise climate risks, optimise resource allocation, and improve risk management.

We selected the current scenario, the relatively orderly pathway toward 1.5°C set by the Network for Greening the Financial System (NGFS) (i.e., reaching net zero around 2050), alongside the climate scenario of 3°C Nationally Determined Contributions (NDCs) set by the NGFS (i.e., global warming of 3°C scenario around 2050) for scenario analysis.






Current scenario	1.5°C – Net-zero world scenario ⁴	3°C – Hot house world scenario ⁵
Physical risk output of risk exposure based on 2021 benchmark	RCP 1.9 IEA Net-Zero by 2050 NGFS Net-Zero 2050 SSP1 – Sustainability	RCP 6.0 IEA Stated Policies Scenarios (STEPS) NGFS NDC scenario Shared Socio-Economic Pathway – Fossil-fuelled development

Physical risk category	Climate risk type	Risk impact of current scenario	Risk impact under the 1.5°C – scenario	Risk impact under the 3°C – scenario (hereinafter “high emissions scenario”)
Chronic risks	Extreme heat	Extreme high	Extreme high	Extreme high
	Extreme cold	Low	Low	Low
	Precipitation (heavy rain)	High	High	High
	Extreme snowfall	Extreme low	Extreme low	Extreme low
	Extreme wind	Extreme low	Extreme low	Extreme low
	Coastal flooding	High	Medium	Medium
Acute risks	Fluvial flooding	Medium	Medium	Medium
	Typhoons	Extreme high	Extreme high	Extreme high
	Wildfires	High	High	High
	River low flow	Extreme low	Extreme low	Extreme low





Subject to the assessment of the geographical location of the company’s assets, exposure and severity, the company’s overall business was exposed to extremely low to moderate risk under all climate scenarios, including extreme cold, extreme snowfall, extreme wind, fluvial flooding, and river low flow. We identified physical risks with high or higher risk levels, such as extreme heat, precipitation, coastal flooding, typhoons and wildfires, and further elaborated on the targeted description in terms of impact, assessment, impact cycle, scope of impact, potential financial impact, strategies, mitigation and adaptation measures, and comprehensively analysed the related risks, including direct loss, operation interruption, customer loss, and the impact of supply chain disruption on all links of the company’s business value chain. We actively promote the climate adaptability design of buildings, creation for a more resilient supply chain, online and offline business integration and other measures, improve the company’s ability to address climate risks, enhance the durability and stability of business operations, and continue to provide customers with quality goods and services.

⁴ 1.5-°C NGFS orderly “Net-Zero 2050” scenario: the adoption of the net zero emissions by 2050 scenario, that is, the global energy sector achieving net zero CO₂ emissions by 2050 is consistent with limiting the global temperature rise to 1.5°C with no temperature overshoot (with a 50% probability).




⁵ 3-°C NGFS Nationally Determined Contributions “NDC” scenario: taking into consideration all pledged but not yet implemented policy measures. The estimated physical risks would be slightly lower than in the Current Scenario case, but still well above the Paris Agreement targets.

Physical risk category	Climate risk category	Impact	Assessment	Impact cycle	Scope of impact	Potential financial impact	Strategies, mitigation and adaptation measures
Chronic risks	 Extreme heat	<p>High temperatures will increase demand for water supply and cooling in summer, resulting in increased energy consumption and equipment maintenance costs. Extreme high temperatures may lead to excessive power loads, increase safety hazards such as short circuits and fires, and have an adverse impact on normal operations brought by power supply tension or power failures.</p> <p>Extreme high temperatures may also affect logistics and transportation, such as the storage and distribution of refrigerated goods, or lead to traffic interruption in some areas, affecting commodity supplies and passenger flow in tourist destinations.</p>	<p>Extreme high temperatures may cause a very high risk to the company's operations in Hainan province, the GBA and Cambodia. Under the high emissions scenario, the number of operations with an extremely high risk will further increase, for example, operations in Fujian province will also be exposed to extremely high risks.</p> <p>This will be the most common climate risk faced by the company.</p>	Medium and long-term	Operation Upstream	Increase in operating expenses Increase in investment Decrease in operating income	<p>Follow green standards for the construction of new buildings from their design and planning, continue the energy-saving optimisation of existing facilities, effectively reduce costs while saving energy, and promote the use of clean energies.</p> <p>Regularly check, maintain, and update in-store electrical circuit and facilities, and formulate emergency plans to deal with power supply interruptions, such as by installing standby power supply system to prevent sudden power failure.</p> <p>Rigorously monitor cold-chain logistics to guarantee the quality of temperature-sensitive products in hot weather, strengthen inventory management, and prepare goods in advance to deal with possible logistics delays.</p> <p>Continue to expand the online business, integrate online and offline businesses and maintain a good momentum of development to minimize the adverse impact of climate risk on the company's offline business operations.</p>
	 Precipitation	<p>Heavy precipitation may lead to road flooding, traffic interruption or potential safety hazards, and reduce consumers' willingness to go out and buy. In addition, it may also lead to instability of supply or delayed delivery, posing challenges to inventory management and customer services.</p> <p>Continuous heavy rain may affect the sales of some seasonal commodities, such as outdoor products for summer.</p>	<p>Nearly half of the company's operation sites are exposed to a high or extremely high risk of precipitation, especially certain operation sites located in the Yangtze River Delta, Chongqing city and Fujian province.</p>	Medium and long-term	Operation Upstream Downstream	Increase in operating expenses Decrease in operating income	<p>Geographical factors shall be fully considered when selecting sites for project development to avoid the severe impact of disasters on infrastructure.</p> <p>Check waterproof facilities to ensure that the in-store waterproof facilities are effective, and prepare necessary emergency supplies, such as waterproof sandbags, drainage equipment, emergency lighting, etc.</p> <p>By optimising inventory management, we can improve the inventory turnover rate while maintaining adequate inventory, to ensure the stability of the supply chain when the logistics and transportation is interrupted.</p> <p>Adjust marketing strategies, launch targeted promotional activities, and encourage consumers to place orders online.</p>
Acute risks	 Coastal flooding	<p>Coastal flooding may cause seawater to flood stores and damage store facilities. Goods soaked in water may decay or get damaged, resulting in economic losses. Coastal flooding may cause delays or interruptions in port transportation and logistics facilities, which may affect the supply chain, thus affecting sales of goods. Coastal flooding may damage power and communication infrastructure, leading to power failures and communication interruptions in stores, affecting their normal operations. Muddy water, pollutants and pathogens left over after floods may pose risks to the health of employees and customers.</p>	<p>Some operations of the company located in Hainan province, the GBA, the Yangtze River Delta, and the Bohai Rim region are exposed to high or extremely high risks.</p>	Short, medium and long-term	Operation	Increase in operating expenses	<p>Flood levees shall be built around stores and the threshold shall be raised to reduce the possibility of seawater flooding. Sandbags, waterproof baffles and other materials shall be prepared for rapid deployment in case of floods.</p> <p>Develop a detailed emergency response plan, including employee evacuation, customer evacuation, goods transfer and other processes, and conduct regular drills to ensure that employees are familiar with the emergency process.</p> <p>By diversifying the supply chain, we avoid heavy dependence on a single supply channel and improve the flexibility of the supply chain.</p> <p>Adjust the inventory strategy, avoid overstocking high-risk goods, and take appropriate moisture-proof and mold-resistant measures for goods that are vulnerable to floods.</p>
	 Typhoons	<p>Typhoons may blow down trees or billboards, causing damage to the external structure of duty-free stores and threatening the safety of these stores. Typhoons often bring heavy rainfall, which may lead to the flooding of roads and surrounding areas, thus affecting the safe access to stores of customers and employees and leading to business interruption.</p> <p>Typhoons may affect the logistics system, leading to supply chain interruptions, and delays in goods replenishment, affecting store inventory and sales.</p>	<p>Some operations of the company located in Hainan province, Fujian province, the GBA and the Yangtze River Delta are exposed to a very high level of typhoon risk. Under the high emissions scenario, the number of high-risk operations slightly increases.</p>	Short, medium and long-term	Operation	Increase in operating expenses Decrease in operating income	<p>Pay close attention to the forecast and early warning information, follow the weather forecast, and make timely adjustments to the store operating plan according to the extreme weather forecast.</p> <p>Strengthen the maintenance and inspection of the store structure, and fix and reinforce it when necessary to ensure the structure is firm enough to withstand strong winds.</p> <p>Establish stable cooperation with suppliers to ensure timely replenishment of goods even when the supply chain is interrupted.</p> <p>Strengthen the safety training for employees to improve their awareness of and ability to cope with typhoons.</p>
	 Wildfires	<p>The actual losses caused by wildfires may increase additional costs of maintenance. The smoke and particles generated by wildfire will seriously affect the air quality, resulting in reduced visibility and posing a threat to the health of employees, and that may affect the shopping experience of customers, leading to reduced passenger flow. Wildfires may lead to the blocked roads or traffic congestion, making it difficult for customers and employees to access the duty-free stores. If a wildfire spreads to the nearby airport or port, it may affect the supply chain and logistics of duty-free stores.</p>	<p>Some operations in Hainan province, Heilongjiang province, Jilin province, Anhui province are exposed to high risk.</p>	Short, medium and long-term	Operation Downstream	Increase in operating expenses Decrease in operating income	<p>Establish a wildfire monitoring system to keep abreast of the fire development, take preventive measures in advance to ensure the safety of employees and customers.</p>

Transition risk impact assessment and response:

Risk category	Description	Impact cycle	Scope of impact	Potential financial impact	Strategies, mitigation and adaptation measures
 Policy and legal risks	National and local climate-related policies may be tightened (such as the carbon price mechanism, stricter carbon emission compliance requirements and information disclosure requirements), which may increase the company's management inputs and costs, and may put the company under regulatory pressure without the timely improved compliance of management.	Medium and long-term	Operation	Increase in operating expenses	The company is continuously monitoring the introduction and updating of relevant policies and regulations, and we study implementation requirements as they are released and formulate relevant measures on time. The company is developing the "Work Plan for Implementing the Spirit of President Xi Jinping's Important Speech on the Construction of an Ecological Civilization and 'Carbon Peaking and Carbon Neutrality'". In addition, we are steadfastly promoting the construction of an ecological civilization as we work to build a world-class green tourism retailer and pursue high-quality green development.
 Technology risk	Given the synergistic effect of information technology and energy technology, during our transition towards lower carbon and greener operations, the green, innovative and intelligent management requirements in supply chain (including transportation and packaging links) and the operational maintenance requirements of online business will increase our technology costs.	Short, medium and long-term	Operation	Increase in asset investment	We continued to optimise our digitalisation and informatisation, and actively built a green, low-carbon and digital smart logistics and supply chain.
 Market risk	As consumers become increasingly aware of lower-carbon alternatives and environmental protection, they will opt for more environmentally friendly products, which will reduce the demand for traditional products and present related market risks for our partners and us.	Short, medium and long-term	Downstream	Decrease in operating income	We have established a smooth mechanism for communication with consumers to understand their demands and preferences in a timely manner and meet their needs for environmentally friendly products.
 Reputation risk	If the company fails to switch to a low-carbon operation mode in time, it may have a negative impression on the company due to consumers' preference to spend on a greener and stable platform, affecting brand reputation and market share. Stakeholders are increasingly concerned about climate-related issues, and we may suffer from reputation risk if we fail to meet stakeholder expectations or if we engage in any behaviour that violates relevant laws and regulations.	Short, medium and long-term	Downstream Operation	Decrease in operating income Increase in operating expenses	We continued to convey "Green CTG DUTY-FREE" concept to the mass public through media channels to boost customer confidence. We have established a smooth mechanism for communication with stakeholders and respond to their concerns in multiple ways. We have incorporated ESG considerations into our business operations via specific implementation tasks to continuously improve the quality of the company's ESG disclosure, while enhancing our communication with stakeholders via regular release of ESG reports and other methods to disclose our efforts and achievements.

