

**cdf** **中免集团**  
CHINA DUTY FREE



中国旅游集团成员  
Member of China Tourism Group

China Tourism Group Duty Free Corporation Limited

Stock Code: 601888.SH

Stock Abbreviation: CTG DUTY-FREE



ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT **2021**

# CONTENT

<b>About this Report</b>	<b>02</b>
<b>Messages from Stakeholders</b>	<b>03</b>
<b>Letter from the Chairman</b>	<b>04</b>
<b>Social Responsibility</b>	
<b>Performance Overview</b>	<b>06</b>
<b>About the Company</b>	<b>08</b>

## Topic 1 Environmental Initiatives with Brand Impacts

New Green Development Model Exploration with Brand Partners	12
Collaboration with the Upstream and Downstream Partners on Environmental Protection	13
Advocating Green Consumption with Our Impact	14

## Topic 2 Promoting Regional Prosperity and Development

Promoting Tourism Economy in Hainan Province with Our Rich Experience in Offshore Duty-free Market	16
Leveraging Our Advantages to Comprehensively Promote Rural Vitalisation	18
Earnest Practice and Experience Sharing – Actively Promoting the Development of the Industry	21

# 2

## Prosperity

Excellent Service, High Satisfaction	36
Outstanding Achievements in Service Innovation	39
Comfortable Shopping and Quality Guarantee	41
Supply Chain Management with Intelligence	41
Assisting Those in Need	44

# 1



## Principles of Governance

Corporate Governance and Interactive Communication	24
Effective Management with a Clear Focus	26
Trusted and Ethical Business Operations	30

# 4



## Planet

Responsible Environmental Management	62
Green Building – Creating a Green Future	65
Addressing Climate Change	70

在 cdf 发现环保之美

# 3



## People

Employment Compliance and Rights Protection	50
Talent Growth and Retention	54
Operation Safety and Health Protection	56

## Appendix

Glossary of Terms	72
Index	74
<b>Feedback from Readers</b>	<b>81</b>

# || ABOUT THIS REPORT

## Introduction

This report is the first Environmental, Social and Governance Report (hereinafter “ESG Report”, “this Report” or “the Report”) issued by China Tourism Group Duty Free Corporation Limited (CTG DUTY-FREE) 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 the CTG DUTY-FREE ESG report is from 1 January to 31 December 2021. 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.

## Reporting Principles

This Report is prepared with reference to the following rules. Unless otherwise specified, the currencies involved in the Report are all measured in CNY.

- The *Guidelines for State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities* issued by SASAC
- The *Guidelines No. 1 for Application of Self-regulation Rules for Listed Companies – Standardised Operation* issued by SSE
- The *Guidelines on Corporate Social Responsibility Reporting in China* released by Chinese Academy of Social Sciences (“CASS-CSR 4.0”)
- The “core” options of *Global Reporting Initiative’s Sustainability Reporting Standards* (“GRI Standards”)
- The *Ten Principles of the United Nations Global Compact*
- The requirements of the *Environmental, Social and Governance Reporting Guide* of HKEx
- United Nations Sustainable Development Goals (SDGs)

## 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 both Chinese and English. In the event of any discrepancy between the two versions, the Chinese version shall prevail.



“CTG DUTY-FREE  
Investor Relations”  
WeChat official account

## Messages from Stakeholders

### Vincent Boinay | President of L'Oréal Travel Retail and Member of L'Oréal Group Executive Committee

L'Oréal Group and CTG DUTY-FREE historically have mutual cooperation based on trust spanning 30 fruitful years. We look forward to the next 30 years and beyond of strong partnership. Together, we are committed to consumer centricity for our valued travellers in the Chinese market; driving environmental sustainability through our joint efforts in all our processes; as we forge dynamic growth and a bright future for Chinese travel retail market together.



### Yutong Meng | cdf Member

Cdf not only created convenient channels for me to purchase favourite products but also encouraged me to explore a better world from the bottom of my heart. I genuinely hope your company will become better and accompany us in the future.

### Qingze Lin | Fund Manager from China Asset Management

As a responsible investment institution, we pay close attention to how ESG concepts are integrated into the planning, implementation and development of our portfolio companies. From our point of view, CTG DUTY-FREE is not only a fearless and innovative global duty-free leader but also embraces a sense of social responsibility, focusing on the sustainable development of businesses and stakeholders. We have a high expectation for such a company and are very confident in investing in it!



### Jingli Li | Shopping guide from cdf Haikou Meilan Airport Duty-Free Shop

During my daily work, thankfulness from customers can easily warm my heart. This year, I set a goal of being a "Star Sales" and sincerely bringing an excellent shopping experience to every customer.

### Yingchang Dai | The official assigned to grassroots assisting Menglian county

The core of rural vitalisation is industrial development, to place industrial ecology and ecological industrialisation in a more prominent position. I would like to focus on the concepts of "playing the advantages of the main businesses, leading by cultural tourism, promoting innovation among the local and the enterprises, guiding by characteristic industries, developing agriculture, rural areas and farmers, prioritising ecological environment, sharing governance and common prosperity", and striving to build a "rich, touristy, vitalised" Menglian county.



# LETTER FROM THE CHAIRMAN



**Peng Hui** | China Tourism Group Duty Free Corporation Limited  
**Chairman**

Dear stakeholders:

2021 was a milestone in the history of the Communist Party of China and the nation. It was the 100th anniversary of the founding of the Communist Party of China, the start of the 14th Five-Year Plan period, and the year in which China effectively eradicated extreme poverty. Simultaneously, CTG DUTY-FREE seized the opportunity to make various changes and breakthroughs. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, our company accelerated the establishment of the new development paradigm featuring dual circulation, in which domestic and overseas markets reinforce each other, with the domestic market as the mainstay. Overall, we are striving to continuously satisfy consumers' rising demand for a better life by grounding our efforts in the new development stage, following the new development philosophy, and promoting high-quality development.

**Quality services meet customers' needs.**

Based on our mission to "Share the Joy of Shopping and Extend the Enjoyment of Travel", CTG DUTY-FREE provides diversified, convenient and personalised premium services to inbound and outbound tourists, especially to "offshore" tourists in Hainan province. In 2021, our company continuously enriched its product categories, improved its service experience, promoted digital transformation, and diversified its service models in terms of products, prices, services and brands. Through these efforts, we aim to provide comprehensive shopping services "before, during and after travel" and offer a new duty-free shopping experience that is digitally empowered.

**We are caring for employees and sharing the achievement of development.**

Employees' rights are fundamental to us. Therefore, we are continuously optimising the salary system, improving employees' working conditions, promoting corporate culture and logistics support, enhancing employees' sense of fulfilment and daily lives, and sharing the results of development with our employees. Meanwhile, based on the "people-oriented" concept, we pay special attention to employee growth. Our company steadily optimises our talent management system, offers specialised training and job exchange opportunities between duty-free shops, and builds a platform that allows employees to develop alongside the company. Hence, our employees are proud to work at CTG DUTY-FREE.

**We are pursuing green development to promote carbon peaking and carbon neutrality.**

Against the backdrop of the national strategic carbon peaking and carbon neutrality goal, CTG DUTY-FREE aims to become a world-class green and modern travel retail operator. The company strives to engage in high-quality green development by vigorously implementing ecological conservation measures and enhancing five key capabilities: "green building, green logistics, green warehousing, green duty-free complexes and green consumption".

**CTG DUTY-FREE is acting as a responsible corporate citizen and promoting regional development.**

We are committed to the concept of shared development and common prosperity. In response to the national call for poverty alleviation and rural vitalisation, CTG DUTY-FREE has implemented various measures related to industry, consumption and education to promote the development of the regional economy. Meanwhile, our company actively participated in public welfare service and disaster relief efforts during 2021. For instance, we made donations to support the rescue operation of inundation in Henan province. Also, we participated in community activities in Hainan province, Hong Kong SAR, Cambodia and other operating locations, and we supported and aligned our operations with local pandemic prevention.

2022 will be a critical year for implementing the 14th Five-Year Plan. At CTG DUTY-FREE, we think that "People who strive often achieve their goals". We are encountering an ever-changing market environment. Consequently, we will stay committed to the concepts of innovative, coordinated, green, open and inclusive development and take actions to incorporate social responsibilities into the company's business philosophy and development strategy. Overall, we aim to build a company that demonstrates the virtues of integrity, safety, environmental awareness, harmony and responsibility.



18 July 2022

# SOCIAL RESPONSIBILITY PERFORMANCE OVERVIEW

## Economic



### Ranked first

No. 1 travel retail operator in the world



### The largest

We own the largest single duty-free shop in the world – **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 duty-free operator with the complete types of duty-free shops and the largest number of retail outlets in a single country worldwide



### 28.67%

Operating income increased by 28.67% over the previous year, reaching CNY67.676 billion



### 57.23%

Net profit attributable to shareholders of listed company increased by 57.23%, reaching CNY9.654 billion



### CNY5.516 billion

Various taxes and fees paid in 2021 reach CNY5.516 billion



### 300,000

Selling over 300,000 SKUs of products

## Social



### 1,000+ well-known brands

More than 1,000 well-known brands in the world are in our duty-free shops



### 14,720 jobs

Provided 14,720 jobs as at the end of 2021



### More than 14,000 people more than 144,000 training hours

A total of more than 14,000 employees participated in the training, with more than 144,000 training hours in total and an average duration of 10.2 hours



### 44:56

The ratio of male and female employees is 44:56, and females in managerial roles account for 40.54%



### 25.33 million

We invested CNY25.33 million in operation safety, organised 1,205 safety training sessions



### CNY11.1267 million

We invested CNY11.1267 million in rural vitalisation, implemented 11 targeted assistance projects and attracted CNY2.21 million to poverty alleviation projects



### More than 20 million

More than 20 million registered cdf members





# Environmental



## LEED Gold

Haikou International Duty-Free Shopping Complex has obtained LEED Gold pre-certification<sup>1</sup>



## 1,455,900 m<sup>2</sup>

Approximately 1,455,900 m<sup>2</sup> of green building to be completed in the future



## 30 million shopping bags

In Hainan province, more than 30 million shopping bags that meet environmental protection requirements have been provided, effectively reducing the generation of non-degradable plastic waste



## 5

5 counters in Sanya International Duty-Free Shopping Complex, have received LEED Gold certifications



## 0.19

0.19 MWh/m<sup>2</sup> of electricity usage



## 0.11

Greenhouse gas emissions per square metre are 0.11 tonnes of carbon dioxide equivalent

\* All the above are data as of the end of 2021 or for the year 2021.

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.



# ABOUT THE COMPANY

## Company Overview

China Tourism Group Duty Free Corporation Limited (stock abbreviation: CTG DUTY-FREE; stock code: 601888.SH) was listed on the Shanghai Stock Exchange on 15 October 2009 (previously known as “China International Travel Service Co., Ltd.”, the stock abbreviation “China CITS”), with a registered capital of CNY1.952 billion. Our company mainly engages in duty-free business, including the wholesale and retail of duty-free commodities such as tobacco, alcohol, fragrance, 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 cooperative relations with more than 1,000 renowned brands worldwide. It also has set up about 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 in these regions. Its seven customs-supervised logistics centres in Dalian, Qingdao, Shanghai, Shenzhen, Sanya, Hong Kong SAR and Beijing cover the entire country. Its sales channels cover large domestic hub airports in Beijing, Shanghai, Guangzhou and Hangzhou, international airports in Hong Kong SAR and Macau SAR in the Asia Pacific region, and Sanya International Duty-Free Shopping Complex. China Duty Free Group has developed into a duty-free operator with the most complete types of duty-free shops and the largest number of retail outlets in a single country in the world, providing duty-free commodity services to nearly 200 million domestic and foreign tourists every year.

The “fearless, professional and efficient, cooperative and 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, operation, channel expansion, digitalisation and marketing have been continuously enhanced. Our business has been steadily transformed and upgraded, achieving leapfrog development.

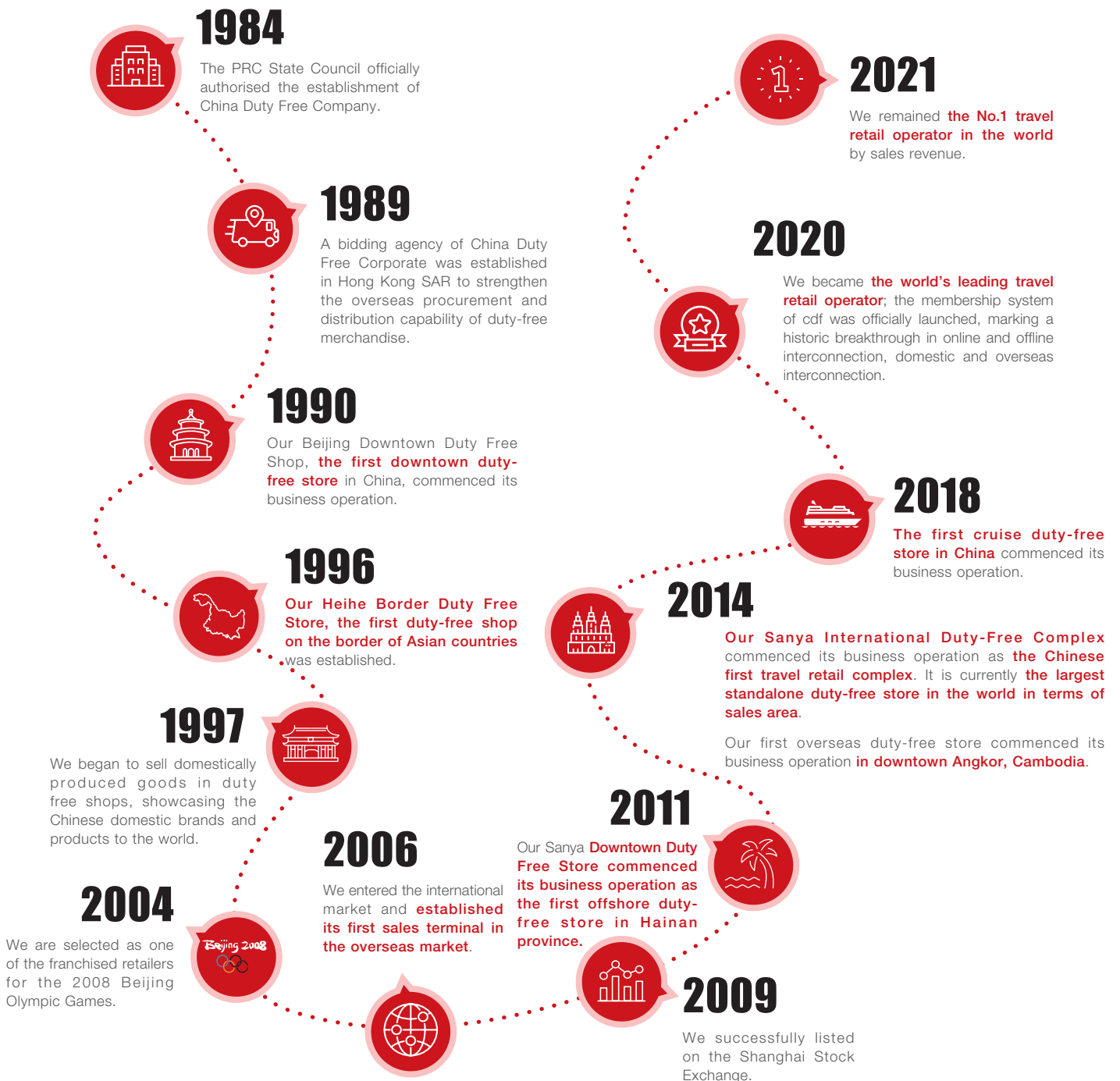
In the future, our company will maintain the continuous, stable and healthy growth of the duty-free business, adhering to the concept of “customer-centered, market-oriented”, with “duty-free business” as the core to upgrade the value chain, and “travel retail” as the extension to upgrade the industrial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

## Corporate Culture



## Our Milestones

After nearly 40 years of rapid development, we have developed into the world's leading travel retail operator.