Climate opportunity impact assessment and response:

Area	Description	Impact cycle	Scope of impact	Potential financial impact	Strategies, mitigation and adaptation measures
 The company's operations	Build climate resilient infrastructure	Short, medium and long-term	Operation	Decrease in operating expenses	We have adopted a green design philosophy for the initial design of our Haikou International Duty-Free Shopping Complex and Sanya International Duty-Free Shopping Complex. For example, during the design process for the Sanya International Duty-Free Shopping Complex, we have adopted a number of green and energy-saving technologies to meet the standards for fabricated buildings and the standards for fully furnished delivery. The smart and effective technical measures taken include the shape optimisation of the building envelope system, integrated design of the daylighting and shading system in the atrium, and adoption of energy-efficient HVAC equipment, temperature, humidity and air quality monitoring systems, sponge cities, primary WSDs, irrigation with reclaimed municipal wastewater, soundproofing construction materials, and smart system integration management, etc. The construction of infrastructure with better climate resilience can help defend against climate disasters, make full use of natural resources, and efficiently save energy and reduce emissions.
 Products and services	Collaborate with brand partners to promote green products Integrate online and off-line businesses	Short and medium-term	Upstream Downstream	Increase in operating income Increase in operating income	As consumers prefer environmentally friendly green products, we have collaborated with brand partners to promote sustainable green products to meet their consumption demands. To better cater to consumer shopping habits, we have continued to enhance the integration of the on-line and off-line businesses to provide consumers with more convenient, integrated services covering on-line and off-line channels.
 Supply Chain	Promote green logistics & packaging Optimise freight transport Promote the use of new energy tools	Short and medium-term Medium and long-term Short, medium and long-term	Upstream Upstream Upstream	Decrease in operating expenses Decrease in operating expenses Decrease in operating expenses	We have adhered to the use of recyclable and biodegradable green packaging, have proactively promoted the automatic and intelligent upgrading of packaging, and have been committed to applying single-sheet receipts and slim tape into the logistics chain. We have established a waste material recycling system to recycle packaging, cartons, wastepaper, and other materials, which helps extend the life cycle of packaging materials and improve the overall utilisation efficiency of resources. Compared with air transport, ocean transport gives off less carbon emissions, and provides a higher efficiency in energy conservation and emissions reductions. Therefore, we have worked with brands to gradually increase the proportion of sea transportation during the procurement and transportation process. We have vigorously promoted the use of clean energy equipment and made full use of electric-powered forklift trucks to replace traditional fuelled ones, so as to reduce carbon emissions and environmental pollution.

Risk Management

We have incorporated climate change risks into our overall risk management process. Please refer to "Complying with Commercial Ethics to Reinforce Internal Control Compliance" for the risk management process.

We regularly monitor the development trends of climate risk, analyse the impact of risk on the company's business operations, supply chain, operating costs, and revenue, and take the initiative in developing mitigation and adaptation measures to improve the company's resilience and adaptability to potential climate uncertainty in the future.

Indicators and Targets

Metrics related to climate change response include energy consumption and the resulting GHG emissions. Please refer to "Green and Low-Carbon Operations for a Better Life" for specific data during the reporting period. As for green buildings as of the end of the reporting period, please refer to "Embracing Green Buildings to Fulfil the Green Building Philosophy". Please refer to "Exercising Stronger Governance to Implement ESG Concepts" for relevant targets.

In light of the evolving conditions of the company's operating location and the market dynamics, we will constantly review our practical activities and adjust our objectives and proposed measures in a timely manner. We will further improve our governance, strategy formulation, risk management, identification, and management of indicators and targets, and work with all sectors of society to cope with climate change and achieve common sustainable development.



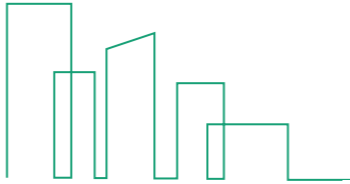


Embracing Green Buildings to Fulfil the Green Building Philosophy

The company is committed to implementing the *Green Building Action Plan* and actively promoting the development of green buildings. We are making extensive efforts to engage in resource conservation, environmental protection and pollution reduction throughout the building life-cycle, with a view to making our buildings efficient, healthy and liveable while realising harmonious coexistence with nature.

Setting an Example with Our Own Conduct

To put into practice the low-carbon development philosophy, promote the high-quality development of green buildings, and work towards the dual carbon goals (the carbon peaking and carbon neutrality goals), the company strictly implements energy-saving standards for newly constructed buildings. It has also formulated the "White Paper on Low-Carbon Planning for Construction Projects" in order to integrate the concept of sustainable development into every link of the design, construction and operation of buildings and ensure the quality of green buildings throughout their life cycle.

So far, the application of green building certifications of certain key projects have been summarised below:

<p>Haikou International Duty-Free Shopping Complex (Block No.1)</p> <p>2-star Green Building pre-certification</p> 	<p>Haikou International Duty-Free Shopping Complex (Block No.5)</p> <p>LEED Gold certification</p> 	<p>Haikou International Duty-Free Shopping Complex (Block No.4 and No.6)</p> <p>Plan to apply for 2-star Green Building certification</p> 
<p>Sanya International Duty-Free Shopping Complex Phase 1 Plot 2 Commercial Project</p> <p>2-star Green Building pre-certification</p> 	<p>Sanya International Duty-Free Shopping Complex Zone C</p> <p>LEED Gold certification</p> 	<p>Sanya International Duty-Free Shopping Complex Phase 1 Plot 2 Hotel Project</p> <p>Plans to apply for 2-star Green Building certification</p> <p>Sanya International Duty-Free Shopping Complex Phase 3</p> <p>Plans to apply for 2-star Green Building, LEED Platinum, LEED Zero Energy, WELL Platinum and SITE Platinum certifications</p>

Green Planning

Based on the low-carbon technologies applied at Haikou International Duty-Free Shopping Complex's project plots, and with reference to low-carbon experience gained through other commercial projects, the company has prepared the "Low-Carbon Technology Guidelines for CDFG's Investment in Tourism Retail Complexes (Commercial, Hotel and Office Complexes)" (hereinafter referred to as the "Low-Carbon Technology Guidelines"), which designed to help reduce the carbon emissions of buildings and promote energy efficiency. Going forward, the company will refer to these guidelines when developing projects that involve the use of low-carbon technologies.

The Sanya International Duty-Free Shopping Complex Phase 1 Plot 2 Commercial Project has adhered to the philosophy of resource conservation and environmental protection since its planning and design stage, with a focus on constructing high-quality green buildings that support sustainable development with reference to domestic and international green building standards. During the Project's design stage, a number of green and energy-saving technologies were adopted that meet the standards for fabricated buildings and the standards for fully-furnished delivery. The smart and effective technical measures taken include optimising the shape of the building envelope system, integrating the design of the lighting and shading system in the atrium, and adopting energy-efficient heating, ventilation and air conditioning (HVAC) equipment, temperature, humidity and air quality monitoring systems, the concept of sponge cities, primary wearable sensing devices (WSDs), irrigation with reclaimed municipal wastewater, soundproofed construction materials, and smart system integration management. With these measures, the Project was able to satisfy the 2-star Green Building standards in the five areas of safety and durability, health and comfortableness, convenience, resource conservation, and friendly living spaces. Through the application of these technologies, the Project met international standards for sustainable site selection, indoor and outdoor water efficiency, energy consumption reduction, waste management, and indoor environmental quality, among other areas. The Project has obtained 2-star Green Building pre-certification.

The design of the Sanya International Duty-Free Shopping Complex Phase 3 Project adopts a number of energy-saving green technologies, such as a photovoltaic pool roof, a sunken green plaza design, a waterscape recycling system, solar photothermal technology, a special acoustic design, a fresh air filtration system, low-volatility coatings, environmentally-friendly refrigerants, a high-performance and multi-split variable frequency system and fresh-air heat recovery technology. In addition to these energy conservation technologies, the Project also boasts an optimised structural design, and it has adopted a series of smart and efficient measures, such as energy-efficient equipment, green energy-saving building materials, resource recycling and renewable resource use (the "four innovative technologies"), as well as smart system integration management, with a view to comprehensively promoting carbon reduction at the source.



BIM has been adopted in the design and construction process, and the project will feature prefabricated buildings and fine decorations. Various intelligent, high efficiency and energy-saving capabilities, such as building shape optimisation, building space utilisation, building insulation materials, natural lighting design, sponge cities, rainwater recycling, garbage classification, charging piles, solar energy, smart lighting, convenient automated payment, and smart parking will be adopted to reduce the buildings' energy consumption and ensure compliance with low-carbon standards.



Carbon Footprint Management

Buildings play a vital role in energy conservation and carbon reduction. The company is committed to assuming its corporate social responsibility, and it strives to meet the goals of carbon peaking and carbon neutrality. To this end, we are following the "Action Plan for Carbon Peaking and Carbon Neutrality", and we plan to prioritise carbon emissions accounting as part of our effort to identify the company's carbon footprint. We are also exploring new carbon reduction solutions that harness technological breakthroughs and innovations, with the goal of optimising our energy structure and using more clean energy. We fully leverage the market's role in resource allocation, and actively participate in carbon trading to reduce costs related to carbon reduction.

Under the direction of the "Low-Carbon Technology Guidelines", the company incorporates green building materials as much as possible during project construction. Suppliers of equipment and materials (such as cables, air conditioners, refrigerators, diesel generators, domestic water supply pumps, air conditioning chilled water pumps, oil separators, etc.) for Sanya International Duty-Free Shopping Complex Phase 1 Plot 2 projects are all required to obtain the Certificate for Environmental Management System Certification, and among which, cables already obtained carbon footprint assessment report. Props suppliers for Haikou International Duty-Free Shopping Complex, Sanya International Duty-Free Shopping Complex, and various airport comprehensive duty-free stores are also required to obtain environmental green certifications such as "Certificate for Certification of China Environmental Labelling Product", "Environmental Management System Certification", "ISO14001" and "FSC Certification", etc.



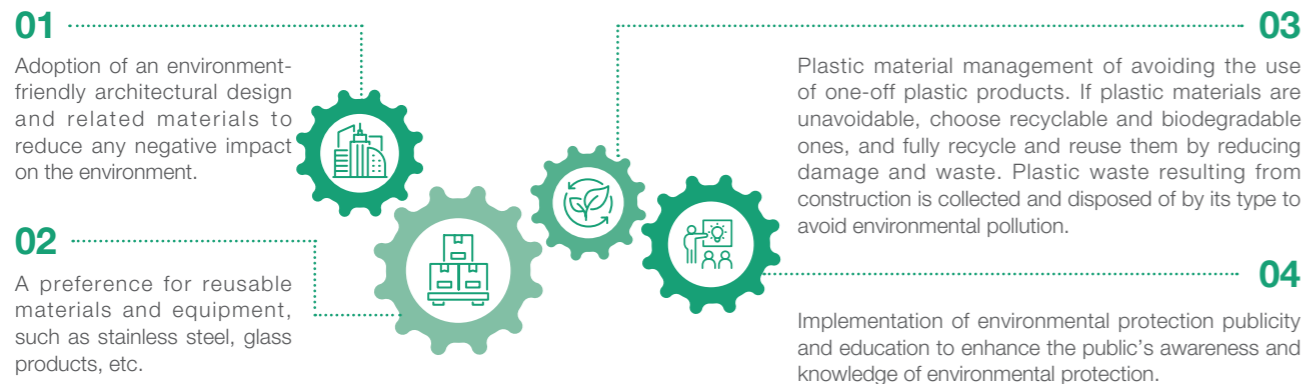
The Haikou International Duty-Free Shopping Complex Plot 5 Project actively promotes the application of new technologies, and, in March 2023, won the Certificate for the Second Rank Achievement in Green Construction issued by the China Construction Industry Association for its construction process control efforts.

In addition, the company aims to build a low-carbon eco-tourism destination, and focuses on the four core functions of tourism, culture, social life, and daily living, and emphasises low-carbon and ecological construction principles. By steadily engaging in scene innovation, technology innovation and content innovation, we aim to build a low carbon ecological tourism destination that integrates intelligent experiences with technology-empowered living, designed scenarios, and cultural and tourist activities.

Green Construction Management

The company also implements green and low-carbon standards during construction processes to strengthen its green building credentials. The "four conservations and one protection" principles (energy conservation, land conservation, water conservation, material conservation and environmental protection) are applied throughout the whole process, from planning, development, design, and construction through to operations for properties and commercial complex projects invested in and constructed by the company. Measures are taken to ensure safe construction sites, a clean environment, on time delivery, and sufficient funds. Construction units are required to prepare comprehensive special schemes on green construction beginning at the design stage and establish effective support systems to ensure that green construction is fulfilled as scheduled.

During the construction process, the company adopts the following management measures to reduce the impact on the environment and natural resources:



We have formulated green construction plans for the Sanya International Duty-Free Shopping Complex Phase 1 Plot 2 Commercial Project, Haikou International Duty-Free Shopping Complex and others, respectively. These plans include site environmental protection, comprehensive utilisation of materials and resources, energy conservation and comprehensive utilisation of energy, water conservation and comprehensive utilisation of water resources, land conservation and construction land protection, construction waste management, noise pollution control, light pollution control, indoor environmental pollution control and other measures. Multiple green technologies and measures have been adopted for these Projects, such as the primary use of local and recycled building materials, advanced construction

techniques, tool stereotyping, bare soil coverage for dust suppression, water-sprinkling devices on the site to control dust, recovery and comprehensive utilisation of construction waste, reducing resource consumption and environmental pollution throughout all stages of construction process, to protect the natural surroundings to the largest extent. Regarding disposal, waste generated during the construction process is classified and recycled as required and then shipped to enterprises with processing qualifications to be recast and used for producing new building materials to save natural resources.

The Sanya International Duty-Free Shopping Complex Project takes advantage of energy-efficient processes and construction techniques to reduce particulate and waste discharge at construction sites. During the construction process, six types of high-quality innovative building materials (i.e., light-transmitting insulating glass, expanded perlite concrete, environmentally friendly latex paint, low-loss transformers, variable frequency fans, and water pump equipment) were used for energy-saving and environmental protection purposes.

During the reporting period, a commissioning plan for the Sanya International Duty-Free Shopping Complex Phase 1 Plot 2 Commercial Project was formulated. Under this plan, the lighting system, HVAC system, and fire-fighting system were put into trial operation to ensure that the electromechanical systems performed in accordance with green design standards, and to ensure that the design, construction and operation of the systems were efficient and safe.

Green and Energy-Saving Operations

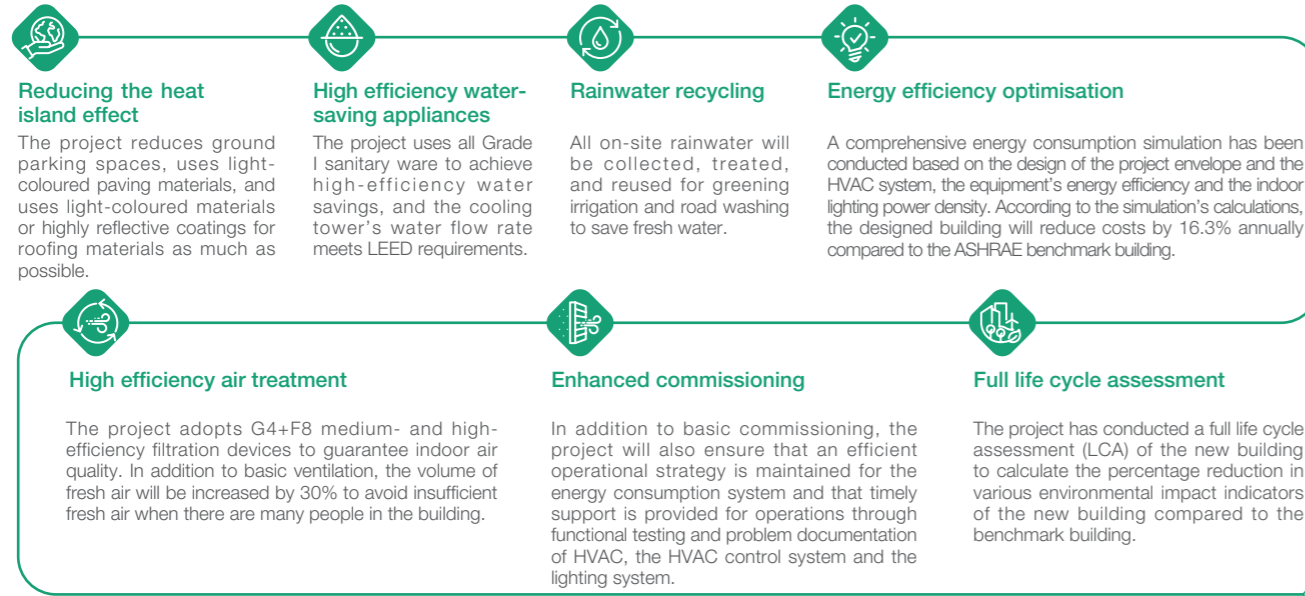
Sanya International Duty-Free Shopping Complex Project

Based on the operational data of Sanya International Duty-Free Shopping Complex Phase 1 and Phase 2, Phase 1 has reduced energy use by more than 15%, and Phase 2 has reduced energy use by more than 18%.



Aspect	Low Carbon & Environmental Protection Measures
<p>Energy consumption</p>	<ul style="list-style-type: none"> The building's energy-efficient design complies with national standards. The design of the building's shape, orientation, the distance between buildings, and window-to-wall ratio, among other aspects, were optimised to reduce overall energy consumption. Double silver LOW-E coloured glazed hollow glass roofing was adopted in Phase 1, and some glass facades have been treated with reflective film. In Phase 2, the shading design covers about 70% of the entire site's metal decorative roof, which prevents temperature increases from indoor sun exposure and reduces the energy consumed by air conditioners. Intelligent elevator management: The escalators' intelligent speed monitoring capabilities and the elevator group control system reduce power consumption. Intelligent fresh air control system: Fresh air is circulated into the buildings during transition seasons. Minimum fresh air volumes are used to operate the system when the outdoor temperature is higher than the indoor temperature in summer. The building's intelligent lighting considers the time of the day and scenarios to reduce electricity and energy consumption. The building has been outfitted with a variety of intelligent control systems, including intelligent office capabilities, energy efficiency capabilities, intelligent lighting, intelligent monitoring, access control systems, and vehicle management systems.
<p>Water and soil resources</p>	<ul style="list-style-type: none"> Adopting rainwater storage system and permeable pavement in the building's "sponge city": The permeable pavement has been used to efficiently penetrate ground rainwater, which reduces pressure on the drainage system and maintain the urban soil's ecological balance. Sewage and wastewater classification treatment: Sewage is discharged into the municipal network after being treated by the outdoor septic tank, and kitchen sewage is discharged into the municipal network after being treated by oil separators twice. Phase 2 also equipped with a river revetment and plant maintenance capabilities, which enable the building to meet floodwater discharge requirements, thereby ensuring a stable riverside and preventing water and soil erosion. To save water consumed by fountains, we perform disinfection and algae-killing treatments on fountain water on a regular basis and remove and recycle sediment at the bottom of the pool by sewage suction pump to extend the fountain water replacement cycle and lower the frequency of water change, helping us save over 5,000 tonnes of water in 2023 compared to the previous year.
<p>Clean air</p>	<ul style="list-style-type: none"> The high-efficiency oil fume purifier has been designed to the highest emission standard of 1.0mg/m³, which is stricter than the national standard for environmental protection and emissions in China. These measures effectively improve the park's air quality. The building layout distance between buildings and ventilation placement have been optimised to improve on-site air circulation. Phase 2 is equipped with an intelligent garage ventilation system. The induced ventilation system in the underground garage automatically controls the operation of the garage fan according to the carbon monoxide concentration, which improves air quality in the garage.
<p>Noise management</p>	<ul style="list-style-type: none"> Noise and vibration control: Fans, pumps and other equipment emit low noise, and shock absorption devices have been deployed in relevant locations on the premises.

Haikou International Duty-Free Shopping Complex Project



Through preliminary and enhanced commissioning, we conducted a comprehensive performance verification on building data, HVAC systems, lighting and natural lighting systems, internal domestic water and electricity systems and renewable energy systems, to ensure design standards in these systems. In addition, we also took intelligent property service measures, such as centralised control of building information & building equipment and regular maintenance, to always ensure safe and efficient operations and the satisfaction of operation standards for green buildings.

Preserving Biodiversity

In January 2023, the Ministry of Ecology and Environment released China National Biodiversity Conservation Strategy and Action Plan (2023-2030), which defines China's biodiversity conservation strategy in the new era. The company concerns about and protects biodiversity with action. We actively leverage our advantages to engage more people to the cause of biodiversity protection.

The Company takes biodiversity conservation into consideration in the development and construction of the project and takes the following main measures to minimise the impact of its operations on biodiversity,

Backfills topsoil dug out during the development and construction process as environmental compensation.



Prefers local plants for landscaping to reduce the impact on the environment and ecology.

For example, Sanya is located within a tropical marine and monsoon climate zone with high temperatures and a relatively high humidity all the year round. This makes it home to diversified biological species, and helps with the shaping of its healthy, benign, and sustainable ecosystem. During the development and construction of the Sanya International Duty-Free Shopping Complex Project, we paid attention to the protection of the surrounding ecological environment and biodiversity, and adopted various green construction technical measures to minimise the impact of the Project on the ecological environment and biodiversity, such as enclosure, noise control, dust control, etc..

Case study: Holding a photo exhibition with a Belgian artist for endangered species protection

Haikou International Duty-Free Shopping Complex joined hands with a Belgian artist to hold a photo exhibition called "Gravity Carnival," which included avant-garde art installations highlighting the conservation of endangered Hainan gibbons, calling for wider concern about this endangered species.



▲ A photo exhibition at Haikou International Duty-Free Shopping Complex

Delivering a Green Message to Partners

The company carries out green cooperation with brands by introducing green designs for store and counter decorations and using environmentally friendly materials for booth construction. It also assists brands in applying for LEED certifications, so as to integrate fashion with environmental protection, and engage more social forces towards green operations.



By the end of 2023, the company had a total of **18** stores/counters had received LEED certification, of which **16** stores/counters had received LEED Gold certification and **2** stores/counters had received LEED Silver certification.