# ABOUT THE COMPANY

## Awards and Recognitions



1

Selected into the **China's 500 Most Valuable Brands**, ranking **first** in the travel and hospitality industry



2

Selected into the **"Grade A (Excellent) Companies"** in the Information Disclosure Evaluation of the Shanghai Stock Exchange for six consecutive years



3

Selected into the **"2021 Top 100 List of Chinese Listed Companies"** of the 21st China Summit Forum on Top 100 Listed Companies, and won three awards: **"China Top 100 Enterprise Award"**, **"China Top 100 High Growth Enterprise Award"** and **"China Top 100 Best Management and Operation Award"**



4

Selected into the **"Top 100 List of High-Quality Development of Chinese Listed Companies"** at the 2021 Hangzhou Summit on High Quality Development of China's Capital Market, ranking **the 13th position** among them



5

Selected into the **"Top 100 Most Valued Enterprises on Mainboard"** in the 15th China Listed Company Value Forum



6

Won the 12th **"Tianma Award"** for the **Best Board of Directors** in Investor Relations of Chinese Listed Companies



8 Won the 5th Outstanding IR **“Best Capital Market Communication Award”** & **“Best Information Disclosure Award”** ...



9 Won the **“Best Travel Retail Partner of the Year”** by Ctrip ...



10 Won the **“Best Digital Team Award 2021”** and was named Collaboration Winner in the **“Best CSR or Cause Advocacy Communication or Campaign”** by The Moodies Travel Journey ...

7 Won the **“2021 Most Influential Corporate Brand of Cultural Tourism Service”** at the 8th Culture and Tourism Integration Innovation Forum ...



11 cdf member applet won the **“EBRUN Future Retail Digital Marketing Innovation Award”** ...



12 Won the **“Digital Pioneer Enterprise”** in the 2022 WeChat Open Course ...



13 Phase II of Sanya International Duty-Free Shopping Complex won the **“Annual New Retail Business Project”** at the 2021 AHF Forum Summit ...

# Topic 1 Environmental Initiatives with Brand Impacts

“A single tree does not make a forest, and one string makes no music.” As a leader in the travel retail industry, we actively respond to changes in the new era. In this context, we consider the construction of a national ecological civilisation to be a fundamental aspect of sustainable development. We are committed to the sustainable development of our operations. To this end, we actively take responsibility for environmental protection and collaborate with multiple partners, from brand owners to consumers, to protect the environment and conserve energy.

## New Green Development Model Exploration with Brand Partners

### Optimising Freight Shipping

CTG DUTY-FREE focuses on achieving green, efficient and safe operations in each component of the supply chain. Ocean transportation results in fewer carbon emissions per unit than air transportation, effectively conserving energy and reducing emissions. Therefore, we work with our brand partners to optimise freight models and 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 brand supplier groups in the industry.



### Promoting “Green” Operations

Our company continuously deepens our “green” cooperation with brand partners. Also, we have introduced green designs and environmentally friendly materials in counters and booths to provide consumers with a comfortable shopping space and a high-quality consumer experience.



The new counters of Armani Beauty, Cartier, Kiehl's, Lancôme, and Yves Saint Laurent, in Sanya International Duty-Free Shopping Complex, have all received LEED Gold certifications.



“The Future Made Better” walls in Kiehl's store were all built with eco-certified and recycled materials.

Going forward, we will strengthen our cooperation with more sustainable brands in “green” operations to create a brighter, more sustainable future.

## Collaboration with the Upstream and Downstream Partners on Environmental Protection

As a world-renowned travel retail operator, we attach importance to the “window effect”. While providing consumers with quality products, we actively work with upstream brand partners to launch environmental public welfare activities and publicise ecological protection, promote green consumption, and protect our beautiful planet.

### Protecting the Blue Earth

With the rapid development of social economy, marine pollution, especially environmental pollution near the coastline, has become increasingly severe. Therefore, we collaborated with upstream brands to promote marine environmental protection and encouraged the public to participate in protecting marine ecosystems and the surrounding environment.

In June 2021, on the occasion of “World Oceans Day”, our company and La Mer jointly launched a campaign to protect the oceans by offering limited-edition Ocean Day 2021 moisturising creams and customised environmental protection tote bags. Meanwhile, employees used recycled empty containers and bottles of cosmetics to grow green plants and promote the concept of “recycling is beautiful”. In addition, we organised staff to carry out litter pick-up activities on the beach to clean up the coastline.



亚太区旅游零售 海蓝之谜美容顾问宾果问答游戏  
加入我们，履行使命

<b>金属吸管</b> 使用金属材质吸管 饮用饮料	<b>容器升级改造</b> 发挥你的创造力， 升级改造你的 护肤品瓶罐	<b>购买可持续海鲜</b> 选择购买可持续 的海鲜，以维持良好 的生态系统
<b>减少碳足迹</b> 通过骑自行车或步行 以替代驾车，减少 二氧化碳排放量	<b>海岸清洁</b> 抽空清理邻近的 海岸和排水渠	<b>购物袋</b> 购买食品杂货时， 随身携带可循环使用 的购物袋
<b>水壶</b> 随身携带水壶， 代替购买瓶装饮料	<b>热爱海洋生物</b> 通过教小朋友尊重 多种多样的海洋生物， 分享你对海洋的热爱	<b>节约用水</b> 缩短淋浴时间， 洗手刷牙时， 请关闭水龙头

共同参与，携手创造引领变革浪潮的连漪  
感恩有你，一起守护海洋！

LA MER

“World Oceans Day” environmental protection activities jointly held by CTG DUTY-FREE and La Mer

### Conserving Forest Resources

Forests are the lungs of the earth and one of the essential elements in mitigating climate change. Protecting forest resources and planting trees are fundamental for our company to promote sustainable development and consumption.

In June 2021, CTG DUTY-FREE collaborated with Clarins to launch an eco-themed pop-up store with the “Seeds of Beauty” (tree-planting) activity. The store featured 100% reusable materials on all its counters. During the event, customers had a chance to plant trees by purchasing selected products. The packaging cartons in this campaign are made entirely from sustainably managed forests. In this way, we encouraged consumers to do their part to care for the environment.



Clarins eco-themed pop-up store

Going forward, our company will continuously cooperate with suppliers in ecological protection, jointly promote the concept of environmental protection, and boost the industry chain as a whole to move to a more sustainable direction.

# Topic 1 Environmental Initiatives with Brand Impacts

## Advocating Green Consumption with Our Impact

CTG DUTY-FREE has a large consumer base and understands that it is responsible for spreading green consumption among its customers. As a result, we are committed to deploying and expanding our influence to encourage more consumers to pay attention to ecological and environmental protection.

### Popularising Eco-friendly Shopping Bags to Promote Green Consumption

Managing “white waste” is a critical concern in China. In response to the national “plastic restriction” policies, CTG DUTY-FREE has implemented a series of alternative measures to reduce the use of plastic packaging materials and mitigate the threat posed by plastic waste to the environment.

At the end of the Reporting Period, the company’s Sanya International Duty-Free Shopping Complex, Sanya Phoenix Airport Duty-Free Shop, Haikou Duty-Free Shop, Haikou Meilan Airport Duty-Free Shop, Boao Duty-Free Shop and other major duty-free shops at airports all provide free paper bags. Other packaging bags are made of biodegradable materials as required by environmental protection regulations. In 2021, CTG DUTY-FREE provided more than 30 million shopping bags that meet environmental requirements in Hainan province, effectively reducing non-biodegradable plastic waste generated by the company’s operations.

At the beginning of 2021, CTG DUTY-FREE and Alipay jointly introduced a duty-free eco-friendly shopping tote bag, which is made of recyclable, biodegradable and environmental-friendly materials; consumers have warmly received the tote bag due to its simple and fashionable design. We hope that the tote bag has helped spread awareness about environmental protection among the public and reduced consumers’ dependence on plastic products. We distributed about 20,000 tote bags, which are provided as gifts with purchases at our duty-free shops.



more than

**30 million** shopping bags that meet environmental requirements



Duty-free eco-friendly shopping tote bags



recorded more than

**1 million** interactions

### Environmental Protection Poster Design Competition: “Discover the Beauty of Environmental Protection with cdf”

On the Nov 11 Online Shopping Gala in 2021, CTG DUTY-FREE launched an environmental poster design competition with the theme of “Discover the Beauty of Environmental Protection with cdf” on the day of the much-anticipated shopping carnival. prominent designers, professors from art colleges and graphic design experts were invited to act as judges. Through the 30-day event, we collected nearly 2,000 environmental protection posters with the theme of “Your Environmental Protection Style” from the public, and the campaign recorded more than 1 million interactions. In this way, we encouraged designers to use visual art and posters to demonstrate the beauty of environmental protection, and we conveyed our hopes for green development.



DISCOVER THE BEAUTY OF ENVIRONMENTAL PROTECTION

在cdf发现环保之美

中免集团环保公益海报设计大赛  
潮出你的环保范儿  
LEADING THE TREND OF ENVIRONMENTAL PROTECTION



"Discover the Beauty of Environmental Protection with cdf"

However, CTG DUTY-FREE's environmental protection efforts extend beyond these initiatives. Going forward, CTG DUTY-FREE will continue to integrate the concept of environmental protection into its development strategy and take practical actions to fulfil its environmental responsibilities by continuously carrying out environmental protection activities, including holding environmental protection-themed sustainable development forums in collaboration with government departments and conducting environmental promotional activities in cooperation with suppliers. The earth is our home; therefore, CTG DUTY-FREE will continue to shoulder its responsibility to protect it tirelessly.



## Topic 2 Promoting Regional Prosperity and Development

“Trees thrive with strong roots, drawing water from the source.” As a responsible corporate citizen, CTG DUTY-FREE actively contributes to society, engages in ethical practices, and delivers fruitful results. We aim to grasp the opportunities that the nation, consumers and society have offered to sustain and develop our business.

### Promoting Tourism Economy in Hainan Province with Our Rich Experience in Offshore Duty-free Market

One of the most favourable national policies introduced in Hainan province, the offshore duty-free shopping pilot programme, was launched on 20 April 2011. This initiative has significantly boosted Chinese consumers’ understanding of and interest in duty-free commodities and has become a key channel for directing overseas high-end consumption back to domestic market.

As an essential participant in Hainan’s offshore duty-free industry, the company’s operations are multi-dimensional and cover the entirety of Hainan province. Our stores and complexes include Sanya International Duty-Free Shopping Complex, Sanya Phoenix Airport Duty Free Shop, Haikou Duty Free Shop, Haikou Meilan Airport Duty Free Shop and Boao Duty Free Shop. Through our operations, we have been expanding the influence of the offshore duty-free policy, acting as a responsible central state-owned enterprise, promoting the development of Hainan’s tourism economy, and injecting new vitality into the development of the offshore duty-free business.



Haikou International Duty Free Shopping Complex (under construction)



Haikou Duty Free Shop



Sanya Phoenix Airport Duty Free Shop



Haikou Meilan Airport Duty Free Shop



Sanya International Duty Free Shopping Complex



Boao Duty Free Shop

## Creating a New “Tourism + Shopping” Development Model

As Hainan’s offshore duty-free policy continues to be relaxed, by continuously optimising its brand structure, deepening channel cooperation and improving its services, the company has met the demand for high-end shopping in Hainan province while also promoting the balanced development of “food, hotel, transportation, tourism, shopping and entertainment” in the island’s tourism economy. The company’s new “tourism + shopping” development model has effectively strengthened the local tourism market and related industries; significantly increased the flow of people and tourism-related income; promoted the transformation and upgrading of tourism in Hainan province. The expanded influence of “duty-free shopping” has become a premium aspect of Hainan’s tourism economy.



## Hosting an Official Forum at the First China International Consumer Products Expo

In May 2021, the first China International Consumer Products Expo was held, and multiple CTG DUTY-FREE’s Hainan stores participated in the Expo, where they introduced a large number of high-quality consumer goods to visitors. During the Expo, CTG DUTY-FREE served as the exclusive organiser of the official “Global Consumption Innovation and Duty-free Travel Retail Conference” forum. At the forum, we shared with the global travel retail industry new ideas for consumption innovation in China and how the development of the travel retail industry should be integrated with the construction of the Hainan Free Trade Port and discussed the latest developments in duty-free consumption.

## Making Hainan a Hub for International Tourism Consumption

The company stands committed to Hainan’s market for over ten years and continuously promotes the robust development of offshore duty-free industry in Hainan province. At the end of April 2022, Sanya International Duty-Free Shopping Complex sold over CNY100 billion in duty-free merchandise and hosted over 700 brands since implementing the offshore duty-free policy. In 2021, Sanya International Duty-Free Shopping Complex served nearly 6 million visitors and employed more than 4,500 people. Our company is currently constructing a larger Haikou International Duty-Free Shopping Complex. Upon completion, it will serve as another stronghold in our Hainan network in the northern area of the island, in addition to Sanya International Duty-Free Shopping Complex in the south. Haikou International Duty-Free Shopping Complex will significantly support Hainan’s efforts to become a hub for international tourism consumption.



## Promoting Benign Development of Offshore Duty-free Policy in Hainan Province

While developing the offshore duty-free market in Hainan province and contributing to the construction of a free trade port with Chinese characteristics, we have strengthened corporate social responsibility, vigorously responded to the central government’s call and met regulatory requirements, informing customers and self-monitoring to raise consumer awareness of laws. The company displays national policies and regulations in prominent positions at the main entrances and exits of its five Hainan stores and other platforms in order to remind customers of prohibited illegal trades. Internally, the company requires all its employees to participate in legal and warning education programmes and sign commitment letters. In this way, we strive to clarify our staff’s responsibilities in this area and cultivate the best possible environment for duty-free shopping for consumers.

Going forward, the company will boost the role of consumption in economic development, leverage the advantages of China’s huge market size, foster a favorable market environment with the rule of law, attract consumers with trusted business operations and excellent services, and make greater contributions to the construction of a free trade port with Chinese characteristics.



## Topic 2 Promoting Regional Prosperity and Development

### Leveraging Our Advantages to Comprehensively Promote Rural Vitalisation



Invested

**CNY11.1267 million**

in poverty alleviation

Implemented

**11**

targeted assistance projects

Attracted

**CNY2.21 million**

in poverty alleviation donations

Guided by the spirit of President Xi's speech on consolidating achievements of property alleviation and continuously fighting for rural vitalisation, our company has actively undertaken targeted assistance in Menglian and Ximeng counties in Yunnan province in 2021. We effectively combined our assistance work with the company's primary business, took multiple innovative measures to consolidate achievements of poverty alleviation, promote rural vitalisation, and ensured delivery of the goals of assisting the needy.

In 2021, the company directly invested CNY11.1267 million in poverty alleviation, implemented 11 targeted assistance projects and attracted CNY2.21 million in poverty alleviation donations.



### Official Assistance for Poverty Alleviation

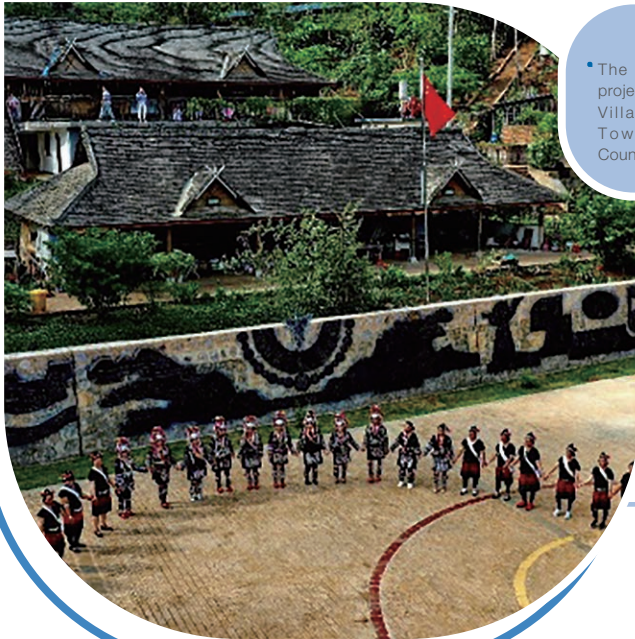
In March 2021, the company selected two high-performing grassroots officials to work in Menglian and Ximeng counties in the Yunnan province to stabilise and sustain poverty alleviation. The commissioned officials have focused on communicating with local communities. They have strengthened the implementation of alleviation measures in the region with their diligence, pragmatism and sense of devotion.



Officials assigned to grassroots assisting the rural counties

## Assistance for Rural Business Sectors

After site visits, we have continuously improved industrial infrastructure in the region and taken measures to transform and upgrade local industries by enriching the local tourism landscape and deepen the atmosphere around local ethnic cultures in a way that considers the regional features, unique business sectors and tourism industry.



- The rural tourism project in Yongqian Village, Mangxin Town, Menglian County



- Coffee industry support project in collaboration with China Foundation for Poverty Alleviation



- The Likan Pastoral Leisure Resort in Mengsuo Town, Ximeng County



- Improved hardware infrastructure to support the nut and avocado cultivation industries



## Topic 2 Promoting Regional Prosperity and Development

### Assistance for Education

The company has continued supporting education in these areas by training grassroots officials and rural teachers to enhance their soft skills. In 2021, we carried out the “Star of Hope” teachers programme in the chosen counties and strengthened the training of officials and technicians. A total of 827 people got trained, stimulating the endogenous motivation for the sustainable development of these regions.

Trained  
**827** people

- Avocado planting technical management training



- “Beautiful Village Academy” embroidery skill workshop for female residents

### Assistance for Consumption

In addition, our company is actively engaged in efforts to promote consumption.

- Taking the advantages of the travel retail industry and rich customer sources, the company helped sell agricultural specialities through the “Star Travel with Cloud Products” store in Sanya International Duty-Free Shopping Complex, Guangzhou cdf Membership Club and other channels. For a total of more than CNY3.65 million, we solved the sales needs of local agricultural specialities and promoted local specialities to the national market.
- The company and its affiliated companies believe that “purchasing is a better alternative than donating”, and for this reason, we purchase local specialities from targeted cities and counties to help alleviate poverty. The company has purchased agricultural products totalling CNY1.29 million from disadvantaged areas and helped these areas sell agricultural products amounting to CNY3.01 million in 2021, facilitating rural vitalisation efforts in these regions.



- “Star Travel with Cloud Products” store in Sanya International Duty-Free Shopping Complex

## Earnest Practice and Experience Sharing – Actively Promoting the Development of the Industry

### Focus on the Hainan Market, Generation Z and Digital Development at the TFWA Asia Pacific Hainan Special Edition Online Event



In June 2021, we were invited to attend the Tax Free World Association (TFWA) Asia Pacific Hainan Special Edition Online Event as a critical partner, where we were tasked with showcasing China's strength in the global travel retail market. In a roundtable discussion themed "Leading the Industry from the Front Lines", Mr. Chen Guoqiang, the general manager of CTG DUTY-FREE, discussed future development prospects and new opportunities in the travel retail market for world-leading duty-free companies and shared his views on the Hainan market, Generation Z, digitalisation, etc.

### Establishing the Special Committee on the Duty-Free Industry under the China Tourism Association and Contributing to the Industry Development



To standardise and innovate the Chinese duty-free industry, the China Tourism Association (CTA) approved the establishment of the Professional Working Committee on the Duty-Free Industry in September 2021. Under the CTA's guidance, CTG DUTY-FREE, as the director of the Committee, has actively aligned the industry with national strategies, regional strategies, and the upstream and downstream segments of the tourism industry while also promoting the "China Service" brand proposed by the CTA, playing a unique role in the tourism industry and overall national economic development; as well as striving to make contributions to the development of the duty-free industry in China.

### Promoting the "China Experience" at The Moodie Davitt Virtual Travel Retail Expo



In October 2021, CTG DUTY-FREE participated in The Moodie Davitt Virtual Travel Retail Expo 2021 as an exclusive strategic partner. We received the "Outstanding Achievement Award" from The Moodie Davitt Expo in recognition of our robust corporate development and services in the global travel retail industry. Mr. Chen Guoqiang, the general manager, delivered a keynote speech titled "New Impetus, New Formats and New Trends" at the opening ceremony of the Expo; he showcased the "China Experience" to partners worldwide and outlined new opportunities for the future development of the travel retail market.



# 1

## Principles of Governance



Corresponding United Nations Sustainable Development Goals

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS



Corporate Governance and Interactive Communication	24
Effective Management with a Clear Focus	26
Trusted and Ethical Business Operations	30





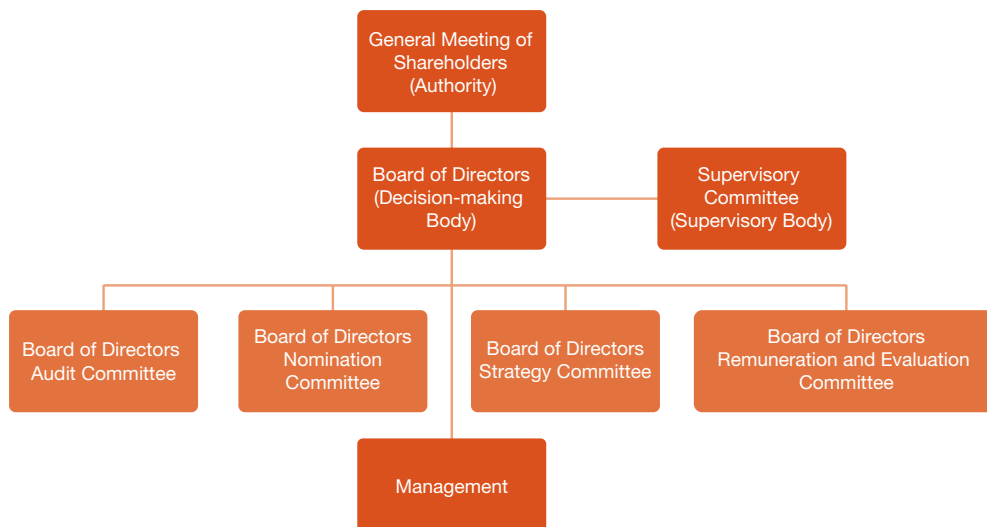
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# Principles of Governance

## Corporate Governance and Interactive Communication

### Corporate Governance

The company has established a governance system consisting of the General Meeting of Shareholders, the Board of Directors, the Supervisory Committee and management with a clear division of authority, responsibilities and regular operations. 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 is responsible for implementing the relevant resolutions of the General Meeting of Shareholders 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 Committee, the Audit 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.



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*. Under this system, the company ensures standardised and effective corporate governance and operation. Following the latest regulatory requirements and the company's actual situation, the company revised 12 documents, including the "Articles of Association", the "Rules of Procedure of the General Meeting of Shareholders", the "Rules of Procedure of the Board of Directors" and the "Information Disclosure Management System" in 2021. The company also formulated the "Management Measures for Delegating the Board of Directors' Authority" to the management level to optimise the delegation of the Board's authority and to raise the standardised and efficient work of the General Meeting of Shareholders, the Board of Directors, the Supervisory Committee and management.

Our company attaches importance to the diversity of Board members, including but not limited to gender, age, race, language, cultural and educational background and industry and professional experience, to further enhance the effective functioning of the Board and maintain a high standard of corporate governance.

### 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 2021, 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 and the Shanghai Stock Exchange (SSE) to effectively protect shareholders' right to know and enhance the effectiveness of our information disclosures. The company has been awarded an A-grade evaluation for information disclosures by the SSE for the past six consecutive years.



Awarded an **A-grade** evaluation for information disclosures by the SSE for the past **SIX** consecutive years

## Investor Relations

In conducting 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. Also, our company 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:



In April 2021, CTG DUTY-FREE convoked its first interactive webcast of 2020 annual performance presentation



In March 2022, "CTG DUTY-FREE Investor Relations" official account and platform launched on WeChat in both Chinese and English version simultaneously

To strengthen the communication and interaction between the company and our investors, we registered an official account on Xueqiu and a public investor relations account and applet on WeChat. In addition, we formed an Investor Relations page on the company's official website. CTG DUTY-FREE delivers the latest information and news to investors through these channels.



# Principles of Governance

## Effective Management with a Clear Focus

### ESG Focus

#### 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 its 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 to prepare for a new stage of development under the direction and goals described in the 14th Five-Year Plan (14th FYP).



#### Adhere to green development principles and advocate for the peak emissions and carbon neutrality goals

Strengthening green building capabilities and implementing “four savings and one conservation”  
 Improving green logistics capabilities to reduce shipping costs  
 Enhancing green warehousing capabilities to make warehousing more intelligent  
 Building green duty-free complexes  
 Promoting green consumption and facilitating the green transformation of consumption

#### Take actions that promote shared development strategies and common prosperity

Stepping up rural vitalisation  
 Boosting regional economic development  
 Improving of income distribution and sharing the fruits of company development

#### Actively participate in public service

Improvement of social welfare  
 Development of public service projects

### ESG Management Framework

- The Board of Directors is the highest decision-making authority for the company’s ESG work.
- The Strategy Committee of the Board is responsible for offering suggestions to the Board on ESG-related decisions and sustainability strategies based on research.
- The company established the ESG Leadership Group, which is responsible for managing and coordinating the ESG-related work. The Group establishes and improves the company’s management system and operating mechanism for ESG-related work. It also formulates the ESG work plans and organically integrates the development strategy, image, brand and operations with ESG concepts. The leader of the Group includes the Chairman and general manager of the company, and other members of the Group include the managers in charge of the company’s relevant departments.
- The company incorporates ESG work into 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, including but not limited to initiatives involving energy conservation and emissions reduction, green office concepts, employee care, employee volunteer activities, and stakeholder communication.



## Communication with Stakeholders

### 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 important 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
 <b>Investors</b>	Improvement of market capitalisation and profitability Protecting shareholders' rights and interests Standardisation corporate governance Accurate information disclosure Smooth investor communication Improvement of ESG performance	Periodic reports and interim 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	Provision of truthful and adequate information disclosure Improvement performance and generate profits Diversified investor communication channels Improvement of ESG practices
 <b>Consumers</b>	Product quality guarantee Improvement of shopping experience Protecting customers' legitimate rights and interests	Communication during service process Diversified after-sales channels Customer satisfaction surveys	Meeting product quality Good service quality Improvement of the process of after-sales service Innovative service practice
 <b>Employees</b>	Guaranteed remuneration Good working environment Improvement of communication mechanisms Equitable career paths	Employment contracts Trade union, General meetings of employee representatives Seminars and condolence visits	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
 <b>Business Partners</b>	Honest, fair, and provision of mutual benefits Maintenance of long-term cooperation Complying with business ethics Promotion of supply chain's sustainable development	Daily business exchanges Business meetings and negotiations Document correspondence Procurement activities Industry forums	Legal perform of contracts and agreements Arrangement for open and fair tendering Open and transparent business principles Collaborations on environmental projects
 <b>Communities</b>	Community engagement and development Public services support Social development concerns	Research via site visit Public service activities Targeted assistance Volunteer services	Actively participation in public services Targeted assistance projects Community development support Advocation of green development
 <b>Government and regulators</b>	Law-abiding compliant operations Undertaking social responsibility Promotion of economic development	Participation in relevant trainings, and conferences Daily communication and information reporting Document notifications Cooperation between government and enterprise	Abiding by laws and policy requirements Required information disclosure Promoting regional economic development Increase of local employment
 <b>Industry associations</b>	Promotion of industry development	Daily communication Document notifications Participation in associations' conferences and activities	Performing duties as an association member Participating in conferences and activities held by industry associations Sharing our experiences with a wide audience

# Principles of Governance

## Materiality Assessment for ESG Issues

### Materiality Assessment Process

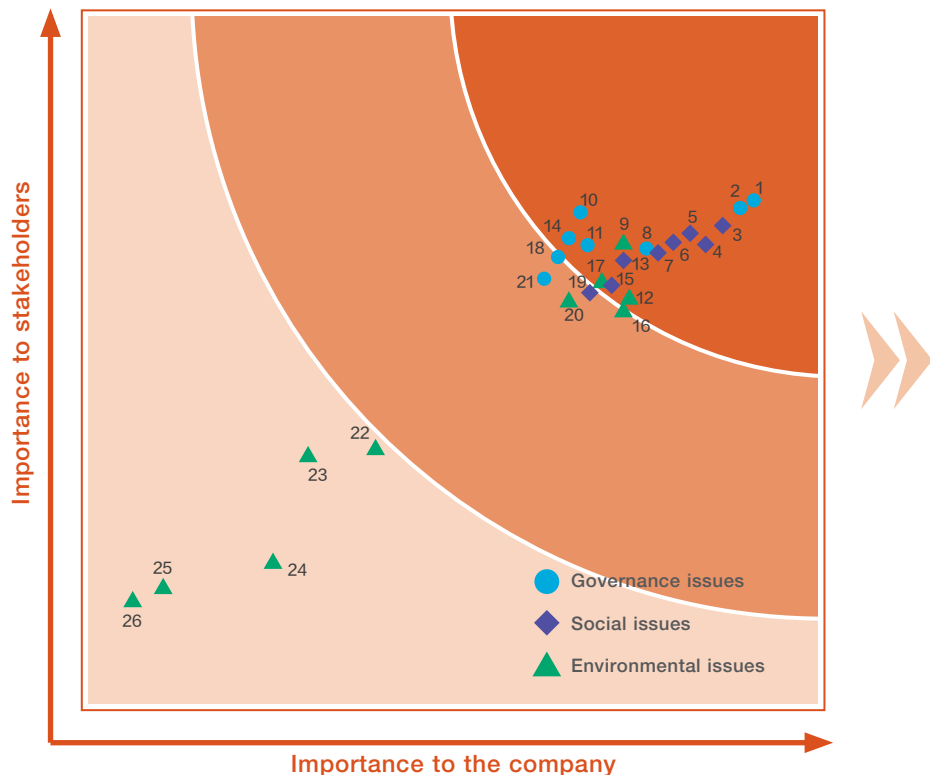
Based on the Global Reporting Initiative (“GRI”) procedures on materiality assessment, the company collects issues of concern to critical stakeholders through questionnaires and interviews. Then, we perform the materiality assessment and rank the results to identify the company’s material environmental, social and governance issues, which are disclosed in the Report.

The materiality assessment process is mainly divided into four steps:

- ▼ **Identify relevant ESG issues:** Sources include domestic and international reporting guidance recommendations, issues disclosed by domestic and international peers, and the company’s actual operations.
- ▼ **Ranking of issues:** The main factors to be considered in the materiality assessment include the impact on the company’s strategy, policies, processes, and commitments; the impact on the company’s competitive advantage and management excellence; the current and future financial impact on the company. Main factors to be considered by stakeholders in the materiality assessment include the impact on the company’s evaluation and decision-making and the impact on stakeholders’ interest.
- ▼ **Verification:** In combination with the company’s strategy and business policy, the company’s management reviews the preliminary evaluation results of material issues. It comprehensively analyses the material issues and priorities that are important to the company and stakeholders.
- ▼ **Review:** After the end of the Reporting Period, the company will organise stakeholders to give feedback on the contents of the Report and prepare for the following Report.

### Materiality Assessment Matrix

CTG DUTY-FREE determines the importance of sustainability issues from two dimensions: the company and stakeholders. Based on an effective selection from the issues database and sufficient stakeholder research, the company has depicted a materiality assessment matrix and finally identified 17 very important issues, 4 important issues and 5 related issues.