In December 2021
the Armani Beauty counter at Sanya International Duty-Free Shopping Complex
received LEED Gold certification



In March 2022
the YSL Beauté counter at Sanya International Duty-Free Shopping Complex
received LEED Gold certification



In April 2022
the Lancôme counter at Sanya International Duty-Free Shopping Complex
received LEED Gold certification

In January 2022
the Cartier shop at Sanya International Duty-Free Shopping Complex
received LEED Gold certification



In April 2022
the Kiehl's store at Sanya International Duty-Free Shopping Complex
received LEED Gold certification



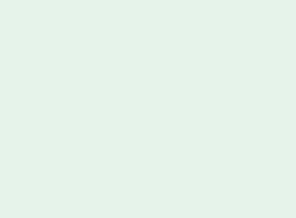
In September 2022
the De Beers shop at Sanya International Duty-Free Shopping Complex
received LEED Gold certification





In October 2022
the Balenciaga shop at Sanya International Duty-Free Shopping Complex

received LEED Gold certification



In March 2023
the Cartier shop at Haikou Meilan Airport Duty-Free Shop

received LEED Gold certification



In March 2023
the Kiehl's shop at Haikou International Duty-Free Shopping Complex

received LEED Gold certification



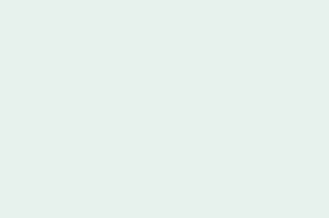
In April 2023
the De Beers shop at Haikou International Duty-Free Shopping Complex

received LEED Gold certification



In July 2023
the Cartier shop at Haikou International Duty-Free Shopping Complex

received LEED Gold certification



In May 2022
the Van Cleef & Arpels shop at Sanya International Duty-Free Shopping Complex

received LEED Silver certification

In January 2023
the Lancôme shop at Haikou International Duty-Free Shopping Complex

received LEED Gold certification



In March 2023
the Helena Rubinstein shop at Haikou International Duty-Free Shopping Complex

received LEED Gold certification



In March 2023
the YSL Beauté shop at Haikou International Duty-Free Shopping Complex

received LEED Gold certification



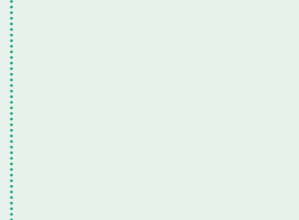
In June 2023
the Balenciaga shop at Haikou International Duty-Free Shopping Complex

received LEED Gold certification



In July 2023
the YSL shop at Haikou International Duty-Free Shopping Complex

received LEED Gold certification



In July 2023
the Van Cleef & Arpels shop at Haikou International Duty-Free Shopping Complex

received LEED Silver certification



Green and Low-Carbon Operations for a Better Life

Green Office and Low-Carbon Lifestyle

In accordance with the *Environmental Protection Law*, the *Law on Prevention and Control of Atmospheric Pollution*, the *Law on Prevention and Control of Water Pollution*, the *Law on Prevention and Control of Environmental Pollution Caused by Solid Wastes*, the *Energy Conservation Law of the People's Republic of China* and other Chinese laws and regulations, as well as the Measures for the Supervision and Administration of Energy Conservation and Ecological Environmental Protection at Chinese Central State-owned Enterprises, the company has formulated the "Administrative Measures on Energy Conservation and Ecological Environmental Protection", which stipulates the strict control of pollutant discharges and the prohibition of the arbitrary discarding, stockpiling, and dumping of solid waste, as a move to avoid environmental pollution.

In 2023, the company had no cases where it acted against the laws and regulations on energy conservation and environmental protection, nor any cases where it was punished or criticised by environmental protection authorities.

Green Office and Low-Carbon Operations

We are focused on implementing the "carbon peaking and carbon neutrality" goals to promote our all-round energy-saving and environmental protection initiatives. We also actively build upon our management methods and strengthen our green operations and management capabilities, as part of our continuous efforts to promote energy utilisation efficiency and improve the energy conservation and utilisation of our commercial complexes and duty-free stores.

Duty-free complexes are equipped with an IOC smart building integrated management platform, which supports real time quantitative analysis of energy consumption data and indicators, and identification of energy consumption abnormalities, to explore more energy-saving opportunities and reduce energy consumption costs.

We focus on improving the management of energy conservation and green operations by controlling energy and water consumption across all duty-free complexes and stores according to the optimal operating strategy. We also formulate classified management systems and operating plans for equipment and facilities based on their actual conditions, define red lines for daily energy consumption, and carry out regular maintenance and statistical analysis on energy consuming equipment and facilities, as a means of reducing energy consumption.

We put green philosophy into practice by creating a favourable atmosphere for "anyone to make savings, in any scenario, at any time". For example, we organised subsidiaries to learn and implement the spirit of President Xi Jinping's important speeches and instructions and his comments on carbon peaking and carbon neutrality, as part of our continuing efforts to further promote the transformation to green and low-carbon development. We released the "Green and Low-Carbon Proposals" to encourage employees to lead the way in carrying out low-carbon and energy-saving practices and in conveying green messages. Other measures include putting up signs around offices to remind employees to turn off the lights and save water and organising publicity campaigns and training sessions on energy conservation and environmental protection.

1 2 3 4 5 6 Green Office and Low-Carbon Operations

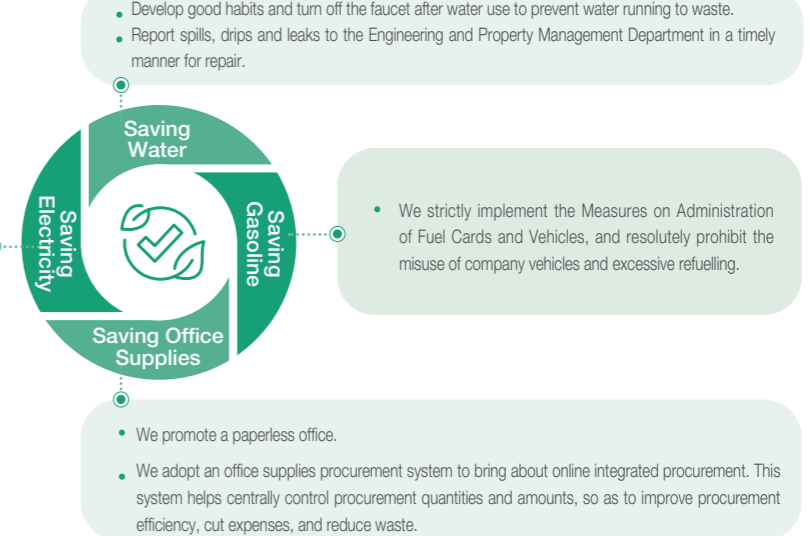
1 We actively promote the application of energy-saving equipment by installing energy-saving lighting, air conditioners, fans and other equipment in all duty-free complexes and stores, while eliminating equipment with high energy consumption, installing time control switches, and imposing strict limits on usage. We also maintain air conditioning systems on a regular basis to improve their energy efficiency.

2 We fully promote garbage classification. For example, Sanya International Duty-Free Shopping Complex, Haikou International Duty-Free Shopping Complex are equipped with independent domestic garbage rooms and kitchen waste refrigerators to facilitate garbage classification. Caterers in these shopping malls are also required to classify kitchen garbage in strict accordance with relevant regulations, with cleaning staff arranged to guide customers on domestic garbage classification. We have also signed waste recycling agreements and garbage disposal agreements with qualified professional third parties to ensure recycling and the safe disposal of solid wastes.

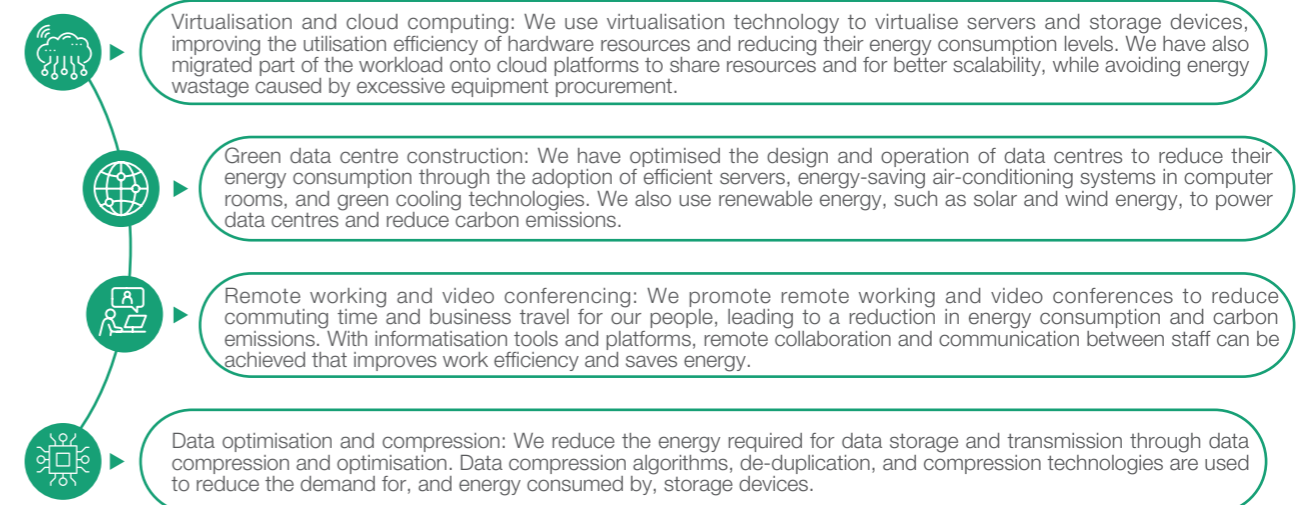
3 The company has issued the "Administrative Measures on Energy Conservation and Ecological Environmental Protection" and the "Action Plan for Carbon Peaking and Carbon Neutrality", and has set up the "Energy Conservation and Environmental Protection Leadership Group" and the "Carbon Peaking and Carbon Neutrality Leadership Group" led by heads of the company. These have put forward management requirements regarding procurement, production & operations, green buildings, green logistics, the promotion of green consumption and the implementation of a green office and a low-carbon lifestyle. The company has also improved the rewards and punishment mechanism for energy conservation and environmental protection, and organised the publicity, implementation, training and assessment of various systems and action plans, so as to solidly promote the systematisation, institutionalisation and standardisation of energy conservation and environmental protection work.

Detailed measures include:

- The temperature of air conditioners in offices and dormitories shall be no lower than 26 °C in summer, shall be turned off 20 minutes before leaving, and shall be powered off if left unattended for a period of time.
- Printers, computers, fans, water heaters, lighting and other power supplies shall be turned off before leaving the place of work (and be shifted to standby mode during non-office hours).
- Before store opening for sales, no lights more than those required for work routines shall be switched on; electricity equipment to meet operating needs shall only be turned on 10 minutes before opening; all electricity equipment and lights shall be turned off after the closure.
- We have established sound electricity conservation management systems and equipment operation procedures to reduce unnecessary office electricity equipment and non-office electricity consumption.
- We have installed induction water faucets in restrooms for water saving purposes.



Case study: The company takes multiple measures to save energy and reduce consumption



Reducing Our Impact on the Environment and Natural Resources

To reduce the significant impact of our activities on the environment and natural resources and promote resource recycling, we have constructed green buildings and launched sustainable concept stores, actively applying prefabricated buildings and recyclable materials to reduce carbon emissions during the construction process.

The company has signed "Responsibility Letters for Achieving Safety Production, Energy Conservation and Environmental Protection Goals" (the "Letters") with all departments and subsidiaries, to resolutely reduce and prevent potential contamination during the construction, production, and operating process.

Emissions Management

The company's categories of emissions include greenhouse gas (GHG) emissions, exhaust gases, wastewater, and solid waste. In terms of emissions management, the company attaches importance to controlling exhaust gases and GHG emissions, and takes up emissions reduction measures to improve air quality. For wastewater and soil management, the company is committed to protecting water and soil resources in accordance with relevant standards by taking appropriate treatment measures to meet the requirements for discharged wastewater.

For solid waste management, the company is strongly against dumping, stacking, and discharge of waste without permission, and performs its duties in terms of source reduction and classification of solid waste as required by law. It has established compliant waste storage processes and works with qualified third parties for waste disposal under the laws and regulations to prevent environment contamination. As for pollutant emissions, it has established standardised pre-treatment facilities such as sedimentation tanks, septic tanks and oil separators, which are subject to regular inspection and maintenance to ensure the compliant emissions. The company also handles cartons and other recyclable waste on a regular basis.

Case study: Taking innovative measures to reduce waste at the source

In 2023, the company launched a "Paperless Vouching" system, which supports online voucher submission by vouching clerks, and online operations by the financial department, to realise a paperless transaction process. The system helps greatly reduce paper usage, while improving work efficiency and data accuracy. The company has also set waste reduction goals, promoting paperless vouching and other sustainable initiatives to reduce waste generation and environmental impacts. We will continue to promote innovative initiatives, such as electronic document management, to achieve more ambitious waste reduction goals.