No.	Importance	Issues	Response in the Report
1	Very important	Excellent service experience	Trusted and Ethical Business Operations; Excellent Service, High Satisfaction; Comfortable Shopping and Quality Guarantee; Supply Chain Management with Intelligence; Outstanding Achievements in Service Innovation
2	Very important	Customer satisfaction	Excellent Service, High Satisfaction
3	Very important	Health and safety of products	Comfortable Shopping and Quality Guarantee; Supply Chain Management with Intelligence
4	Very important	Employee welfare and satisfaction	Employment Compliance and Rights Protection
5	Very important	Health and safety of employees	Operation Safety and Health Protection
6	Very important	Employee career development and skill upgrading	Talent Growth and Retention
7	Very important	Employee diversity and equal employment	Employment Compliance and Rights Protection
8	Very important	Integrity of operations	Trusted and Ethical Business Operations
9	Very important	Green logistics	Supply Chain Management with Intelligence
10	Very important	Customer privacy protection and information security	Trusted and Ethical Business Operations
11	Very important	Promoting the economic development of the operation region	Promoting Regional Prosperity and Development
12	Very important	Collaborating with brand partners to promote environmental protection	Environmental Initiatives with Brand Impact
13	Very important	Corporate ESG Strategy	Effective Management with a Clear Focus
14	Very important	ESG governance	Effective Management with a Clear Focus
15	Very important	Supply chain management	Supply Chain Management with Intelligence
16	Very important	Green building	Green Building – Creating a Green Future
17	Very important	Green office	Responsible Environmental Management
18	Important	Advertising and responsible marketing	Trusted and Ethical Business Operations
19	Important	Public welfare activities	Assisting Those in Need
20	Important	Environmental management systems and management systems/policies	Responsible Environmental Management
21	Important	Intellectual property protection	Trusted and Ethical Business Operations

# Principles of Governance

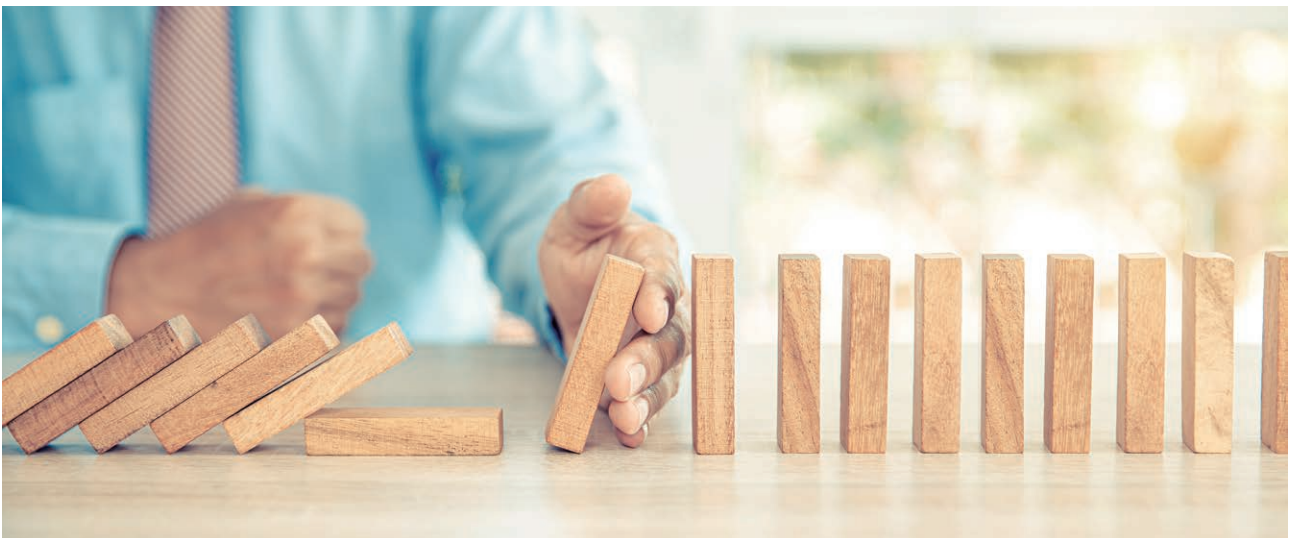
No.	Importance	Issues	Response in the Report
22	Related	Climate risk management	Addressing Climate Change
23	Related	Packaging material management	Responsible Environmental Management
24	Related	Energy management	Responsible Environmental Management
25	Related	Carbon footprint reduction	Addressing Climate Change; Supply Chain Management with Intelligence
26	Related	Waste management	Responsible Environmental Management

## Trusted and Ethical Business Operations

### Business Ethics

#### 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 and mechanism; 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. Simultaneously, our organization developed a risk list, its content relating to strategic planning, investment decisions, information communication and disclosure, technology innovation, industry chain convergence, customer management, human resources, safety, environmental protection, and other areas. Also, our company constructed a risk events library to standardise further the identification criteria and collection templates for risk events. 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 addition, the company is gradually promoting initiatives with more suppliers in the areas of anti-corruption, anti-monopoly, and human rights protection.





## 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. In 2021, the company designed optimised solutions for the risk control system and internal control manual based on corporate internal management needs and external regulatory requirements to improve the management basis of the corporate internal system continuously.

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.

## Anti-corruption



### System and Mechanisms

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 leading group convokes three meetings during the year to analyse and determine how the company has maintained anti-corruption and the corporate political ecosystem and put forward future work arrangements. The coordinating group comprises Disciplinary Inspection, Audit, Inspection, the Party Office, the General Office, Human Resources, Finance, Legal and other departments, which coordinates the supervision of all parties to enhance supervisory effectiveness in accordance with the working rules.



### Reporting Mechanisms

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 whistleblowers, the company’s Disciplinary Inspection Committee enforces the “Rules on the Handling of Whistleblowers’ Reports by Disciplinary Inspection and Supervision Organs” and other regulations giving priority to handling the accusations with a real name and strictly prohibits the revealing of whistleblowers’ information; for anonymous reports and reporting materials, unauthorised checks of the whistleblowers’ information are strictly forbidden.

# Principles of Governance



## Advocacy against Corruption

The company continues cultivating an integrity-based culture to create a stable and law-abiding operating environment. In 2021, the company and its affiliated companies all signed the “Letter of Commitment to Integrity and Compliance” and organised four sessions of educational campaigns at headquarter. Our affiliated companies also regularly organise educational activities to highlight the importance, build an ideological dam against corruption. The company produced one educational video in 2021, and through this innovative form of warning to educate, guide and remind leaders and key position holders to learn from these lessons.



## Dedicated Supervision

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.

## 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

The company attaches 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.

The company 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.

## Responsible Marketing

The company attaches 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.



## Information Security and Privacy 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.

### Client Privacy Protection

In 2021, 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) 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. In 2022, the company will also conduct training and promotional activities on implementing relevant legal provisions and critical content of the *Personal Information Protection Law* that went into effect in November 2021.



We conducted specific training on data security, systematically introducing data security and personal information protection related laws and regulations and companies' data compliance obligations, in March 2021.

### Corporate Information Security

- The company cooperates with leading domestic server providers and installed an extra firewall in addition to the supplier's data firewall 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 each module and each environment in the 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. In addition, staff will be on duty during festivals to ensure the stability of the information system's operations.

# 2

## Prosperity

 Corresponding United Nations Sustainable Development Goals



• Excellent Service, High Satisfaction	36
• Outstanding Achievements in Service Innovation	39
• Comfortable Shopping and Quality Guarantee	41
• Supply Chain Management with Intelligence	41
• Assisting Those in Need	44

cdf 中免集团

中国旅游集团成员  
Member of China Tourism Group



cdf 发现环保之美



# Prosperity

## Excellent Service, High Satisfaction

The company adheres to the “customer-centric” business philosophy, intending to create a first-class service benchmark. We provide a full range of services for consumers in the “pre-shopping, shopping, post-shopping” and “pre-travel, on-travel, post-travel” stages to give them a “happy shopping” experience.

### Service Management System and Training System

The company continues to improve the standard of its service and implement various related tasks in an organised, structured, and effective manner. Our company has developed the “Code of Conduct for Sales Staff” to clarify requirements on customer services, the dress code and 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.

CTG DUTY-FREE also constantly improves its 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 and provide efficient service support.

Case

### “Sunny Mindset, Happy Service” training

On 15 October 2021, to enhance the service consciousness of the frontline employees and improve their professionalism and service quality, Sanya Downtown Duty-Free Store launched a workplace etiquette training themed “Sunny Mindset, Happy Service”. The training session covers image and grooming management, and how to perceive and relieve stress, etc., providing guidance and inspiration to employees.



## Enhancing Service Quality

### Enriching brand categories to meet customer needs

In 2021, our company successfully introduced 12 fragrance brands, 30 apparel, footwear and children's clothing brands, 62 unique products and 26 limited edition products to fully meet the consumer needs of different groups. The newly introduced brands include famous names such as Givenchy, Van Cleef & Arpels, He Fang Jewelry, Dell Alienware and Athens.

### Taking multiple measures to steadily improve service quality

- Optimising the store environment: We changed the music in the store, considering factors such as time of day, festivals, and seasons, and constructed the fragrance in the store.
- Enhancing comprehensive support capacity: We formulated the "Emergency Plan for High Traffic" and refined support work during high traffic hours. We also enlarged the nursing team in the customer service centre to improve capacity when handling unexpected events.
- Convenient offshore duty-free services in Hainan province: We provide postal and back-to-island pick-up services to offer more options for offshore duty-free pick-up. At the end of the Reporting Period, we provided ten pick-up locations across Hainan Island, and the total number of pick-up windows increased to 117.
- Priority services for special visitors: We provide priority services such as priority entry, priority settlement, priority pickup and other services for pregnant females and individuals who have served in the armed forces.

## Case

### Sanya Downtown Duty-Free Store Continues to Offer Quality Services

Shopping malls have boundaries, but services do not. Sanya Downtown Duty-Free Store always cares for consumers' needs. Our company resolves customers' issues during the shopping process and continuously optimises customers' shopping experience.

- We provide customers with electric shuttle bus services to transport visitors from the parking lot to the store, temporary rest benches, complimentary bottled water at the front desk, and drinking fountains at various locations in the mall, among other amenities. We continually strive to improve service facilities to enhance the mall's overall environment.
- We introduce a VIP programme that grants rights and interests to certain customers, such as VIP parking spaces, one-on-one reception, and priority access to the store. We have also developed an exclusive "specific VIP benefits" section in the cdf Membership WeChat applet, which allows specific VIPs to view their VIP benefits, make appointments for membership services and use our services.

- We regularly send holiday-greeting and birthday-greeting text messages to members and specific VIPs to strengthen the connection with customers.
- We also host exclusive activities in a manner welcomed by consumers with prominent brands from time to time. In 2021, we invited customers to participate in activities such as luxury watches and wine party, Watches & Wonder high-end watches exhibition.



Sanya Downtown Duty-Free Store was awarded "2021 Grade A Customer Satisfaction Enterprise for National Market Quality Credit"

## Improving Service Coverage

### Establishing and improving after-sales service channels and listening to and responding to consumer demands.



- Consumers can make enquires and business consulting by calling customer service call centres and customer service centres on online platforms. Our call centres have achieved an answer rate of 95%, and our online customer service centres have achieved a response time of 6 seconds. The online customer service centres also apply artificial intelligence (AI) capabilities to respond quickly to customers' basic business enquiries in a timely and efficient manner.
- The Customer Service Department has set up a feedback group to promptly respond to customer enquiries and complaints from multiple channels.

### Streamlining the process for handling after-sales issues to raise efficiency.



- To safeguard customer rights and interests, our company has unified related standards under the "Management Regulations on After-sales Return and Complaint Approval Authority".
- The company has launched a circulation mechanism for customer complaints, which dispatches customer service tickets and tracks the complaint completion rate to improve processes for handling customer complaints and raise the efficiency of the process for responding and handling complaints.
- We implement the "Detailed Implementation Rules for the Classification of Customer Complaints", so that serious complaints are handled and responded to quickly. A consultation group will be set up to formulate and carry out solutions for common and urgent issues (if any).

### Conducting customer satisfaction surveys and optimising service processes.



- Every year, our company conducts a consumer satisfaction survey. Before we implement phone interviews, we seek customers' permission regarding their willingness to accept the survey through SMS.
- We are planning to develop a quick survey of NPS (Net Promoter Score) and conduct monthly surveys on consumer satisfaction to timely and comprehensively collect feedback from consumers. Using this feedback, we will sort out and summarise problems and work with various business departments to continuously optimise service processes.

From now on, our company will continue to strengthen the service consciousness of all staff, further optimise the service management system, and develop a package of solutions to address service-related issues, focusing on improving the service quality.



## Outstanding Achievements in Service Innovation

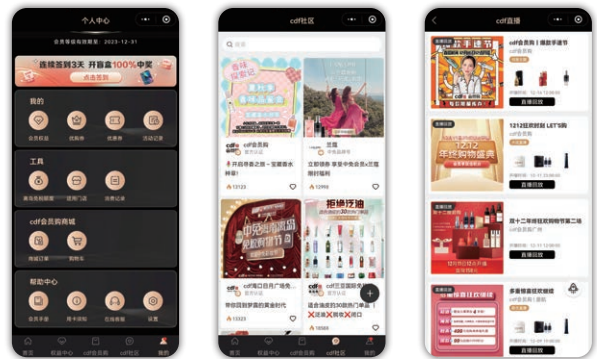
In recent years, the company has actively developed new business and consumption models and quickly expanded its online business to connect online and offline channels and break through the traditional boundaries of travel retail. We created “Digital CTG DUTY-FREE” to diversify our service model and offer a new duty-free shopping experience that is digitally empowered.

### The “cdf Membership” WeChat Applet Boosts Comprehensive Service Capabilities

Based on O2O marketing models, we have developed the “cdf Membership” WeChat applet. This viewership integration platform serves over 20 million members as the company’s new digital value centre. Following several stages of development, the “cdf Membership” WeChat applet combines various functions such as tools, content, marketing, and e-commerce. It also provides an online service port for nearly 200 offline stores and strengthens the company’s comprehensive service capabilities. In 2021, the company continued to integrate its membership system by establishing a platform that blends online and offline capabilities and domestic and overseas capabilities for cdf members. This platform allows rights and interests sharing for members and provides members with upgraded systems, quick channels, airport transfers, high-end salons, and many other exclusive services.

Registered members has exceeded

20 million



The “cdf Membership” WeChat applet

### More ‘Smart Stores’ for New Consumer Experience Trends

The company has vigorously developed ‘Smart Stores’ to support the 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 array of automated and digital tools digitises the entire consumption chain and effectively improves stores’ operational efficiency.



Huge digital screens in the cdf Macao Flagship Store



“Cloud Shopping Duty-Free” in the Haikou Meilan Airport Duty-Free Shop

# Prosperity

## Digital Empowerment and Innovation Lead the New Retail Landscape

The company is gradually launching a digital system to support procurement and replenishment, commodity management, freight information and other business, effectively strengthening the information system for business and consumer services.

The company is promoting the development of an integrated online platform and focusing on developing online business trends in the post-pandemic era to continuously improve its online business service quality.

We are exploring integrated marketing models that combine online and offline channels. To this end, the company organised more than 20 marketing activities across Hainan province in 2021. Our company successfully launched the first cdf Watch Festival, Handbag Festival, and Warm Winter Festival, as well as the Summit Talk and Store-Visit Live Stream (高峰际会•云戒之约), to meet the demand for a diversified consumer experience.



The company organised

**more than 20**

marketing activities across Hainan province

### Case

#### The Summit Talk and Store-visit Live Stream expand the horizon for new retail

On 23 December 2021, Mr. Chen Guoqiang, the General Manager, invited Mr. Yu Minhong, the founder of New Oriental Education & Technology Group Inc., to the Summit Talk and store-visit live stream event at Sanya International Duty-Free Shopping Complex to discuss new horizons in the development of the travel retail market. The total number of online viewers on the 4 platforms exceeded 7 million, which included over 1.46 million viewers on the cdf Membership applet. This successful live stream event represents one of our attempts to explore the latest trends in “private traffic” and new retail.



The total number of online viewers on the 4 platforms exceeded

**7 million**

which included over

**1.46 million**

viewers on the cdf Membership applet



Poster of the “Summit Talk and Store-Visit Live Stream”

## Comfortable Shopping and Quality Guarantee



### Guarding the “Entrance Gate”

The company has formulated the “Procurement Management Measures”, and it strictly implements the procurement approval process. The measures specify provisions on supplier selection methods, selection procedures, assessment methods and tender procurement practices, and we supervise and review the supplier admittance process to control the “Entrance Gate”. Our company has also established a list of qualified suppliers, and we dynamically adjust the list by promptly removing any suppliers involved in irregularities. Also, our company has included compliance performance and requirements in the evaluation process for suppliers.