Energy Consumption and Greenhouse Gas Emissions

The company mainly consumes electricity, natural gas, diesel, gasoline, and water during its daily operations. Our energy consumption, resource usage, greenhouse gas emission and intensity⁶ in 2023 are shown in the table below:

Type	2023	Unit
Electricity	74,773.52	kWh
Natural Gas	326,352	m ³
Diesel	145,046	Litre
Gasoline	203,336	Litre
Comprehensive energy consumption	10,026.57	tce
Comprehensive energy intensity	0.0177	tce/m ²
Direct greenhouse gas emissions (Scope 1 emissions) ⁷	2,056	tCO ₂ e
Indirect greenhouse gas emissions (Scope 2 emissions) ⁸	22,576	tCO ₂ e
Total greenhouse gas emissions	24,632	tCO ₂ e
Greenhouse gas emissions intensity	0.04	tCO ₂ e/m ²
Water consumption	391,373.54	m ³
Water consumption intensity	0.69	m ³ /m ²

⁶ The statistic scope of natural gas, electricity, diesel, gasoline includes the Haikou International Duty-Free Shopping Complex, Sanya International Duty-Free Shopping Complex, Sunrise Shanghai and Sunrise China, which have already covered the majority of the company's operating area and revenue.

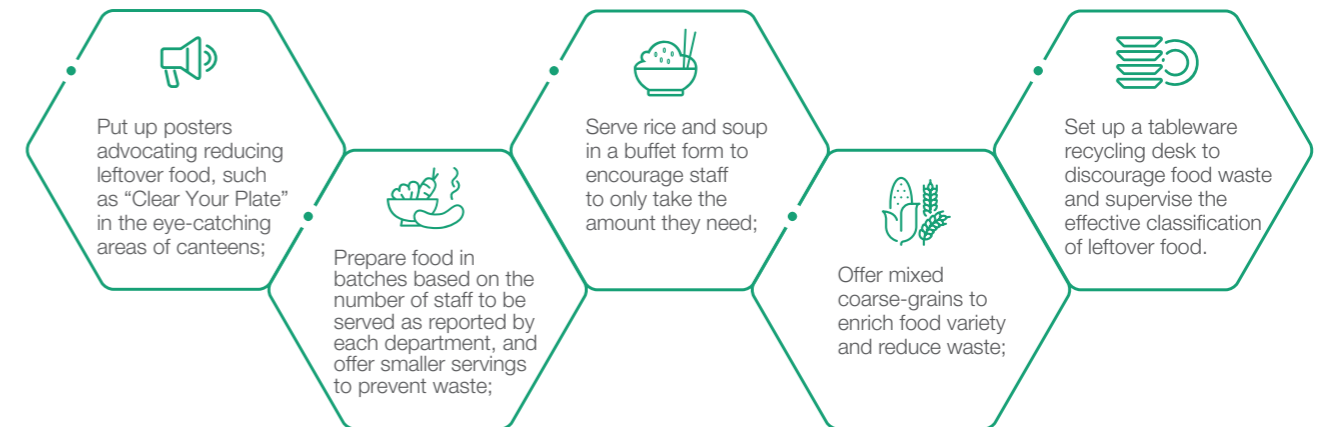
⁷ Direct GHG emissions: The company's gasoline and natural gas consumption multiplied by the corresponding emission factors which are determined with reference to ① China Energy Statistical Yearbook ② IPCC 2006.

⁸ Indirect GHG emissions: The company's purchased electricity consumption multiplied by the corresponding emission factor which are determined with reference to the Notice on Reporting and Verification Greenhouse Gas Emissions of Enterprises in Certain Key Industries from 2023 to 2025 issued by the Ministry of Ecology and Environment of China.

Saving Food to Reduce Food Waste

The company complies with the Anti-Food Waste Law and implements the spirit of President Xi Jinping's important instructions and comments on "firmly combating extravagancy on foods", as well as the important requirements of the 20th National Congress of the Chinese Communist Party on "advocating frugality and thrift in the whole society". We improve our employees' awareness of saving food by taking actions during daily meals in staff canteens.

Detailed actions include:



The company encourages good dining habits by promoting saving at the source and implementing publicity and supervision activities. In November 2023, we held the "Serving the People by Solving Their Practical Problems – Catering Service Improvement Seminar", inviting staff to interact with catering service providers. During their on-site interactions, 10 suggestions were put forward to further improve catering services and reduce waste at the source.

Sunrise Shanghai has established a dedicated team to save food and combat food waste behaviours. The team helps improve diners' food waste awareness through publicity activities and by equipping canteens with dedicated staff to encourage good dining behaviours.



Green Transportation with Lower Emissions

The national *Development Plan for Comprehensive Transport Services during the 14th Five-year Plan Period* specifies accelerating the construction of a clean and low-carbon green transportation system by encouraging enterprises to adopt integrated, efficient, green, and low-carbon freight and logistics systems. The company acts as a role model in the building of a green transportation system.

We have vigorously promoted the use of clean energy equipment and made full use of electric powered forklift trucks to replace traditional fuelled ones, to reduce carbon emission and environmental pollution, at the end of the reporting period, the proportion of electric forklifts in the company had reached 100%.

The company makes continuous efforts to build an advanced and appropriate warehousing system by combining warehouses scattered across key areas to form an integrated warehouse distribution centre, and by leveraging big data and intelligent route optimisation algorithm technology to coordinate transportation routes with improved logistics efficiency for duty-free goods by sea, land and air. Such measures help maximise carrying capacity, thereby reducing the number of trips needed, the amount of energy consumed, and carbon emissions throughout the transportation process. For long-distance transportation, the company opts to ship by sea with relatively low carbon emissions per unit where possible. For short-distance land transportation, the company strictly regulates the use of vehicles to ensure that they meet the standards for emissions in their operation regions.

We are well aware of the synergistic effect of the supply chain and have collaborated with brands to optimise freight modes, gradually increase the proportion of ocean transportation in the procurement process. Our company has also continued to strengthen communication and exchanges with suppliers and relevant authorities in Hainan province, to expand the number of categories and products shipped by sea to reduce carbon emissions further. Our efforts in this area have received massive attention and support from many brands supplier groups in the industry.



With the goal of raising transportation efficiency and reducing energy consumption in its transportation processes to facilitate the construction of a green transportation system, and we have obtained the TAPA⁹ and WCA¹⁰ certifications.



▲ Certificate of Membership by Transported Asset Protection Association (TAPA)

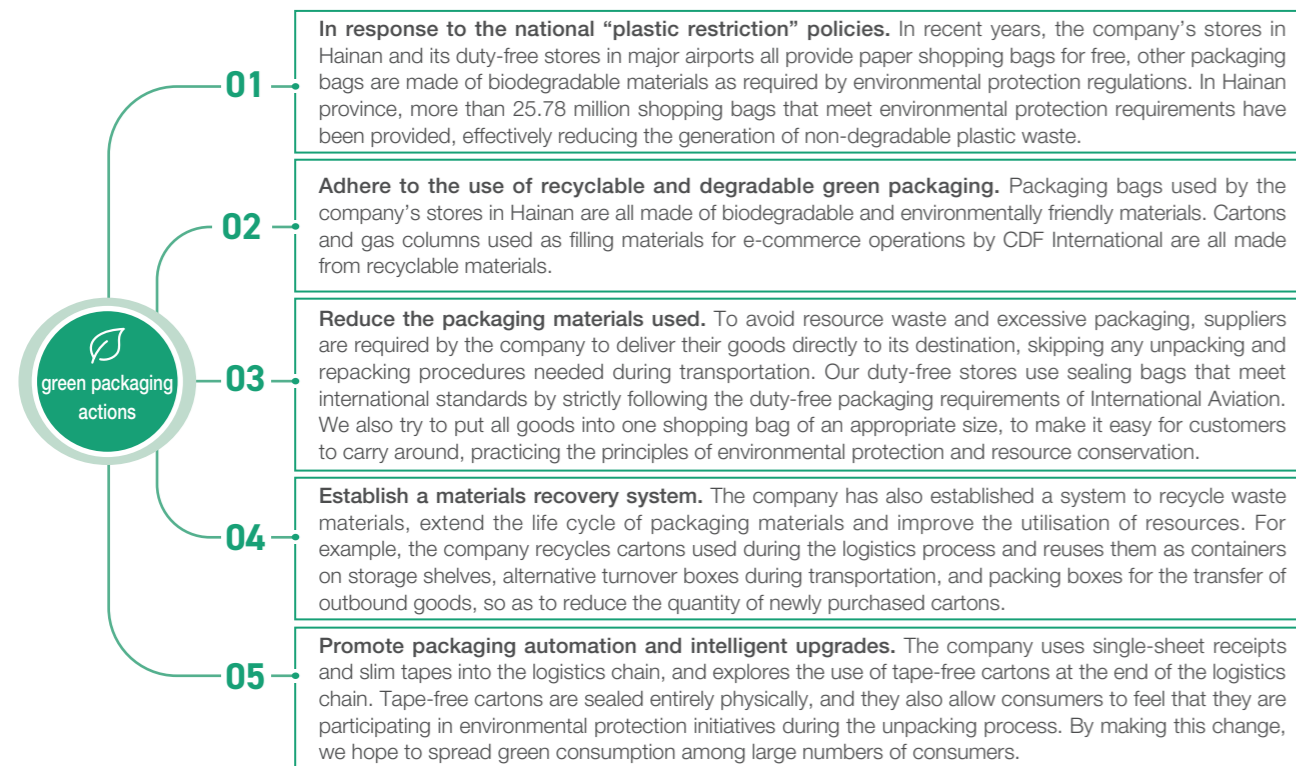


▲ Certificate of Membership by World Cargo Alliance (WCA)

Green Packaging to Deliver a Green Message

The company is a travel retailer with an extensive operations network, and well understands its responsibility for the promotion of green consumption patterns. To this end, the company is committed to using influential activities to encourage consumers to adopt low-carbon lifestyles.

The company adheres to the philosophy of “responsible packaging” and carries out green packaging actions:



The company insists on combing publicity with inspection to promote the implementation of a green philosophy. Stores actively popularise the knowledge of plastic prohibition and restriction to customers, and guide them on how to implement plastic reduction and waste classification. Kindly reminders are sent to customers when they pick up goods, to encourage them use their own canvas bags or backpacks, and to discourage misuse of environment-friendly paper shopping bags. The company has set up a dedicated team to carry out occasional inspections on prohibited plastic items in the Hainan area. Once identified, items listed in the prohibited plastic item catalogue will be sealed up. In 2023, Boao Duty-Free Store carried out three such inspections, and no plastic bags or plastic tableware listed in the prohibited plastic item catalogue were identified.