### Product Quality Guarantee

To ensure product quality, 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.

Regarding food safety, the company has made every effort to build 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 2021, our company conducted “Mystery Customer” quality inspections of best sellers in various categories such as perfume, cosmetics, imported alcohol and food. All goods submitted for assessment had been professionally tested by a third-party testing agency, which met national quality management requirements. Through quality inspections, the company grasp the dynamic status of commodity quality and inspected its warehousing capabilities to ensure product quality.

Our company communicates regularly with suppliers to continually improve our products. We also require suppliers to establish information transmission mechanisms with us to handle occasions when the supplier needs to initiate a product recall procedure due to quality issues. In this way, we can take prompt action to protect the rights and interests of customers if problems arise.

## Supply Chain Management with Intelligence

The company aims to establish a green supply chain to align its operations with the nation’s goal to construct an ecological civilisation. Such a supply chain requires strong capabilities in warehouse and transportation management, as well as the intelligent management of the entire process.

### Intelligent Supply Chain

With recent advances in research and development, innovation and the application of digital technology, China has become a new engine driving the growth of the global digital economy. Supply chain intelligence has always been the company’s development focus. We have not only established an industry-leading supply chain management system; but also actively applied visual and digital support systems to create an intelligent supply chain, promoting industrial digitisation and the development of the digital economy.

#### Visualisation Platform

The company has established a supply chain visualisation platform with a dynamic video surveillance system, which forms an integral part of our monitoring centre for the integrated supervision of the “purchase, sale, and storage” of duty-free commodities. To supervise duty-free goods warehousing, the centre adopts a 360-degree visualised model of “warehouse under closed supervision + electronic information fence + video surveillance” to improve the quality and efficiency of our supply chain management and operations. This intelligent platform assists logistics personnel in obtaining optimal solutions to problems such as logistics routes and delivery priorities, effectively improving the efficiency of the logistics chain and invariably eliminating excess carbon emissions caused by route planning problems in freight transport and delivery.

In 2021, the company refined the visualisation process for the supply chain to gain the information on product delivery in real-time. This process ensures that goods are delivered to customers in a safe, timely and accurate manner, and improves customer service satisfaction.

## Robotic Sorting

The company has promoted robotic sorting in the Sanya E-Commerce warehouse, Sunrise (Shanghai) e-Commerce warehouse and other sites. After receiving an order, the intelligent robot performs a series of built-in logical analyses of inventory location to accurately and quickly locate and deliver products to warehouse employees, who then scan the product code and complete the picking process according to the tips provided by the human-computer interaction workstation panel. The intelligent console intelligently monitors the entire process, which greatly improves picking accuracy and sorting efficiency.



Intelligent robots automatically pick and transport goods in warehouses

Digital supply chains represent the future. Our company has built a digital supply chain system to assist suppliers, manufacturers, and distributors achieve data exchange and supply chain integration. We promote digital management throughout the processes of online procurement, online tracking, and online acceptance in order to provide standardised digital commodity information to upstream and downstream enterprises in the supply chain, comprehensively improve the operational efficiency of enterprises and supply chain partners, and engage in win-win cooperation.

## Green Supply Chain

Climate change is a common issue worldwide, and the increasingly severe impact has brought new challenges to logistics management. The company comprehensively promotes green warehousing and transportation. In doing so, we are creating more environmentally friendly and sustainable supply chains, effectively reducing our carbon footprint, and actively responding to environmental challenges.



## Green Warehousing

Green warehousing is a core component of green supply chains and a critical step in the company's effort to conserve energy and reduce emissions. In 2019, green warehousing was included in the national *Green Industry Guiding Catalogue*. In response to national policies, the company has fully promoted green warehousing to save transportation costs, improve warehousing efficiency and conserve energy.

### Advanced and Rational Warehousing

In 2021, the company combined several previously scattered warehouses to form an integrated warehouse distribution centre and achieve "integrated warehousing", "integrated distribution" and "integrated warehouse management". This integration project has made its warehousing and logistics transportation more effective, allowed for a larger number of goods to be loaded onto each batch of carriers, and optimised the utilisation of carrier capacity. The integrated warehousing and distribution assist the company in avoiding under-utilisation of capacity, improving the efficiency of the logistics chain and reducing emissions. Going forward, our company also plans to locate new warehouses closer to sales locations to further reduce logistics costs and energy use.

### Efficient and Advanced Operating Model

In its daily operations, the company's warehouse distribution centre considers the characteristics of its products and strictly follows relevant requirements around storage, loading and unloading, and handling to reduce damage caused during the storage and handling process and effectively reduce inventory loss. In terms of storage, we strictly abide by the principle of placing similar products near each other, to unified control over storage conditions, energy conservation and efficiency improvement.

### Energy-efficient and Environmentally Friendly Equipment and Facilities

The company's warehouse distribution centre prioritises using energy-efficient, environmentally friendly, and recyclable logistics equipment and facilities. For instance, LED lights are used in indoor lighting to save energy; clean energy tools are vigorously promoted, by replacing traditional fuel forklifts with electric forklifts, to reduce carbon emissions and environmental pollution.

## Green Transportation

*The Development Plan for Comprehensive Transport Services during the 14th Five-year Plan Period* issued by the Ministry of Transport specifies that construction of the green transportation system should be accelerated; corporate use of integrated, efficient, green, and low-carbon freight and logistics systems should be encouraged; and a clean and low-carbon green transportation system should be created to reduce carbon emissions. To act as a role model in this area, the company steadily strives to raise transportation efficiency and reduce the energy consumed in its transportation processes to facilitate the construction of a green transportation system, and we have obtained the TAPA<sup>2</sup> and WCA<sup>3</sup> certifications.



Certificate of Membership by Transported Asset Protection Association (TAPA)



Certificate of Membership by World Cargo Alliance (WCA)

With the support of big data and intelligent route optimisation algorithm technology, the company has rationally arranged transportation routes by sea, land and air to improve logistics efficiency. CTG DUTY-FREE maximises unit carrying capacity, thereby reducing the number of trips, energy consumption, and carbon emission during the transportation process. For long-distance transportation, our company opts to ship by sea with relatively low carbon emissions per unit where possible. For short-distance land transportation, our company strictly regulates the use of vehicles to ensure that they meet the standards for emissions in their operation regions. The company also plans to gradually introduce the use of new energy vehicles to optimise its energy use structure.

<sup>2</sup> TAPA: Transported Asset Protection Association.

<sup>3</sup> WCA: World Cargo Alliance.

# Prosperity

## Assisting Those in Need

### Actively Participating in Public Welfare and Charity Initiatives

Over the past 38 years, CTG DUTY-FREE has always upheld our original beliefs and mission: to serve society with our actions, promote public well-being and act as a responsible central state-owned enterprise.



#### Donating Clothing in Harsh Winters

The company has carried out the "Donating Clothing in Harsh Winters" event for 13 consecutive years. At the late autumn and early winter every year, all employees of the company do their part by donating items, such as winter clothing, cotton-padded shoes, quilts, school bags and other items to children and people in need in the underdeveloped mountainous areas of Seda county, Ganzi Tibetan Autonomous Prefecture, Sichuan province, to give them warm care.

#### Blood Donation Drive in Haitang District

The Sanya Downtown Duty-Free Store worked with the Party and Mass Service Centre in Haitang district and the Sanya Red Cross Society to organise a blood donation drive in Haitang district, and our employees donated 8,600 ml of blood. We also partnered with the Huantai City Hero Volunteer Service Team under the Sanya Municipal Party Committee of the Communist Youth League to donate more than 300 pieces of clothing.



#### Caring for the Elderly and Children

In October 2021, a volunteer team from the Meilan store of Hainan DF went to a nursing home in Yanfeng Town, Meilan, Haikou, to carry out a public welfare activity. The volunteers sent festival blessings, rice, milk powder and other comforting products to the elderly. They chatted with them so the elderly could enjoy a warm and pleasant Double Ninth Festival. This activity reflected the Chinese nation's traditional virtue of filial piety and respect for the elderly and highlighted a new trend of respecting, loving and assisting the elderly.

**Donations for Liangshan to Assist Students Achieve their Dreams**

Since 2018, CDF Investment Development has conducted student assistance activities for students in need in Liangshan, Sichuan province, for four consecutive years. It has actively appealed to its employees for donations to cover the children's school fees. In addition, in 2021, CDF Investment Development procured school supplies and pandemic prevention materials for the students to ease challenges in their daily lives and studies.



亲爱的阿姨：  
您好！  
我是您资助的一名学生，我叫阿拉阿则。我是山沟里的一个希望走出大山改变命运的孩子。一双翅膀，我渴望在知识的海洋里遨游；我渴望在老师的教导下，让自己变得更优秀。是您给了我这个机会，是您给了我这把火，温暖着无数山区的孩子。正是因为有了您这样的人，无数孩子才有了希望。是您让我明白了学习知识的重要性。



**Working Together for Disasters Relief**

In July 2021, the people of Henan province suffered significant property losses due to heavy rainstorms on 20 July. In response, the company took decisive action to fulfil its social responsibilities, donating a total of CNY6 million to the Henan Charity Federation to aid disaster relief and support Henan province's emergency rescue efforts.



**Combating the Pandemic**

Employees of CDFG Hebei, CDFG Wuhan and other affiliated companies, actively volunteered in their local communities to provide voluntary services, including assisting in pandemic prevention publicity and PCR testing, and delivery of daily necessities to residents. In this way, we made a significant contribution to the fight against the pandemic in our communities.

# Prosperity

## ☛ Fulfilling our Overseas Social Responsibility as a Central State-owned Enterprise

As the world's leading travel retail operator, the company not only promotes the globalisation of its business but also fulfils its social responsibilities overseas as a central state-owned enterprise. While actively participating in the construction of the Guangdong-Hong Kong Macau Greater Bay Area ("Greater Bay Area") and "the Belt & Road Initiative", CDF International and CDFG (Cambodia) Limited, the company's affiliated companies, are also working to cultivate love in every acre of soil.

### CDF International Actively Participated in the "Chinese Enterprise Care" Public Welfare Campaign

In 2021, CDF International actively participated in the "Chinese Enterprise Serving the Community" and "Chinese Enterprise Caring for the Community" activity series to practice the concept of "Chinese Enterprise Care on the Same Journey" and demonstrate care to primary-level communities in Hong Kong SAR. In September and October 2021, CDF International's volunteer team carried out volunteer activities in Hung Hom District and Shek Kip Mei District, Hong Kong SAR, which included visiting elderly people, cleaning streets and households, and distributing daily necessities and anti-pandemic materials.



### CDF International's Exclusive Sponsorship of the CSSA Hong Kong College Basketball League

On 30 October 2021, the "CDF International CSSA Hong Kong College Basketball League" was officially launched. This large-scale competition attracted the participation of 11 colleges and universities in Hong Kong SAR, unifying young people and testing their athleticism training. As the exclusive title sponsor, CDF International plans to provide internship and employment opportunities to contestants and college students. In staging this event, we aimed to respond to the national theme of "Promoting National Fitness in the Spirit of the Olympics", demonstrate the youth's power in the construction of the Greater Bay Area and fulfilled our social responsibilities overseas as a central state-owned enterprise.



### CDF International Supports the Employment and Self-development of Young People in Hong Kong SAR

In 2021, the Hong Kong SAR Government and the Hong Kong Chinese Enterprises Association successively launched the "Greater Bay Area Youth Employment Scheme" and the "University Graduates Sailing Plan". CDF International undertakes the social responsibility of encouraging and supporting the employment and self-development of young people in Hong Kong SAR by providing internship and employment opportunities to them, supporting the work of Hong Kong youth associations, and organising Hong Kong's youth to participate in learning and training that promote the care of the country and Hong Kong's public welfare. CDF International is committed to strengthening the cohesion of Hong Kong youth and enhancing exchanges and integration among the youth and associations in the Greater Bay Area. In this way, we are providing opportunities for more young people in Hong Kong SAR to serve and contribute to society.



### CDFG (Cambodia) Limited Supports Anti – pandemic Efforts

In February 2021, when the pandemic broke out in Cambodia, CDFG (Cambodia) Limited referred to China's pandemic prevention experience. It carried out pandemic prevention work quickly in an orderly manner. While protecting the health of its employees and ensuring production safety, CDFG (Cambodia) Limited took various measures to assist Cambodia in combating the pandemic. During this effort, CDFG (Cambodia) Limited strived to uphold the company's "fearless, professional and efficient" corporate culture and avoided layoffs and dismissals. The company's Cambodia subsidiary reduced losses through initiatives such as online sales, product promotion, member maintenance and online employee training to actively carry out self-help operation.

### CDFG (Cambodia) Limited Organises Charity Events for a Children's Home

In response to the local government's call, the Chinese Embassy in Cambodia, and the Chinese Chamber of Commerce, CDFG (Cambodia) Limited, organised and participated in charity donation drives and other public welfare initiatives during the year. On 30 June 2021, CDFG (Cambodia) Limited donated materials to the Khmer Artist for the Children Organisation in the suburbs of Phnom Penh, Cambodia. During the six years since 2016, CDFG (Cambodia) Limited has made 27 regular, targeted donations to this organisation. To recognise CDFG (Cambodia) Limited's contributions over the years, the dean of the Khmer Artist for the Children Organisation presented a dozen of his paintings to CDFG (Cambodia) Limited, which expressed his gratitude to CDFG (Cambodia) Limited, his hope for an early end to the pandemic and his wishes for the long-standing friendship between Cambodia and China. In the second quarter of 2021, CDFG (Cambodia) Limited set up a particular area in the Phnom Penh Duty-Free Store to sell artistic works created by the dean and the children, from which all proceeds received were donated to this organisation.




CDFG (Cambodia) Limited organised activities for the children's home



The dean of the children's home presented paintings to CDFG (Cambodia) Limited

# 3

## People

 Corresponding United Nations Sustainable Development Goals

<b>3</b> GOOD HEALTH AND WELL-BEING 	<b>5</b> GENDER EQUALITY 	<b>8</b> DECENT WORK AND ECONOMIC GROWTH 
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• Employment Compliance and Rights Protection	50
• Talent Growth and Retention	54
• Operation Safety and Health Protection	56

**cdf** 中免集团

中国旅游集团成员  
Member of China Tourism Group

**cdf**

在 **cdf** 发现环保之美



# People

## Employment Compliance and Rights Protection

### 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. 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, and online recruitment platforms. We sign legal labour contracts with employees and fully protect their legitimate rights and interests. Also, we attract high-end talents through public recruitment, headhunters’ recommendations, and other methods, and select the best candidates to target for recruitment. Since 2019, the company has accumulatively recruited 12 top talents<sup>4</sup>.

In our recruitment process, we adopt the principle of selecting candidates based on their abilities. 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.

### Employment Management

In prohibiting the employment of child labour, the company strictly abides by labour laws and regulations and forbids the employment of child labour. In terms of preventing forced labour, the company strictly prohibits restricting employees’ freedoms or forcing employees to work by collecting deposits, detaining documents, or engaging in threats. During the current year, our company did not have any violations of laws and regulations involving child labour or forced labour.

### Resignations Management

The company generally does not voluntarily sever or terminate the labour relation with employees unless exceptional circumstances arise. If it is necessary to terminate or rescind an employee’s labour contract, the company strictly implements the process in accordance with the requirements and procedures of labour laws and regulations. For those who should be given economic compensation according to the law, the compensation shall be issued according to the legal requirements. The company generally does not try to restrict employees’ choice of new jobs. For special cases involving competition restrictions, such restrictions are handled according to the signed agreement. At the end of 2021, 15 employees left the company’s headquarters, representing 2.63% of the total headcount at headquarter.



### Holiday and Working Hours Management

We strictly observe regulatory requirements regarding national statutory holidays, and besides that, employees are entitled to annual leave, maternity leave, marriage leave, blood donation leave and parent-teacher conference leave. According to the company’s situation, we implement two working hour systems: standard and comprehensive working hours (for the frontline employees under special 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.