⁹ TAPA: Transported Asset Protection Association

¹⁰ WCA: World Cargo Alliance

Appendix

Glossary of Terms

Term		Definition
CTG DUTY-FREE, the company, our company, we	refers to	China Tourism Group Duty Free Corporation Limited together with its affiliated companies
ESG Report, the Report	refers to	The Environmental, Social and Governance Report
The reporting period, the current year	refers to	From 1 January 2022 to 31 December 2022
China Tourism Group	refers to	China Tourism Group Co., Ltd.
CTS Holdings	refers to	China Travel Service (Holdings) Hong Kong Limited
CDF Investment Development	refers to	CDF Investment Development Co., Ltd.
Sanya Downtown Duty-Free Store	refers to	China Duty Free Group Sanya Downtown Duty Free Store Co., Ltd.
Sunrise China	refers to	Sunrise Duty Free (China) Co., Ltd.
Sunrise Shanghai	refers to	Sunrise Duty Free (Shanghai) Co., Ltd.
Hainan DF	refers to	Hainan Provincial Duty Free Co., Ltd.
CDF International	refers to	China Duty Free International Limited
CDFG (Cambodia) Limited	refers to	China Duty Free Group (Cambodia) Co., Ltd.
Guangzhou Xinmian	refers to	Guangzhou Xinmian Duty Free Merchandise Co., Ltd.
CDFCS	refers to	China Duty Free Cruise Services Limited
Dalian cdf	refers to	Dalian Port China Duty Free Merchandise Co., Ltd.
Hangzhou cdf	refers to	CDFG Hangzhou Duty Free Merchandise Co., Ltd.
Sanya Downtown Store	refers to	CDFG Sanya Downtown Duty-Free Store Co., Ltd.
Haikou Meilan Airport Duty-Free Shop	refers to	Hainan Duty Free Haikou Meilan Airport Duty Free Store Co., Ltd.
Shenyang cdf	refers to	CDFG Shenyang Duty Free Merchandise Trading Co., Ltd.
Duty-free merchandise	refers to	Imported goods that are exempt from customs duties, value added tax (VAT) and consumption tax on imports and domestically produced goods that are subject to tax rebates (VAT and consumption tax) that are sold in duty-free shops
Duty-free store	refers to	With the approval of the General Administration of Customs, business units set up sales sites and supervised warehouses for storing duty-free commodities in places approved by the State Council of the people’s Republic of China or its authorised departments to sell duty-free commodities to specified sales targets

Term		Definition
Offshore duty-free policy	refers to	The tax preference policy is to implement import duty-free shopping with limited value, limited quantity and limited variety for passengers leaving the island by plane, train, or ship (excluding departures), make payment in duty-free shops or approved online sales windows where the tax-free policy is implemented, and pick up goods from the island at designated areas of airports, railway stations and ports. The tax exemption policies for the island include customs duty, import VAT and consumption tax
SASAC	refers to	The State-owned Assets Supervision and Administration Commission of the State Council
CSRC	refers to	China Securities Regulatory Commission
SSE	refers to	Shanghai Stock Exchange
HKEx	refers to	The Stock Exchange of Hong Kong Limited
Company Law	refers to	The Company Law of the People’s Republic of China
Securities Law	refers to	The Securities Law of the People’s Republic of China
Anti-money Laundering Law	refers to	The Anti-money Laundering Law of the People’s Republic of China
Anti-Unfair Competition Law	refers to	Anti-Unfair Competition Law of the People’s Republic of China
Advertising Law	refers to	The Advertising Law of the People’s Republic of China
Cybersecurity Law	refers to	The Cybersecurity Law of the People’s Republic of China
Personal Information Protection Law	refers to	The Personal Information Protection Law of the People’s Republic of China
Labour Law	refers to	The Labour Law of the People’s Republic of China
Labour Contract Law	refers to	The Labour Contract Law of the People’s Republic of China
Trade Union Law	refers to	The Trade Union Law of the People’s Republic of China
Work Safety Law	refers to	The Work Safety Law of the People’s Republic of China
Law on the Prevention & Control of Occupational Diseases	refers to	The Law of People’s Republic of China on the Prevention & Control of Occupational Diseases
Environmental Protection Law	refers to	The Environmental Protection Law of the People’s Republic of China
Anti-food Waste Law	refers to	Anti-food Waste Law of the People’s Republic of China
Product Quality Law	refers to	Product Quality Law of the People’s Republic of China

Index

ESG Metrics System for ESG Reports of Listed Companies Controlled by Central State-owned Enterprises Index

Disclosure of content	Relevant section
Basic information of the Company and the Report	About this Report
ESG governance	Exercising Stronger Governance to Implement ESG Concepts
ESG risk and opportunities	Complying with Commercial Ethics to Reinforce Internal Control Compliance
Stakeholder engagement	Exercising Stronger Governance to Implement ESG Concepts
Materiality assessment	Exercising Stronger Governance to Implement ESG Concepts

Disclosure of content			Location/Note
Tier 1 indicators	Tier 2 indicators	Tier 3 indicators	

Environmental Aspect indicators			
Water	Fresh water consumption	Green and Low-Carbon Operations for a Better Life	Green and Low-Carbon Operations for a Better Life
	Recycled water consumption	Embracing Green Buildings to Fulfill the Green Building Philosophy	Embracing Green Buildings to Fulfill the Green Building Philosophy
	Intensity of water consumption	Green and Low-Carbon Operations for a Better Life	Green and Low-Carbon Operations for a Better Life
Resource Consumption	Fossil fuel consumption	Green and Low-Carbon Operations for a Better Life	Green and Low-Carbon Operations for a Better Life
	Total energy consumption	Green and Low-Carbon Operations for a Better Life	Green and Low-Carbon Operations for a Better Life
Packaging materials	Packaging material usage	Green and Low-Carbon Operations for a Better Life	Green and Low-Carbon Operations for a Better Life
	Packaging material lightweight and reduction	Green and Low-Carbon Operations for a Better Life	Green and Low-Carbon Operations for a Better Life
Pollution Control	Wastewater discharge compliance	Green and Low-Carbon Operations for a Better Life	Green and Low-Carbon Operations for a Better Life
	Wastewater management and reduction measures	Green and Low-Carbon Operations for a Better Life	Green and Low-Carbon Operations for a Better Life
	Exhausts	Exhaust emission compliance	Green and Low-Carbon Operations for a Better Life Embracing Green Buildings to Fulfill the Green Building Philosophy
Solid waste	Legal compliance of solid waste disposal	Green and Low-Carbon Operations for a Better Life	Green and Low-Carbon Operations for a Better Life
	General industrial solid waste management	Green and Low-Carbon Operations for a Better Life	Green and Low-Carbon Operations for a Better Life
Climate Change	Greenhouse gas emission	Sources and types of GHGs	Green and Low-Carbon Operations for a Better Life
		GHG emissions management	Green and Low-Carbon Operations for a Better Life Addressing Climate Change to Protect the Environment
		Scope 1 GHG emissions	Green and Low-Carbon Operations for a Better Life
	Emission reduction management	Scope 2 GHG emissions	Green and Low-Carbon Operations for a Better Life
		GHG emissions intensity	Green and Low-Carbon Operations for a Better Life
	Climate risk management	GHG mitigation management	Green and Low-Carbon Operations for a Better Life Addressing Climate Change to Protect the Environment
Biodiversity	Impacts of activities, products and services on biodiversity	Impacts of activities, products and services on biodiversity	Embracing Green Buildings to Fulfill the Green Building Philosophy
	Low-carbon development target and strategic measures	Low-carbon development target and strategic measures	Exercising Stronger Governance to Implement ESG Concepts Addressing Climate Change to Protect the Environment
Resource and Environmental Management System Measures	Water utilisation management	Water utilisation management	Green and Low-Carbon Operations for a Better Life
	Resource management measures	Material usage management	Green and Low-Carbon Operations for a Better Life
	Energy use and conservation management	Energy use and conservation management	Green and Low-Carbon Operations for a Better Life

Disclosure of content			Location/Note
Tier 1 indicators	Tier 2 indicators	Tier 3 indicators	

Resource and Environmental Management System Measures	Green initiatives and measures	Green technologies and recycling	Addressing Climate Change to Protect the Environment Green and Low-Carbon Operations for a Better Life	
		Green building renovation	Embracing Green Buildings to Fulfill the Green Building Philosophy	
		Green office and operations	Addressing Climate Change to Protect the Environment Green and Low-Carbon Operations for a Better Life	
		Green procurement and green supply chain management	Optimising Supply Chain Management Driven by the Environment and Intelligence Green and Low-Carbon Operations for a Better Life	
		Environmental public welfare activities	Engaging in Charity Initiatives to Act as a Responsible Corporate Taking Green Actions and Joining Hands with Brands to Deliver Green Value	
	Green and low-carbon certification	Environmental management system certification	Embracing Green Buildings to Fulfill the Green Building Philosophy	
		Environmental legal compliance	Environmental emergency response plan Operational Safety and Physical and Mental Health Addressing Climate Change to Protect the Environment	
	Employee rights	Employee Recruitment and Employment	Corporate Recruitment Policy and Implementation	Protecting Employee Rights and Promoting Their Interests
			Employee Structure	Protecting Employee Rights and Promoting Their Interests
	Employee rights	Employee Compensation and Benefits	Avoiding Child Labor or Forced Labor	Protecting Employee Rights and Promoting Their Interests
Compensation Philosophy and Policy			Protecting Employee Rights and Promoting Their Interests	
Working Hours and Rest Periods			Protecting Employee Rights and Promoting Their Interests	
Employee Health and Safety		Compensation and Benefits Security	Protecting Employee Rights and Promoting Their Interests	
		Employee Democratic Management	Protecting Employee Rights and Promoting Their Interests	
Employee Development and Training		Occupational Health and Safety Management for Employees	Operational Safety and Physical and Mental Health	
		Employee Safety Risk Prevention and Control	Operational Safety and Physical and Mental Health	
		Response to Safety Accidents and Work-related Injuries	Operational Safety and Physical and Mental Health	
Employee Satisfaction		Employee Care and Assistance	Protecting Employee Rights and Promoting Their Interests Operational Safety and Physical and Mental Health	
		Employee Motivation and Promotion Policy	Diversified Training to Promote Staff Development	
Product and Service Management	Product Safety and Quality	Employee Education and Training	Diversified Training to Promote Staff Development	
		Career Planning and Position Change Support for Employees	Diversified Training to Promote Staff Development	
Product and Service Management	Product Safety and Quality	Employee Turnover	Protecting Employee Rights and Promoting Their Interests	
		Production Standard Management Policies and Measures	Creating a Comfortable Environment for Consumption to Ensure Trusted Business Operations	
Product and Service Management	Product Safety and Quality	Quality Management	Creating a Comfortable Environment for Consumption to Ensure Trusted Business Operations	

Social aspect indicators

Employee rights	Employee Recruitment and Employment	Corporate Recruitment Policy and Implementation	Protecting Employee Rights and Promoting Their Interests
		Employee Structure	Protecting Employee Rights and Promoting Their Interests
		Avoiding Child Labor or Forced Labor	Protecting Employee Rights and Promoting Their Interests
	Employee Compensation and Benefits	Compensation Philosophy and Policy	Protecting Employee Rights and Promoting Their Interests
		Working Hours and Rest Periods	Protecting Employee Rights and Promoting Their Interests
		Compensation and Benefits Security	Protecting Employee Rights and Promoting Their Interests
	Employee Health and Safety	Employee Democratic Management	Protecting Employee Rights and Promoting Their Interests
		Occupational Health and Safety Management for Employees	Operational Safety and Physical and Mental Health
		Employee Safety Risk Prevention and Control	Operational Safety and Physical and Mental Health
	Employee Development and Training	Response to Safety Accidents and Work-related Injuries	Operational Safety and Physical and Mental Health
Employee Care and Assistance		Protecting Employee Rights and Promoting Their Interests Operational Safety and Physical and Mental Health	
Employee Motivation and Promotion Policy		Diversified Training to Promote Staff Development	
Employee Satisfaction	Employee Education and Training	Diversified Training to Promote Staff Development	
	Career Planning and Position Change Support for Employees	Diversified Training to Promote Staff Development	

Product and Service Management	Product Safety and Quality	Production Standard Management Policies and Measures	Creating a Comfortable Environment for Consumption to Ensure Trusted Business Operations
		Quality Management	Creating a Comfortable Environment for Consumption to Ensure Trusted Business Operations

Disclosure of content			Location/Note
Tier 1 indicators	Tier 2 indicators	Tier 3 indicators	

Product and Service Management	Product Safety and Quality	Product Recall and Withdrawal	Creating a Comfortable Environment for Consumption to Ensure Trusted Business Operations
		Negative Events Related to Products or Services	Creating a Comfortable Environment for Consumption to Ensure Trusted Business Operations
	Customer Service & Advocacy	Customer Satisfaction	Delivering Excellent Services for People's Well-being
		Customer Complaints and Handling	Delivering Excellent Services for People's Well-being
	R&D	Customer Information and Privacy Protection	Complying with Commercial Ethics to Reinforce Internal Control Compliance
		R&D and Innovation Management System	Delivering Excellent Services for People's Well-being
	Management of Suppliers	Innovation Achievements	Delivering Excellent Services for People's Well-being Setting the Industry Benchmark for High-quality Development
		Supplier Selection and Management	Complying with Commercial Ethics to Reinforce Internal Control Compliance Driven by the Environment and Intelligence
	Supply Chain Security and Management	Number and Distribution of Suppliers	Creating a Comfortable Environment for Consumption to Ensure Trusted Business Operations
		Supply Chain Management Policies and Measures	Optimising Supply Chain Management Driven by the Environment and Intelligence
Taxes payment	Supply Chain Security Assurance and Emergency Plan	Optimising Supply Chain Management Driven by the Environment and Intelligence	
	Tax Payment Situation	Social Responsibility Performance Overview	
Community building	Policies and Measures for Participating in Local Community Construction	Topic 1: Proactively Responding to National Strategies by Fulfilling our Mission as a Central State-owned Enterprise Engaging in Charity Initiatives to Act as a Responsible Corporate	
	Contribution and Impact on the Local Community	Topic 1: Proactively Responding to National Strategies by Fulfilling our Mission as a Central State-owned Enterprise Engaging in Charity Initiatives to Act as a Responsible Corporate	
Social welfare activities	Policies and Measures for Participating in Social Charity Activities	Topic 1: Proactively Responding to National Strategies by Fulfilling our Mission as a Central State-owned Enterprise Topic 2: Capitalising on Our Competitive Edge to Jointly Uphold ESG Concepts with Brands Engaging in Charity Initiatives to Act as a Responsible Corporate	
	Investment and Effectiveness of Participating in Social Charity Activities	Topic 1: Proactively Responding to National Strategies by Fulfilling our Mission as a Central State-owned Enterprise Topic 2: Capitalising on Our Competitive Edge to Jointly Uphold ESG Concepts with Brands Engaging in Charity Initiatives to Act as a Responsible Corporate	
National strategic response	Construction of Accessible Environment	Delivering Excellent Services for People's Well-being	
	Industrial Transformation	Topic 2: Capitalising on Our Competitive Edge to Jointly Uphold ESG Concepts with Brands Delivering Excellent Services for People's Well-being	
National strategic response	Rural Revitalisation and Regional Coordinated Development	Topic 1: Proactively Responding to National Strategies by Fulfilling our Mission as a Central State-owned Enterprise	
	Belt and Road Initiative and Overseas Fulfillment of Responsibilities	Topic 1: Proactively Responding to National Strategies by Fulfilling our Mission as a Central State-owned Enterprise Engaging in Charity Initiatives to Act as a Responsible Corporate Setting the Industry Benchmark for High-quality Development	
Governance Aspect indicators	Governance Strategy and Organizational Structure	Industry Features and Other Social Responsibility Fulfillment	Topic 1: Proactively Responding to National Strategies by Fulfilling our Mission as a Central State-owned Enterprise Topic 2: Capitalising on Our Competitive Edge to Jointly Uphold ESG Concepts with Brands Setting the Industry Benchmark for High-quality Development
		Governance Strategy Formulation	Robust Governance System for Long-term Stable Operations Exercising Stronger Governance to Implement ESG Concepts
Governance Aspect indicators	Governance Strategy and Organizational Structure	Governance Strategy Supervision Process	Robust Governance System for Long-term Stable Operations Exercising Stronger Governance to Implement ESG Concepts

Disclosure of content			Location/Note
Tier 1 indicators	Tier 2 indicators	Tier 3 indicators	

Governance Strategy and Organizational Structure	Governance Strategies and Processes	Governance Strategy Approval and Review Process	Robust Governance System for Long-term Stable Operations
		Party Building Leadership	Robust Governance System for Long-term Stable Operations
		Ownership Responsibilities	Robust Governance System for Long-term Stable Operations
	Organisational composition and functions	Organisation Structure and Functions of the Board of Directors, Supervisory Board, and Management	Robust Governance System for Long-term Stable Operations
		Appointment Procedures and Composition of the Board of Directors, Supervisory Board, and Management	Refer to the 2023 Annual Report or other corporate documents
		Compensation Plan for Directors and Supervisors	Refer to the 2023 Annual Report or other corporate documents
	Compensation management	Transparency of Board Compensation	Refer to the 2023 Annual Report or other corporate documents
		Reasonableness of Management Compensation	Refer to the 2023 Annual Report or other corporate documents
	Internal control	Internal Audit	Complying with Commercial Ethics to Reinforce Internal Control Compliance
		Integrity in Construction	Integrity Construction System Norms Effectiveness of Integrity Construction Measures
Investor Relations Management and Shareholder Rights	Investor Relationship Management	Investor Relations Management Strategy	Robust Governance System for Long-term Stable Operations
		Investor Communication	Robust Governance System for Long-term Stable Operations Exercising Stronger Governance to Implement ESG Concepts
Shareholders' equity	Shareholders' Right to Know and Participate in Decision-making	Construction of Investor Relations Management Department	Robust Governance System for Long-term Stable Operations
		General Meeting of Shareholders Situation	Refer to the 2023 Annual Report or other corporate documents
Creditors' rights and benefits	Credit Status	Shareholder Communication Situation	Refer to the 2023 Annual Report or other corporate documents
		Shareholders' Right to Know and Participate in Decision-making	Robust Governance System for Long-term Stable Operations
Transparency of information disclosure	Information disclosure system	Financial Information Disclosure	Refer to the 2023 Annual Report or other corporate documents
		Non-financial Information Disclosure	2023 Environmental, social and governance report
Compliance and Risk Management	Compliance	Regular Supervision, Audit, and Evaluation of All Disclosed Information	Complying with Commercial Ethics to Reinforce Internal Control Compliance
		Compliance Management System	Robust Governance System for Long-term Stable Operations Complying with Commercial Ethics to Reinforce Internal Control Compliance
Risk management	Risk management	Construction of Compliance System	Robust Governance System for Long-term Stable Operations Complying with Commercial Ethics to Reinforce Internal Control Compliance
		Specific Process of Compliance Review	Robust Governance System for Long-term Stable Operations Complying with Commercial Ethics to Reinforce Internal Control Compliance
Risk management	Risk management	Risk Identification and Early Warning	Robust Governance System for Long-term Stable Operations Complying with Commercial Ethics to Reinforce Internal Control Compliance
		Risk Control and Tracking	Robust Governance System for Long-term Stable Operations Complying with Commercial Ethics to Reinforce Internal Control Compliance
Risk management	Risk management	Risk Reporting and Management	Robust Governance System for Long-term Stable Operations Complying with Commercial Ethics to Reinforce Internal Control Compliance

HKEX Environmental, Social and Governance Reporting Guide Index

Aspect	Content	Report Content
Mandatory disclosure	A statement from the board	Statement of the Board of Directors
	Governance Structure	Statement of the Board of Directors Exercising Stronger Governance to Implement ESG Concepts
	Reporting Principles	About this Report
	Reporting Boundary	About this Report
A. Environmental		
Aspect A1: Emissions		
A1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green and Low-Carbon Operations for a Better Life
A1.1	The types of emissions and respective emissions data.	Green and Low-Carbon Operations for a Better Life
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green and Low-Carbon Operations for a Better Life
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Need further improvement
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Need further improvement
A1.5	Description of emission target(s) set and steps taken to achieve them.	Green and Low-Carbon Operations for a Better Life
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green and Low-Carbon Operations for a Better Life
Aspect A2: Use of Resources		
A2	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Green and Low-Carbon Operations for a Better Life
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Green and Low-Carbon Operations for a Better Life
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green and Low-Carbon Operations for a Better Life
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green and Low-Carbon Operations for a Better Life
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Green and Low-Carbon Operations for a Better Life
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Green and Low-Carbon Operations for a Better Life

Aspect	Content	Report Content
Aspect A3: The Environment and Natural Resources		
A3	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	Addressing Climate Change to Protect the Environment Embracing Green Buildings to Fulfill the Green Building Philosophy Green and Low-Carbon Operations for a Better Life
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Embracing Green Buildings to Fulfill the Green Building Philosophy Green and Low-Carbon Operations for a Better Life
A4	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Addressing Climate Change to Protect the Environment
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Addressing Climate Change to Protect the Environment
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
B1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Protecting Employee Rights and Promoting Their Interests
B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	Protecting Employee Rights and Promoting Their Interests
B1.2	Employee turnover rate by gender, age group and geographical region.	Protecting Employee Rights and Promoting Their Interests
Aspect B2: Health and Safety		
B2	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Operational Safety and Physical and Mental Health
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Operational Safety and Physical and Mental Health
B2.2	Lost days due to work injury.	Operational Safety and Physical and Mental Health
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Operational Safety and Physical and Mental Health
Aspect B3: Development and Training		
B3	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Operational Safety and Physical and Mental Health Delivering Excellent Services for People's Well-being Diversified Training to Promote Staff Development

Aspect	Content	Report Content
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Diversified Training to Promote Staff Development Operational Safety and Physical and Mental Health
B3.2	The average training hours completed per employee by gender and employee category.	Diversified Training to Promote Staff Development
Aspect B4: Labour Standards		
B4	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Protecting Employee Rights and Promoting Their Interests
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Protecting Employee Rights and Promoting Their Interests
B4.2	Description of steps taken to eliminate such practices when discovered.	Protecting Employee Rights and Promoting Their Interests
Operating Practices		
Aspect B5: Supply Chain Management		
B5	General Disclosure Policies on managing environmental and social risks of the supply chain.	Optimising Supply Chain Management Driven by the Environment and Intelligence Creating a Comfortable Environment for Consumption to Ensure Trusted Business Operations
B5.1	Number of suppliers by geographical region.	Creating a Comfortable Environment for Consumption to Ensure Trusted Business Operations
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Optimising Supply Chain Management Driven by the Environment and Intelligence Creating a Comfortable Environment for Consumption to Ensure Trusted Business Operations
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Optimising Supply Chain Management Driven by the Environment and Intelligence
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Topic 2: Capitalising on Our Competitive Edge to Jointly Uphold ESG Concepts with Brands Optimising Supply Chain Management Driven by the Environment and Intelligence Green and Low-Carbon Operations for a Better Life
Aspect B6: Product Responsibility		
B6	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Creating a Comfortable Environment for Consumption to Ensure Trusted Business Operations
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Need further improvement.
B6.2	Number of products and service related complaints received and how they are dealt with.	Delivering Excellent Services for People's Well-being

Aspect	Content	Report Content
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Complying with Commercial Ethics to Reinforce Internal Control Compliance
B6.4	Description of quality assurance process and recall procedures.	Creating a Comfortable Environment for Consumption to Ensure Trusted Business Operations Delivering Excellent Services for People's Well-being
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Complying with Commercial Ethics to Reinforce Internal Control Compliance
Aspect B7: Anti-corruption		
B7	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Complying with Commercial Ethics to Reinforce Internal Control Compliance
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Complying with Commercial Ethics to Reinforce Internal Control Compliance
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Complying with Commercial Ethics to Reinforce Internal Control Compliance
B7.3	Description of anti-corruption training provided to directors and staff.	Complying with Commercial Ethics to Reinforce Internal Control Compliance
Community		
Aspect B8: Community Investment		
B8	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Engaging in Charity Initiatives to Act as a Responsible Corporate
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Topic 1: Proactively Responding to National Strategies by Fulfilling our Mission as a Central State-owned Enterprise Topic 2: Capitalising on Our Competitive Edge to Jointly Uphold ESG Concepts with Brands Engaging in Charity Initiatives to Act as a Responsible Corporate
B8.2	Resources contributed (e.g. money or time) to the focus area.	Topic 1: Proactively Responding to National Strategies by Fulfilling our Mission as a Central State-owned Enterprise Engaging in Charity Initiatives to Act as a Responsible Corporate