<sup>4</sup> Refers to middle-level and above managers of the headquarters, and senior executives of key affiliated companies.

## Remuneration Management

The company adheres to market-oriented concepts and has established a performance and remuneration management system based on the “double benchmarking” principle. This system, which aligns with our development and talent strategy, prioritises performance and follows the principles of fairness, positive motivation and sustainable development. We determine appropriate salary levels according to our operations and market benchmarking analysis. We also set the ratios for basic and performance salary based on market practices. In this regard, the company determines the basic salary based on the rank of the position, and the performance salary is linked to the company’s overall performance, the department’s performance and the individual’s performance, resulting in a management mechanism that balances incentives and restraints and enables reasonable remuneration adjustments. In accordance with national and local policies, the company has established and implemented a welfare system in order to make timely and complete payments of social insurance and housing provident funds for employees; and we also offer annuities, supplementary medical care 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.

### Employee Remuneration Protection System under COVID-19

Since 2020, due to the impact of COVID-19, the company’s traditional duty-free channels have been idled most of the time. In the face of the challenges of the pandemic, the company has adopted a series of policies and measures to secure the basic living of employees:



Timely notices on the minimum salary guarantee to secure the basic living of employees



Development of online business and incentive mechanism to supplement employees’ income



Formulation and implementation of the “Management Regulations on Seconded Personnel” to enhance inter-company mobility and labour efficiency

## Democratic Management

The company continues 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 the freedom of association and 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., the company collects 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 interviews and other channels.



# People

## Staff Profile



Total number of employees is

14,720

with a labour contract signing rate of

100%



The number of female employees is

8,268

accounting for 56.17%



The number of ethnic minority employees is

4,176

accounting for 28.37%



The number of foreign employees is

458

accounting for 3.11%

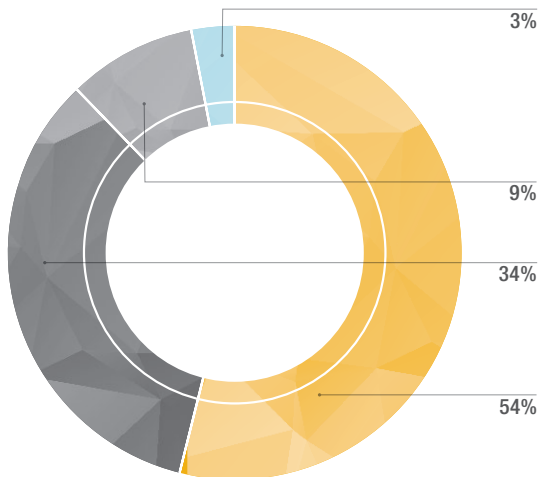


The number of female employees at the management level is

30

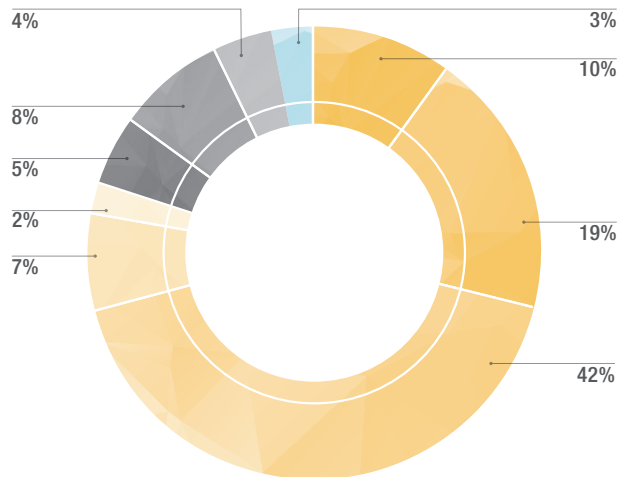
accounting for 40.54%

### Percentage of employees by age (%)



22-29 30-39  
40-49 50-60

### Diverse employee composition



North China East China South China  
Central China Northwest China Southwest China  
Northeast China Hong Kong SAR, Macao and Taiwan Overseas

### Employee Care

Based on the principle of “understanding our people, meeting their needs and addressing their difficulties”, the company continuously strives to care for its employees’ needs. Our company also improves employee’s 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**, the company has 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. We always express our care and send blessing to employees who get married or have babies.



**In terms of employee activities**, in accordance with local pandemic prevention and control policies, we organise various cultural and sports activities as appropriate, and we stage a number of festival activities. Furthermore, we have set up staff reading corners and formed various cultural and sports interest groups to enrich the spiritual lives of employees.



**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, the company provides comfortable nursing rooms in order to protect the privacy and rights of breastfeeding mothers and generally show respect for female employees.



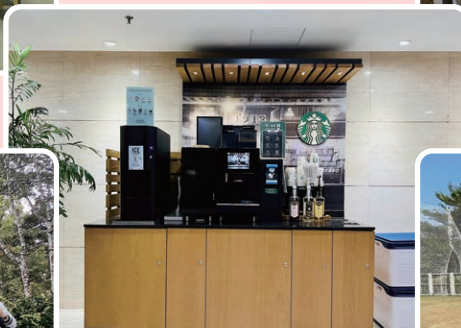
Spring Festival Family Banquet



Employee Library Corner



CTG DUTY-FREE Food Festival



Coffee machines in office area



"Anti-pandemic, Healthy Walking" sports activity



"Tongxin Cup" ball games



"Low Carbon Living, Green Travel" biking activity

# People

## Talent Growth and Retention

The company has established a 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.

### Staff Training

The company regards strategic development as the core goal of the training, and we are committed establishing a sound talent development and training mechanism, promoting talent development, and creating and developing a youth talent pool to enhance our core competitiveness. To this end, our company has formulated the “Implementation Rules for Training Management (Trial)”, 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 orientation 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 July 2021, we organised the “Digitalisation and Business Model Innovation” training programme for managers to assist them in shaping new strategic mindsets from a business model perspective, responding to challenges in a business environment driven by digital and intelligent technology, and enhancing their leadership capabilities.



- In August 2021, we provided orientation training for new joiners, with more than 60 new employees attending online. This training programme provides an in-depth introduction to the duty-free industry and the company’s development history, as well as an overview of our fundamental businesses to assist new joiners in quickly integrating into the company.







- In 2021, the Downtown Channel Management Department launched the “High Potential Talent Development Programme for Downtown Stores”. This programme, which ran for nine months, conducted various courses and case sharing sessions and resulted in the compilation of the “Downtown Store Operations Manual” to strengthen the downtown professions team.

In 2019, we launched the online training platform, “China Duty-Free Academy” to provide employees with abundant online training courses. By integrating online and offline training, we are developing a culture of learning and a healthy learning ecosystem. In 2021, more than 14,000 employees participated in the training, and the total training hours were about 144,000, with 10.2 hours per person. Specifically, the total training hours for management-level personnel exceeded 13,000 hours.

To further improve training quality, the company has also formulated the “Internal Instructor Management Regulations (Trial)”, stipulating the process for the selection, certification and evaluation of internal instructors and course delivery, and specifies the responsibilities and incentive criteria for internal instructors. In 2021, we conducted a three-month internal instructor selection and training programme, which resulted in the appointment of 30 verified internal instructors.



employees participated in the training

more than **14,000**

the total training hours were about

**144,000**

hours per person

**10.2**



China Duty-Free Academy

## Employee Development

Based on employees’ career development needs, the company continuously improves 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, to carry out job value assessments, we have established a ranking system covering all grades and types of positions to better reflect the value of different job positions, personal abilities and qualities, with the goal of better supporting talent management. The company’s ranking system features three divisions: management functions, professional functions and support functions.

Promotions at our company can be divided into annual rank promotions and promotions based on professional reviews, which are undertaken according to the hierarchical management system and job qualification criteria. The company determines the function, level and rank of employees according to their abilities, performance and qualifications. To establish a smooth career path, we allow two-way movement within different positions.

# People

## Operation Safety and Health Protection

### Pandemic Prevention and Control

The company has thoroughly implemented national pandemic prevention and control requirements. We have formulated and issued the “Responsibility Breakdown for the Detailed Measures for Pandemic Prevention and Control”, which clarifies specific measures, work processes and responsible personnel. Each department formulates work plans and contingency plans for normalising of the pandemic in light of their circumstances. The person in charge of each department and each affiliated company is defined as the first responsible person for pandemic prevention and control. We urge employees to strictly adhere to the requirements for pandemic control. All employees are required to sign the Individual Commitment to Pandemic Prevention and Control to enhance their awareness of pandemic-related issues and do their part in preventing and controlling the pandemic.

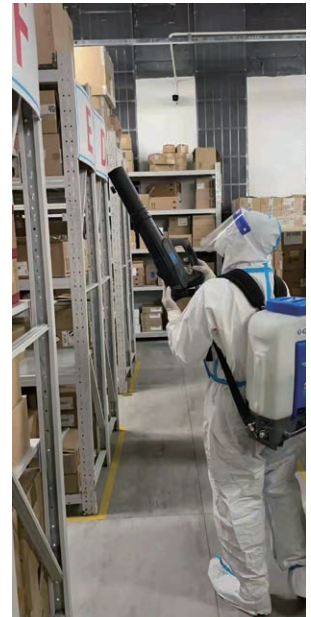
The company strictly requires each unit to implement daily pandemic control management, inspections and sterilisation processes, and these requirements cover all operational sites, including offices, stores, logistics centres and warehouses. Moreover, we spread pandemic prevention knowledge to relevant employees and strengthened the management of third-party partners, such as construction companies and suppliers, to ensure inspections achieve full coverage. In 2021, under the company’s rigorous pandemic prevention management system, zero infections were recorded among our staff in mainland China.



Sterilisation of store perimeter



Disinfection of staff canteen



Disinfection of the warehouse by a professional institution

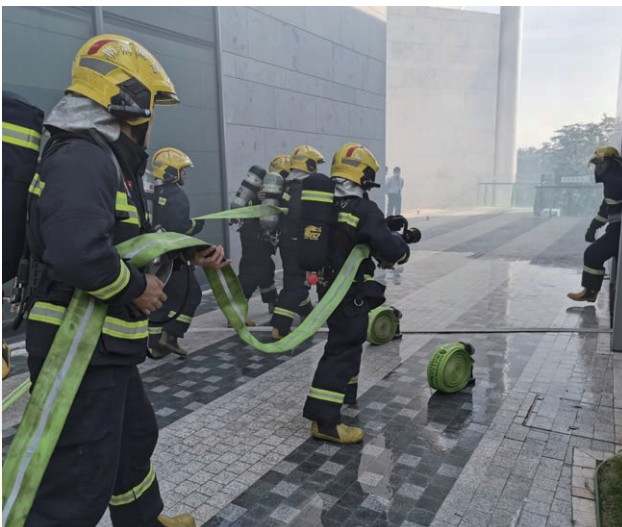
## Physical and Mental Health

### Operation Safety

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”. Each affiliated company has also refined its existing systems based on the company’s management requirements after considering its circumstances.

**In terms of operation safety management**, the company adjusted and optimised the composition and responsibilities of the Safety Committee in 2021. All large stores and projects under construction are assigned full-time safety management personnel as required to ensure workplace safety. Moreover, the company signed the Letter of Commitment to Safe Operation with each affiliated company, which clarifies operation safety management requirements, assessment requirements and the reward and punishment criteria for each unit. The Letter requires each affiliated company to guide and supervise related work to achieve 100% coverage of operation safety responsibilities.

**In terms of emergency management in respect of safety risk**, our company has formulated the “Contingency Plan for Operation Safety Accidents”, among other measures. The company and its affiliated companies earnestly carry out fire evacuation drills and training on the use of fire protection facilities, such as anti-terrorism response, emergency response, guided evacuation, medical rescue, firefighting and rescue, etc. These drills are designed to enhance our employees’ safety skills and emergency response capabilities.



Emergency drills



# People

**In terms of operation safety inspections**, the company and its affiliated companies perform regular inspections, interim checks and special inspections during critical periods. Moreover, we engage external professional institution to carry out irregular safety inspections. The company has refined the requirements for risk identification, evaluation, classification and management, and has specified two lists of potential problems and corresponding policy measures to resolve them. By focusing on rectifying recurring safety hazards, we have improved a dual prevention mechanism that includes safety risk classification management and hidden-danger investigation and governance.

**In terms of the application of technology in safety management**, the company attaches great importance to using advanced safety management technology to improve safety management. For instance, we use facial recognition devices in various projects to achieve real-name people management, and we use drones to inspect construction sites and further enhance daily supervision.

**In terms of safety publicity**, the company requires all new employees to undergo safety training to enhance their safety awareness. We organise affiliated companies to carry out publicity and educational activities on important safety days/periods such as Safe Production Month, the Publicity Week of *Law on the Prevention and Control of Occupational Diseases*, and the 119 Fire Prevention Publicity Day. We also use electronic display screens, WeChat groups, video accounts and other media to continuously roll out safety reminders, public interest advertising, short educational videos, and resulted in great awareness-raising effects.

In 2021, the company and its affiliated companies invested CNY25.33 million in operation safety and organised 1,205 safety training sessions. Moreover, CDF Investment Development organised more than 1,100 training sessions for all parties participating in its construction projects. In 2021, our company did not record any safety accidents and had no work-related injuries or deaths.



the company and its affiliated companies invested

CNY **25.33** million

in operation safety



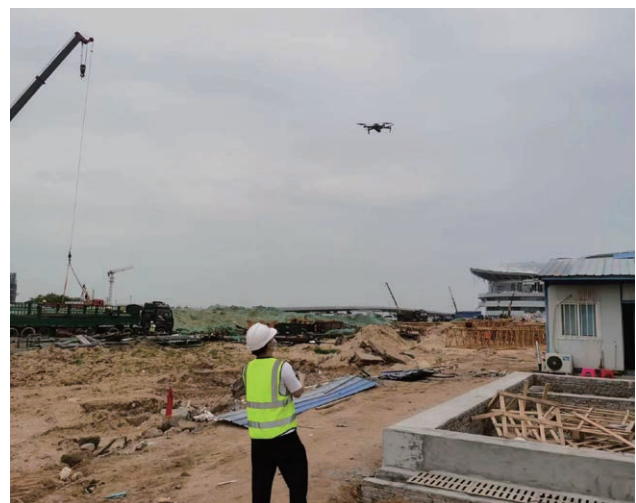
organised

**1,205**

safety training sessions



Real-name secure access for employees



Using drones to inspect the construction site

**In terms of occupational health management**, the company has organised employees to conduct annual medical check-ups and held health-related seminars to enhance health awareness and protect the health of our employees. In addition, we have directed affiliated companies to carry out occupational hazard investigations based on actual business needs, focusing hazards related to noise levels in stores and high temperatures in projects under construction.

	<p>The company has produced training materials to publicise and implement the <i>Law on the Prevention and Control of Occupational Diseases</i>, and we use a combination of online and offline methods to spread awareness of occupational disease prevention and control.</p>
	<p>In 2021, the company held a health talk titled “Women’s Emotional Wisdom in Work and Life” that gave recommendations to female employees on how to adjust psychologically in the face of work and family pressure to improve their mental health and their family’s well-being.</p>
	<p>Hainan DF partnered with the Haikou Red Cross Society and Haikou 120 First Aid Centre to organise talks on first aid topics and training sessions. These seminars assist in improving employees’ ability to protect themselves and others in emergencies and raise their awareness of occupational health and safety.</p>
	<p>A professional organisation was engaged in conducting noise testing for areas that generate noise, such as air-conditioning rooms and diesel generator rooms at Phase 1 and Phase 2 of Sanya International Duty-Free Shopping Complex. The results indicated that the noise levels were below the prescribed limit.</p>
	<p>We have inspected construction companies working at Haikou International Duty-Free Shopping Complex, logistics bases and other under-construction projects to formulate high-temperature protection measures, including avoiding outdoor operations during high-temperature weather and providing workers with heatstroke prevention and cooling materials and medicines.</p>

# 4

## Planet

 Corresponding United Nations Sustainable Development Goals

7 AFFORDABLE AND CLEAN ENERGY



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



Responsible Environmental Management	62
Green Building – Creating a Green Future	65
Addressing Climate Change	70



中免集团  
cdf

在 cdf 发现环保之美



## Responsible Environmental Management

CTG DUTY-FREE has always been committed to the concept of green development. We strictly comply with *Environmental Protection Law* and related laws and regulations, uphold the spirit of government documents on ecological civilisation and environmental protection, and adhere to the requirements of the regions in which we operate. By promoting green offices and engaging in energy management and packaging material management, we are actively taking energy efficient measures, safeguarding natural environment and building a more beautiful China.

In 2021, no major incidents involving energy conservation or environmental protection violations occurred at CTG DUTY-FREE, and the company received no penalties or notifications from environmental protection authorities.

### Energy Management

The company vigorously implements the *Interim Measures for the Supervision and Administration of Energy Conservation and Emission Reduction at Central Enterprises* and other national regulations related to energy conservation and emissions reduction; and we use these documents to establish and improve the company's rules, regulations and responsibility system; set up management functions; and assign full-time and part-time teams to manage energy conservation and environmental protection. In addition, we refer to these regulations when carrying out energy conservation and environmental protection education and training, making a capital investment in energy conservation and environmental protection, and implementing measures to raise our energy and resource utilisation rate to control total energy consumption.

#### Energy Consumption Overview

The company mainly consumes electricity, natural gas, gasoline, and water during its daily operations. Our energy and resource consumption and intensity<sup>5</sup> in 2021 are shown in the table below:

Type	Consumption	Unit
Electricity	25,768.22	MWh
Natural Gas	15,000.00	m <sup>3</sup>
Gasoline	4,500.00	Litre
Comprehensive energy consumption	25,969.87	MWh
Comprehensive energy intensity	0.19	MWh/m <sup>2</sup>
Water consumption	201,739.00	m <sup>3</sup>
Water consumption intensity	1.48	m <sup>3</sup> /m <sup>2</sup>

#### Energy Efficiency Measures

The company adheres to a business philosophy that promotes energy conservation, emissions reduction, and green protection. While continuously expanding our business and pursuing development, we also use a variety of methods to emphasise and encourage energy conservation during our operations. In 2021, the company and its duty-free stores increased publicity on energy conservation and consumption reduction and took measures to raise awareness of energy conservation among our employees and visitors. In addition, during the year, we formulated targeted measures to reduce energy consumption and optimised the company's energy system by strengthening the monitoring of water, electricity, and gasoline consumption in daily operations.

<sup>5</sup> The natural gas and gasoline consumption statistics are limited to the company's headquarter building, and the electricity and water consumption statistics are limited to the company's headquarter building and Sanya International Duty-Free Shopping Complex (As the company's largest self-operated shop, Sanya International Duty-Free Shopping Complex contributes a high proportion of revenue and is sufficiently representative. We will gradually expand the scope of our statistics in the coming years).



## Sanya Downtown Duty-Free Store actively implement energy conservation and consumption reduction

### Electricity Saving

Increased investment in energy-efficient equipment and facilities and engaged in systematic and scientific management of greening and lighting by paving green irrigation channels and installing intelligent time-control equipment.

Reduced the number of lighting fixtures, decreased the area and time of lighting at night, and reduced large areas of night-time lighting as much as possible to reduce power consumption.

We renovated the lighting of logistics warehouses, unloading platforms, equipment rooms and other functional facilities. About 2,500 lamps were replaced with LED lamps. Simultaneously, new stores are required to use LED lamps, saving the company approximately 79,000 kWh of electricity per year.

### Water Saving

Adjusted the volumes of water equipment to reduce water stream volumes, spill, dripping and leakage.

### Gasoline Saving

Regulated the use of vehicles by strictly complying with the "Vehicle Management Regulations". Private use of business vehicles is strictly prohibited. Each vehicle has a designated fuel card for refueling purposes.

## Green Offices

The company continuously promotes green office concepts to reduce resource consumption, lower office costs, promote the concept of energy conservation and encourage recycling and sustainable development.

In 2021, the company took the following actions to implement green office concepts:

#### Electricity efficiency management:

We promote energy-saving renovations of key energy-consuming equipment, gradually eliminate inefficient equipment, reduce unnecessary office electricity consumption, regularly clean air-conditioning systems and take measures to improve the energy efficiency of air-conditioners. In addition, we have established a sound management system for electricity efficiency and related operating procedures.

#### Fuel consumption reduction:

We regulate the use of official vehicles, assign vehicle models based on the headcounts of passengers, and strive to reduce vehicle fuel consumption. We also encourage online meetings and take measures to reduce gasoline consumption on business trips.

#### Paperless office:

We use our office automation (OA) platform to send and receive business documents and reduce the printing of paper documents.

#### Office supplies procurement management:

In January 2021, the company launched the office supplies procurement system to realise online integrated procurement. Using this system, the company centrally controls procurement quantities and amounts of money, which improves procurement efficiency, saves expenses and reduces waste.

#### Solid waste classification:

All waste generated during business operations is disposed of by professional waste management companies to reduce environmental pollution.

#### Raising employees' awareness of conservation:

We posted signs around the office to remind employees to turn off the lights and save water, and we organise publicity campaigns and training sessions on energy conservation and environmental protection.

# Planet

## 📦 Packaging Material Management

Based on the principle of responsible packaging, CTG DUTY-FREE insists on using recyclable and degradable environmentally friendly materials, promoting packaging automation and intelligent upgrades. We are committed to incorporating more green ideas such as single-sheet receipts and slim tapes into the logistics chain. The company has also established a system to recycle waste materials such as packaging materials, cartons, cardboard, and other materials, extend the life cycle of packaging materials and improve the utilisation of resources.

The company also actively explores packaging optimisation solutions for different phases throughout the logistics chain. To avoid unnecessary waste and packaging waste, we require that suppliers deliver their goods directly to each destination to skip unnecessary unpacking. As a result of our efforts, in 2021, the company used approximately 150,000 fewer waste cartons compared to the prior year.

Considering that polyvinyl chloride, the primary material in traditional adhesive tape, takes nearly a hundred years to degrade in nature, we have decided to focus on exploring the use of tape-free cartons during the logistics chain. Tape-free cartons are sealed entirely physically, and they also allow consumers to feel that they are participating in environmental protection initiatives during the unpacking process. By making this change, we hope to spread green consumption among large numbers of consumers.



in 2021, the company used approximately

**150,000 fewer  
waste cartons**



## Green Building – Creating a Green Future

CTG DUTY-FREE is committed to building a consumer space that integrates fashion and environmental protection. We are dedicated to acting as a role model for environmental protection in the travel retail industry. Based on industry-leading green concepts, we have formulated and implemented green solutions based on standards that are stricter than national and industry standards throughout the entire construction cycle of our buildings, and we have achieved impressive results in this regard.

### Green Building Management

#### Green Building Concepts

In the spirit of President Xi Jinping's instructions on ecological civilisation, we are committed to the implementation of the *Green Building Action Plan*. CTG DUTY-FREE actively promotes the development of green buildings with a focus on the conservation of energy, land, water, and material, leading to environmental protection. We follow the international green building certification system, the US LEED certification system and other certification standards in our projects, while also considering local policies and the project's specific characteristics. We aim to maximise resource conservation, environmental protection and pollution reduction throughout the building's life cycle, provide the public with healthy and efficient spaces, and co-exist harmoniously with nature.

#### Green Building Regime

CTG DUTY-FREE has developed a comprehensive green construction process and system for building construction. For construction projects of the company, when organising the preparation of project budgets and bidding documents, management is subject to clear requirements to ensure that the construction of the project is undertaken in a green manner, including measures related to energy efficiency and consumption reduction, dust control, green transportation, occupational health and operation safety. In addition, the builder is required to provide guarantees related to the site, the environment, the construction period and capital, among other areas. We require the construction company to compile a comprehensive particular green construction programme starting from the design stage, and we also require the construction company to establish an effective support system. Furthermore, a supervisory party is responsible for reviewing the green construction programme and supervising the construction process to ensure that green measures are implemented strictly with the relevant national, provincial, and municipal regulations. The supervisory party is required to perform robust and timely inspections during the construction process to ensure that the green construction measures are fully implemented.

#### Green Building Overview

The company integrates the concept of sustainable development into all stages of design, construction, and operations to create quality buildings that adhere to green concepts and green building standards throughout their life cycle. At the end of 2021, the company is planning to build green buildings covering an area of about 1,455,900 square metres. Some of our key projects are as follows:

Project Name	Acquired Certification/Planning Criteria
Haikou International Duty-Free Shopping Complex (Block No.5)	LEED Gold pre-certification
Haikou International Duty-Free Shopping Complex (Block No.1)	Plan to apply for 2-star Green Building certification
Haikou International Duty-Free Shopping Complex (Block No.4 and No.6)	Plan to apply for 2-star Green Building certification
Sanya International Duty-Free Shopping Complex Phase 1 Plot 2 Commercial Project	Plan to apply for 2-star Green Building certification and LEED Gold certification
Sanya International Duty-Free Shopping Complex Phase 1 Plot 2 Hotel Project	Plan to apply for 2-star Green Building certification



### 🏗️ Sanya International Duty-Free Shopping Complex Project

Sanya International Duty-Free Shopping Complex Phase 1 was completed and commenced business operation in 2014, and Phase 2 was completed and commenced business operation in 2020. During the design stage, the project was reasonably planned and designed for effective energy conservation and emissions reduction by considering the local weather, the geographical and topographical environment and the surrounding transportation in Sanya. The project adopted energy-efficient processes during the construction stage, and assembled construction techniques were used to reduce particulate matter and waste disposal at the construction site. During the construction process, new and high-quality building materials that save energy and protect the environment were used, including six types of light-transmitting insulating glass, expanded perlite concrete, environmentally friendly latex paint, low-loss transformers, frequency conversion fans, and water pump equipment.

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%.



Phase 1 has reduced energy use by  
**more than 15%**

Phase 2 has reduced energy use by  
**more than 18%**



## Aspect

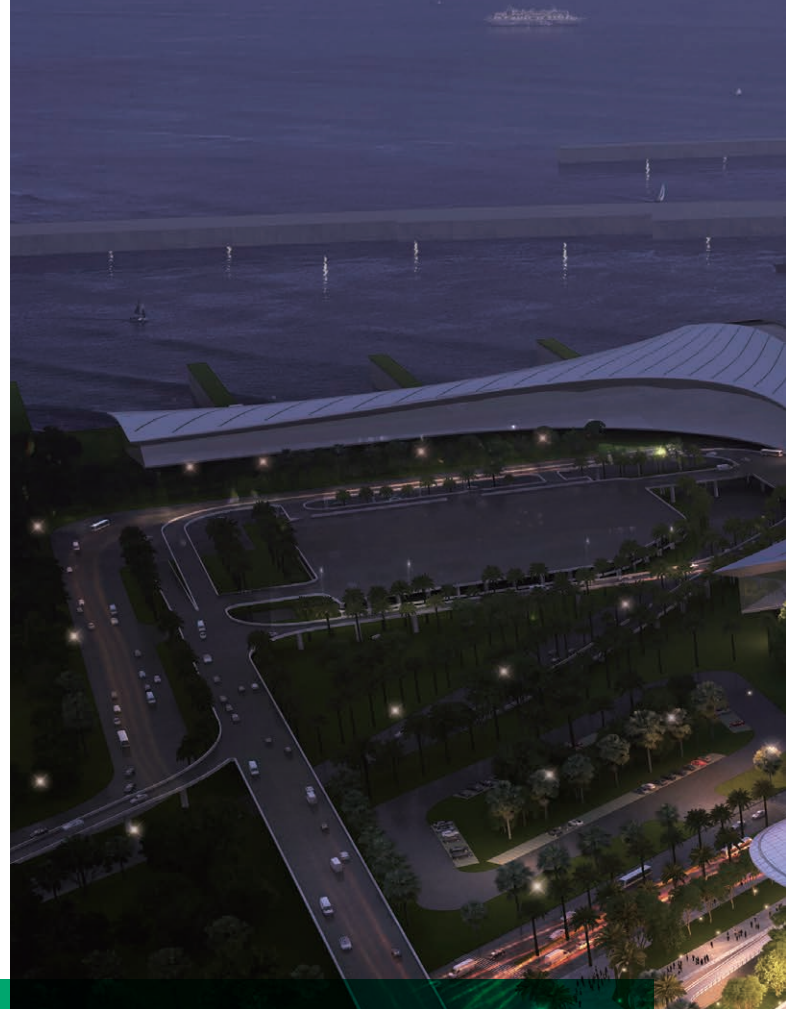
## Low Carbon & Environmental Protection Measures

Energy consumption	<p>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.</p>
	<p>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.</p>
	<p>Intelligent elevator management: The escalators' intelligent speed monitoring capabilities and the elevator group control system reduce power consumption.</p>
	<p>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.</p>
	<p>The building's intelligent lighting considers the time of the day and scenarios to reduce electricity and energy consumption.</p> <p>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>Rainwater storage system and permeable pavement in the building's "sponge city": We have set up rainwater storage tanks to collect rainwater for road flushing and green irrigation. 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.</p>
	<p>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.</p>
	<p>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.</p>
Clean air	<p>The high-efficiency oil fume purifier has been designed to the highest emission standard of 1.0 mg/m<sup>3</sup>, which is stricter than the international standard for environmental protection and emissions. These measures effectively improve the park's air quality.</p>
	<p>The building layout distance between buildings and ventilation placement have been optimised to improve on-site air circulation.</p>
	<p>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>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.</p>

## Haikou International Duty-Free Shopping Complex Project

### Project Overview

Integrating the port, the city and the industry, and relying on the strategic position of Xinhai Port in Haikou City in the construction of the free trade zone, Haikou International Duty-Free Shopping Complex is an integrated tourism retailer of dual focus on “duty-free retail and cultural tourism”, with duty-free business as its foundation. The project as a whole covers a construction site of 485 mu and a total construction area of about 930,000 square metres. It comprises six blocks of land, which will host various industries, including duty-free commercial retail, taxable commercial retail, high-grade offices, high-end hotels and talent communities. The project has been designed to meet multiple functions, including business trips, leisure travel and vacations, daily life, offices, and art exhibitions, and it aims to be the first tourism destination to integrate duty-free business with a culture-oriented leisure experience. Among the enterprises located on the project’s ground, Haikou International Duty-Free Shopping Complex, with a total construction area of about 280,000 square metres, will be located in Block No.5. After it opens, the complex will offer more than 1,000 international well-known duty-free brands, as well as various cultural, art, entertainment and restaurant offerings as the world’s largest single duty-free store.



### Green Design Standards

Based on the international and domestic green standards, Haikou International Duty-Free Shopping Complex has integrated environmental protection, energy efficiency and green concepts into its planning and design; and the concept of sustainability will be conveyed by the complex both visually and practically. BIM<sup>6</sup> 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. Haikou International Duty-Free Shopping Complex will meet leading international standards related to energy consumption, indoor air quality, and ecosystem and environmental protection and has fulfilled the requirements of LEED Gold.