GRI Standards Index

GRI Standard	Disclosure	Location/Note
GRI 1: Foundation 2021		
1: Foundation 2021	Report foundation, including GRI content index and instructions for use, etc	About this Report GRI Content Index
GRI 2 General Disclosures 2021		
The organization and its reporting practices		
2-1	Organizational details	About this Report About the Company
2-2	Entities included in the organization's sustainability reporting	About this Report
2-3	Reporting period, frequency and contact point	About this Report
2-4	Restatements of information	No relevant incidents during the reporting period.
2-5	External assurance	Need further improvement.
Activities and workers		
2-6	Activities, value chain and other business relationships	About the Company
2-7	Employees	Protecting Employee Rights and Promoting Their Interests Diversified Training to Promote Staff Development Operational Safety and Physical and Mental Health
2-8	Workers who are not employees	Operational Safety and Physical and Mental Health
Governance		
2-9	Governance structure and composition	Robust Governance System for Long-term Stable Operations
2-10	Nomination and selection of the highest governance body	Refer to the 2023 Annual Report.
2-11	Chair of the highest governance body	Refer to the 2023 Annual Report.
2-12	Role of the highest governance body in overseeing the management of impacts	Statement of the Board of Directors Robust Governance System for Long-term Stable Operations Exercising Stronger Governance to Implement ESG Concepts
2-13	Delegation of responsibility for managing impacts	Refer to the 2023 Annual Report.
2-14	Role of the highest governance body in sustainability reporting	Statement of the Board of Directors Robust Governance System for Long-term Stable Operations Exercising Stronger Governance to Implement ESG Concepts
2-15	Conflicts of interest	Refer to the 2023 Annual Report.
2-16	Communication of critical concerns	Exercising Stronger Governance to Implement ESG Concepts Complying with Commercial Ethics to Reinforce Internal Control Compliance
2-17	Collective knowledge of the highest governance body	Statement of the Board of Directors Exercising Stronger Governance to Implement ESG Concepts
2-18	Evaluation of the performance of the highest governance body	Refer to the 2023 Annual Report.
2-19	Remuneration policies	Refer to the 2023 Annual Report.
2-20	Process to determine remuneration	Refer to the 2023 Annual Report.
2-21	Annual total compensation ratio	Refer to the 2023 Annual Report.
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	Statement of the Board of Directors Exercising Stronger Governance to Implement ESG Concepts
2-23	Policy commitments	Statement of the Board of Directors Exercising Stronger Governance to Implement ESG Concepts Complying with Commercial Ethics to Reinforce Internal Control Compliance Protecting Employee Rights and Promoting Their Interests
2-24	Embedding policy commitments	Statement of the Board of Directors Exercising Stronger Governance to Implement ESG Concepts Complying with Commercial Ethics to Reinforce Internal Control Compliance Delivering Excellent Services for People's Well-being Creating a Comfortable Environment for Consumption to Ensure Trusted Business Operations
2-25	Processes to remediate negative impacts	Exercising Stronger Governance to Implement ESG Concepts Complying with Commercial Ethics to Reinforce Internal Control Compliance

GRI Standard	Disclosure	Location/Note
2-26	Mechanisms for seeking advice and raising concerns	Exercising Stronger Governance to Implement ESG Concepts Delivering Excellent Services for People's Well-being
2-27	Compliance with laws and regulations	Robust Governance System for Long-term Stable Operations Exercising Stronger Governance to Implement ESG Concepts Protecting Employee Rights and Promoting Their Interests Green and Low-Carbon Operations for a Better Life
2-28	Membership associations	Setting the Industry Benchmark for High-quality Development
Stakeholder engagement		
2-29	Approach to stakeholder engagement	Exercising Stronger Governance to Implement ESG Concepts
2-30	Collective bargaining agreements	Protecting Employee Rights and Promoting Their Interests
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	Exercising Stronger Governance to Implement ESG Concepts
3-2	List of material topics	Exercising Stronger Governance to Implement ESG Concepts
3-3	Management of material topics	Exercising Stronger Governance to Implement ESG Concepts
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	Social Responsibility Performance Overview Refer to the 2023 Annual Report.
201-2	Financial implications and other risks and opportunities due to climate change	Addressing Climate Change to Protect the Environment
201-3	Defined benefit plan obligations and other retirement plans	Protecting Employee Rights and Promoting Their Interests
201-4	Financial assistance received from government	Refer to the 2023 Annual Report.
GRI 202: Market Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Protecting Employee Rights and Promoting Their Interests
202-2	Proportion of senior management hired from the local community	Need further improvement.
GRI 203: Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	Topic 1: Proactively Responding to National Strategies by Fulfilling our Mission as a Central State-owned Enterprise
203-2	Significant indirect economic impacts	Topic 1: Proactively Responding to National Strategies by Fulfilling our Mission as a Central State-owned Enterprise
GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	Need further improvement.
GRI 205: Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	Need further improvement.
205-2	Communication and training about anticorruption policies and procedures	Complying with Commercial Ethics to Reinforce Internal Control Compliance
205-3	Confirmed incidents of corruption and actions taken	Complying with Commercial Ethics to Reinforce Internal Control Compliance
GRI 206: Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Need further improvement.
GRI 207: Tax 2019		
207-1	Approach to tax	Refer to the 2023 Annual Report.
207-2	Tax governance, control, and risk management	Refer to the 2023 Annual Report.
207-3	Stakeholder engagement and management of concerns related to tax	Exercising Stronger Governance to Implement ESG Concepts
207-4	Country-by-country reporting	Refer to the 2023 Annual Report.
GRI 301: Materials 2016		
301-1	Materials used by weight or volume	Need further improvement.
301-2	Recycled input materials used	Need further improvement.
301-3	Reclaimed products and their packaging materials	Need further improvement.
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	Green and Low-Carbon Operations for a Better Life
302-2	Energy consumption outside of the organization	Need further improvement.
302-3	Energy intensity	Green and Low-Carbon Operations for a Better Life
302-4	Reduction of energy consumption	Embracing Green Buildings to Fulfill the Green Building Philosophy
302-5	Reductions in energy requirements of products and services	Need further improvement.
GRI 303: Water and Effluents 2018		

GRI Standard	Disclosure	Location/Note
303-1	Interactions with water as a shared resource	Embracing Green Buildings to Fulfill the Green Building Philosophy Green and Low-Carbon Operations for a Better Life
303-2	Management of water discharge- related impacts	Embracing Green Buildings to Fulfill the Green Building Philosophy Green and Low-Carbon Operations for a Better Life
303-3	Water withdrawal	Green and Low-Carbon Operations for a Better Life
303-4	Water discharge	Need further improvement.
303-5	Water consumption	Need further improvement.
GRI 304: Biodiversity 2016		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Addressing Climate Change to Protect the Environment Embracing Green Buildings to Fulfill the Green Building Philosophy
304-2	Significant impacts of activities, products and services on biodiversity	Addressing Climate Change to Protect the Environment Embracing Green Buildings to Fulfill the Green Building Philosophy Topic 2: Capitalising on Our Competitive Edge to Jointly Uphold ESG Concepts with Brands
304-3	Habitats protected or restored	Topic 2: Capitalising on Our Competitive Edge to Jointly Uphold ESG Concepts with Brands
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	No relevant incidents during the reporting period.
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	Green and Low-Carbon Operations for a Better Life
305-2	Energy indirect (Scope 2) GHG emissions	Green and Low-Carbon Operations for a Better Life
305-3	Other indirect (Scope 3) GHG emissions	Need further improvement.
305-4	GHG emissions intensity	Green and Low-Carbon Operations for a Better Life
305-5	Reduction of GHG emissions	Need further improvement.
305-6	Emissions of ozone-depleting substances (ODS)	Need further improvement.
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Need further improvement.
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	Green and Low-Carbon Operations for a Better Life Embracing Green Buildings to Fulfill the Green Building Philosophy
306-2	Management of significant wasterelated impacts	Green and Low-Carbon Operations for a Better Life Embracing Green Buildings to Fulfill the Green Building Philosophy
306-3	Waste generated	Need further improvement.
306-4	Waste diverted from disposal	Need further improvement.
306-5	Waste directed to disposal	Need further improvement.
GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	Optimising Supply Chain Management Driven by the Environment and Intelligence
308-2	Negative environmental impacts in the supply chain and actions taken	Need further improvement.
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	Protecting Employee Rights and Promoting Their Interests
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Protecting Employee Rights and Promoting Their Interests
401-3	Parental leave	Protecting Employee Rights and Promoting Their Interests
GRI 402: Labor/Management Relations 2016		
402-1	Minimum notice periods regarding operational changes	Need further improvement.
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Operational Safety and Physical and Mental Health
403-2	Hazard identification, risk assessment, and incident investigation	Operational Safety and Physical and Mental Health
403-3	Occupational health services	Operational Safety and Physical and Mental Health
403-4	Worker participation, consultation, and communication on occupational health and safety	Operational Safety and Physical and Mental Health
403-5	Worker training on occupational health and safety	Operational Safety and Physical and Mental Health
403-6	Promotion of worker health	Protecting Employee Rights and Promoting Their Interests Operational Safety and Physical and Mental Health

GRI Standard	Disclosure	Location/Note
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Operational Safety and Physical and Mental Health
403-8	Workers covered by an occupational health and safety management system	Operational Safety and Physical and Mental Health
403-9	Work-related injuries	Operational Safety and Physical and Mental Health
403-10	Work-related ill health	Operational Safety and Physical and Mental Health
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	Diversified Training to Promote Staff Development
404-2	Programs for upgrading employee skills and transition assistance programs	Diversified Training to Promote Staff Development
404-3	Percentage of employees receiving regular performance and career development reviews	Diversified Training to Promote Staff Development
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Robust Governance System for Long-term Stable Operations Protecting Employee Rights and Promoting Their Interests
405-2	Ratio of basic salary and remuneration of women to men	Need further improvement.
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	No relevant incidents during the reporting period.
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	No relevant incidents during the reporting period.
GRI 408: Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	Protecting Employee Rights and Promoting Their Interests Complying with Commercial Ethics to Reinforce Internal Control Compliance
GRI 409: Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Protecting Employee Rights and Promoting Their Interests Complying with Commercial Ethics to Reinforce Internal Control Compliance
GRI 410: Security Practices 2016		
410-1	Security personnel trained in human rights policies or procedures	Not applicable.
GRI 411: Rights of Indigenous Peoples 2016		
411-1	Incidents of violations involving rights of indigenous peoples	No relevant incidents during the reporting period.
GRI 413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	Exercising Stronger Governance to Implement ESG Concepts Setting the Industry Benchmark for High-quality Development Topic 1: Proactively Responding to National Strategies by Fulfilling our Mission as a Central State-owned Enterprise
413-2	Operations with significant actual and potential negative impacts on local communities	No relevant incidents during the reporting period.
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	Optimising Supply Chain Management Driven by the Environment and Intelligence
414-2	Negative social impacts in the supply chain and actions taken	No relevant incidents during the reporting period.
GRI 415: Public Policy 2016		
415-1	Political contributions	Not applicable.
GRI 416: Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	Creating a Comfortable Environment for Consumption to Ensure Trusted Business Operations
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No relevant incidents during the reporting period.
GRI 417: Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	Complying with Commercial Ethics to Reinforce Internal Control Compliance Creating a Comfortable Environment for Consumption to Ensure Trusted Business Operations
417-2	Incidents of non-compliance concerning product and service information and labeling	No relevant incidents during the reporting period.
417-3	Incidents of non-compliance concerning marketing communications	No relevant incidents during the reporting period.
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No relevant incidents during the reporting period.