### Green and Energy-Saving Measures

<b>Reducing the heat island effect</b>	<b>High efficiency water-saving appliances</b>	<b>Rainwater recycling</b>	<b>Energy efficiency optimisation</b>	<b>High efficiency air treatment</b>	<b>Enhanced commissioning</b>	<b>Full life cycle assessment</b>
<p>The project reduces ground parking spaces, uses light-coloured paving materials, and uses light-coloured materials or highly reflective coatings for roofing materials as much as possible.</p>	<p>The project uses all Grade I sanitary ware to achieve high-efficiency water savings, and the cooling tower’s water flow rate meets LEED requirements.</p>	<p>All on-site rainwater will be collected, treated, and reused for greening irrigation and road washing to save fresh water.</p>	<p>A comprehensive energy consumption simulation has been conducted based on the design of the project envelope and the HVAC system, the equipment’s energy efficiency and the indoor lighting power intensity. According to the simulation’s calculations, the designed building will reduce costs by 16.5% annually compared to the ASHRAE benchmark building.</p>	<p>The project adopts G4+F7 medium – and high-efficiency filtration devices to guarantee indoor air quality. In addition to basic ventilation, the volume of fresh air will be increased by 30% to avoid insufficient fresh air when there are many people in the building.</p>	<p>In addition to basic commissioning, the project will also ensure that an efficient operational strategy is maintained for the energy consumption system and that timely support is provided for operations through functional testing and problem documentation of HVAC, the HVAC control system and the lighting system.</p>	<p>The project has conducted a full life cycle assessment (LCA) of the new building to calculate the percentage reduction in various environmental impact indicators of the new building compared to the benchmark building.</p>

6 BIM: Building Information Modelling



### Green Construction Management

A complete scheme for green building construction has been prepared for this project, including measures to prevent pollution from construction activities, recycle construction waste, procure recycled and recyclable materials, implement indoor air quality management during construction, and adopt environment-friendly decoration materials. In this project, the developers are using various technologies to protect the surrounding environment, such as bare soil coverage, site watering and dust reduction, and washing vehicles' tyres before they leave the construction site to prevent dust pollution; 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.

### Green Operations Management

When it commences operations, Haikou International Duty-Free Shopping Complex will be able to leverage preliminary and enhanced commissioning to comprehensively verify its performance, including its building data, HVAC system, lighting and natural lighting systems, internal domestic water and electricity system and renewable energy system. In this way, the complex will be able to ensure that its operations achieve their targets. In addition, the project will ensure safe and efficient operations at all times and meet green building operating standards through intelligent property service measures such as centralised control of building information, building equipment and regular maintenance.

### Building a Low-carbon Eco-tourism Destination

The Haikou International Duty-Free Shopping Complex project follows the concepts of innovative, coordinated, green, open and inclusive development that was described in the 14th Five-Year Plan. To this end, the project aims to actively respond to national and global carbon-neutral targets, 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.

## Addressing Climate Change

Climate change is having a broad and far-reaching impact on the world. As a responsible company, we are acting quickly to analyse the potential challenges and opportunities that climate change may bring, and we are working to respond effectively to the impact of climate change on the company by continuously reducing the carbon footprint of our operations.

### Proactively Responding to Climate Change

In 2021, we referred to the TCFD (Task Force on Climate-Related Financial Disclosures) framework to identify risks related to CTG DUTY-FREE's operations. On this basis, we formulated policies and strategies that should be adopted in response to climate change in the future.

Category	Risks	Opportunities
Physical risks	<p><b>Acute</b></p> <p>A series of risks arising from the sudden occurrence of extreme climate or weather events, such as typhoons, that will result in a decrease in tourists, product transportation disruptions, and closure of duty-free stores, ultimately causing business instability and cost increases.</p> <p>Extreme climate or weather events are likely to cause damage to the duty-free stores' equipment and employee safety incidents, giving rise to additional adverse impacts.</p>	<p>By strengthening the prevention and control of extreme weather risks, promoting energy conservation and emissions reduction, formulating emergency plans for extreme weather and transforming and upgrading online businesses, we have been able to enhance the company's resilience to acute and chronic risks:</p> <ul style="list-style-type: none"> <li>We actively strengthen the prevention and control of extreme weather risks: formulating emergency plans, organising emergency training and drills, procuring emergency supplies in advance, keeping alert to safety prevention and emergency duty, building a meteorological information exchange mechanism with third-party logistics companies and closely collaborating with them to minimise losses caused by extreme weather.</li> <li>We continuously promote energy efficiency and consumption reduction projects during operations to reduce costs while saving energy to cope with possible risks.</li> <li>We promote the development of online business. The company transformed and upgraded its online business to minimise the negative impact that climate risks may have on offline business operations.</li> </ul>
	<p><b>Chronic</b></p> <p>Chronic physical risks refer to longer-term shifts in climate patterns (e.g. sustained higher temperatures) that increase in the operation costs reflected in the raising demand for cooling in the summer, energy consumption and equipment maintenance and repair costs.</p>	
Transition risks	<p><b>Policy and legal risks</b></p> <p>As relevant policies continue to evolve, regulators will take stricter measures to limit GHG emissions and strengthen GHG emissions disclosure requirements. Relevant policies and regulations could possibly be associated with higher costs in the future. Besides, it is likely to have a risk of being prosecuted or subject to fines and financial losses due to non-compliance with relevant climate-related policies or laws.</p>	<ul style="list-style-type: none"> <li>The company is developing the <i>Work Plan for Implementing the Spirit of President Xi Jinping's Important Speech on the Construction of an Ecological Civilisation and "Carbon Peaking and Carbon Neutrality"</i>. In addition, we are steadfastly promoting the construction of an ecological civilisation as we work to build a world-class green travel retailer and pursue high-quality green development.</li> <li>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.</li> <li>The company continuously strengthens its information technology capabilities with the goal of building a digital CTG DUTY-FREE that operates with green, digital, and intelligent logistics and supply chains.</li> <li>We have established a smooth mechanism for communicating with consumers, which allows us to understand their demands and preferences in a timely manner and meet their needs for environmentally friendly products.</li> <li>The company has established mechanisms for communicating with various stakeholders so that we can respond to their concerns in multiple ways. We are also using these communication channels to continuously improve the quality of the company's ESG disclosure and raise relevant ratings.</li> </ul>
	<p><b>Technology risk</b></p> <p>During the transition towards lower carbon operations and greater environmental protection, investments in new technologies may increase due to the operational maintenance of online business and the intelligent warehousing logistics.</p>	
	<p><b>Market risk</b></p> <p>Under the guidance of policies and markets, 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.</p>	
	<p><b>Reputation risk</b></p> <p>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.</p>	



## Greenhouse Gas Emissions Management



the company's total greenhouse gas emissions were

# 15,014.06 t

CO<sub>2</sub>e

To actively respond to the national “carbon peak and carbon neutrality”, we have implemented a series of energy-saving and consumption reduction measures to decrease GHG emissions. For details, please refer to Responsible Environmental Management. In 2021, the company's total greenhouse gas emissions<sup>7</sup> were 15,014.06 tCO<sub>2</sub>e<sup>8</sup>, with an emission intensity of 0.11 tCO<sub>2</sub>e/m<sup>2</sup>; of which, direct greenhouse gas emissions (Scope 1 emissions) were 42.72 tCO<sub>2</sub>e and indirect greenhouse gas emissions (Scope 2 emissions) were 14,971.33 tCO<sub>2</sub>e. Meanwhile, the company actively promotes green buildings to reduce greenhouse gas emissions from its operations. For details, please refer to Green Building – Creating a Green Future.

The company is also actively exploring new initiatives to promote low-carbon development by installing photovoltaic power generation equipment on the roofs of some of its subsidiaries and warehouses where such building is available. The electricity generated not only satisfies the need of the relevant subsidiaries but also provides clean energy to other companies in the vicinity.



<sup>7</sup> Greenhouse gas emissions calculation method:

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

Indirect GHG emissions: The company's purchased electricity consumption multiplied by the corresponding emission factor which are determined with reference to the Ministry of Ecology and Environment's Notice on Key Work Related to the Management of Enterprise Greenhouse Gas Emissions Reporting in 2022.

Total GHG emissions: The sum of direct GHG emissions and indirect GHG emissions.

<sup>8</sup> The greenhouse gas emission statistics is limited to our headquarters building and Sanya International Duty-Free Shopping Complex.

# 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 2021 to 31 December 2021
China Tourism Group	refers to	China Tourism Group Co., Ltd.
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 (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.
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
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

Term		Definition
<i>Securities Law</i>	refers to	The <i>Securities Law of the People's Republic of China</i>
<i>Anti-money Laundering Law</i>	refers to	The <i>Anti-money Laundering Law of the People's Republic of China</i>
<i>Advertising Law</i>	refers to	The <i>Advertising Law of the People's Republic of China</i>
<i>Cybersecurity Law</i>	refers to	The <i>Cybersecurity Law of the People's Republic of China</i>
<i>Personal Information Protection Law</i>	refers to	The <i>Personal Information Protection Law of the People's Republic of China</i>
<i>Labour Law</i>	refers to	The <i>Labour Law of the People's Republic of China</i>
<i>Labour Contract Law</i>	refers to	The <i>Labour Contract Law of the People's Republic of China</i>
<i>Trade Union Law</i>	refers to	The <i>Trade Union Law of the People's Republic of China</i>
<i>Work Safety Law</i>	refers to	The <i>Work Safety Law of the People's Republic of China</i>
<i>Law on the Prevention &amp; Control of Occupational Diseases</i>	refers to	The <i>Law of People's Republic of China on the Prevention &amp; Control of Occupational Diseases</i>
<i>Environmental Protection Law</i>	refers to	The <i>Environmental Protection Law of the People's Republic of China</i>

# Appendix

## Index

Issues	GRI Standards	Disclosures	Guidelines of SSE	Guidance of the State Council	ESG Reporting Guidelines of HKEx	The Ten Principles of the UN Global Compact	UN SDGs	Relevant section/paragraph
General Disclosures								
Organizational profile	102-1	Name of the organization						About this Report
	102-2	Activities, brands, products, and services						About the Company
	102-3	Location of headquarters						About this Report
	102-4	Location of operations						About the Company
	102-5	Ownership and legal form						About the Company
	102-6	Markets served						About the Company
	102-7	Scale of the organization						About the Company
	102-8	Information on employees and other workers			B1.1			Employment Compliance and Rights Protection
	102-9	Supply chain						Supply Chain Management with Intelligence
	102-10	Significant changes to the organization and its supply chain						No significant changes
	102-11	Precautionary Principle or approach						Trusted and Ethical Business Operations
	102-12	External initiatives						Trusted and Ethical Business Operations
	102-13	Membership of associations						Based on the materiality assessment and is not reflected in this Report
Strategy	102-14	Statement from senior decision-maker						Letter from the Chairman
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	8.1, 8.3					About the Company
Governance	102-18	Governance structure	8.7					Effective Management with a Clear Focus
	102-19	Delegating authority						Effective Management with a Clear Focus
	102-20	Executive-level responsibility for economic, environmental, and social topics						Effective Management with a Clear Focus
	102-28	Evaluating the highest governance body's performance						Social Responsibility Performance Overview

Issues	GRI Standards	Disclosures	Guidelines of SSE	Guidance of the State Council	ESG Reporting Guidelines of HKEx	The Ten Principles of the UN Global Compact	UN SDGs	Relevant section/ paragraph
Stakeholder engagement	102-40	List of stakeholder groups						Effective Management with a Clear Focus
	102-41	Collective bargaining agreements						Employment Compliance and Rights Protection
	102-42	Identifying and selecting stakeholders						Effective Management with a Clear Focus
	102-43	Approach to stakeholder engagement						Effective Management with a Clear Focus
	102-44	Key topics and concerns raised						Effective Management with a Clear Focus
Reporting practice	102-45	Entities included in the consolidated financial statements						About this Report
	102-46	Defining report content and topic boundaries						About this Report
	102-47	List of material topics						Effective Management with a Clear Focus
	102-48	Restatements of information						Not applicable
	102-49	Changes in reporting						No changes
	102-50	Reporting period						About this Report
	102-51	Date of most recent report (If Applicable)						Not applicable
	102-52	Reporting cycle						About this Report
	102-53	Contact point for questions regarding the report						About this Report
	102-54	Claims of reporting in accordance with the GRI Standards						About this Report
	102-55	GRI content index						Index
102-56	External assurance						Continuous improvement	

# Appendix

Issues	GRI Standards	Disclosures	Guidelines of SSE	Guidance of the State Council	ESG Reporting Guidelines of HKEx	The Ten Principles of the UN Global Compact	UN SDGs	Relevant section/ paragraph
Material Topics								
1. Economic Topics								
Anti-corruption	103-1	Explanation of the material topic and its Boundary	8.2	(Eight)	B7	Principle 10		Effective Management with a Clear Focus
	103-2	The management approach and its components						Trusted and Ethical Business Operations
	103-3	Evaluation of the management approach						Trusted and Ethical Business Operations
	205-3	Confirmed incidents of corruption and actions taken						Trusted and Ethical Business Operations
Anti-competitive Behavior	103-1	Explanation of the material topic and its Boundary			B7			Effective Management with a Clear Focus
	103-2	The management approach and its components						Trusted and Ethical Business Operations
	103-3	Evaluation of the management approach						Trusted and Ethical Business Operations
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices						Trusted and Ethical Business Operations

Issues	GRI Standards	Disclosures	Guidelines of SSE	Guidance of the State Council	ESG Reporting Guidelines of HKEx	The Ten Principles of the UN Global Compact	UN SDGs	Relevant section/ paragraph
2. Environmental Topics								
Materials	103-1	Explanation of the material topic and its Boundary	8.3, 8.6, 8.8, 8.9, 8.10, 8.11, 8.12	(Eleven)	A2	Principle 7 Principle 8 Principle 9		Effective Management with a Clear Focus
	103-2	The management approach and its components						Responsible Environmental Management
	103-3	Evaluation of the management approach						Responsible Environmental Management
	301-1	Materials used by weight or volume						Responsible Environmental Management
Energy	103-1	Explanation of the material topic and its Boundary			A2		SDG 7	Effective Management with a Clear Focus
	103-2	The management approach and its components						Responsible Environmental Management
	103-3	Evaluation of the management approach						Responsible Environmental Management
	302-1	Energy consumption within the organization						Responsible Environmental Management
	302-4	Reduction of energy consumption						Responsible Environmental Management
Water and Effluents	103-1	Explanation of the material topic and its Boundary			A2			Effective Management with a Clear Focus
	103-2	The management approach and its components						Responsible Environmental Management
	103-3	Evaluation of the management approach						Responsible Environmental Management
	303-2	Management of water discharge-related impacts						Responsible Environmental Management
	303-5	Water consumption						Responsible Environmental Management
Emissions	103-1	Explanation of the material topic and its Boundary			A1		SDG 13	Effective Management with a Clear Focus
								Addressing Climate Change
	103-3	Evaluation of the management approach						Addressing Climate Change
	305-1	Direct (Scope 1) GHG emissions						Addressing Climate Change
	305-2	Energy indirect (Scope 2) GHG emissions						Addressing Climate Change
	305-4	GHG emissions intensity						Addressing Climate Change
	305-5	Reduction of GHG emissions	Addressing Climate Change					
Waste	103-1	Explanation of the material topic and its Boundary	A1		Effective Management with a Clear Focus			
	103-2	The management approach and its components			Responsible Environmental Management			
	103-3	Evaluation of the management approach			Responsible Environmental Management			
	306-1	Waste generation and significant waste-related impacts			Responsible Environmental Management			
	306-2	Management of significant waste-related impacts			Responsible Environmental Management			

# Appendix

Issues	GRI Standards	Disclosures	Guidelines of SSE	Guidance of the State Council	ESG Reporting Guidelines of HKEx	The Ten Principles of the UN Global Compact	UN SDGs	Relevant section/paragraph
Environmental Compliance	103-1	Explanation of the material topic and its Boundary			A3			Effective Management with a Clear Focus
	103-2	The management approach and its components						Responsible Environmental Management
	103-3	Evaluation of the management approach						Responsible Environmental Management
	307-1	Non-compliance with environmental laws and regulations						Responsible Environmental Management
Supplier Environmental Assessment	103-1	Explanation of the material topic and its Boundary					SDG 17	Effective Management with a Clear Focus
	103-2	The management approach and its components						Comfortable Shopping and Quality Guarantee Supply Chain Management with Intelligence
	103-3	Evaluation of the management approach						Comfortable Shopping and Quality Guarantee Supply Chain Management with Intelligence
	308-1	New suppliers that were screened using environmental criteria						Comfortable Shopping and Quality Guarantee Supply Chain Management with Intelligence
3. Social Topics								
Employment	103-1	Explanation of the material topic and its Boundary		(Fourteen)	B1		SDG 8	Effective Management with a Clear Focus
	103-2	The management approach and its components						Employment Compliance and Rights Protection
	103-3	Evaluation of the management approach						Employment Compliance and Rights Protection
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees						Employment Compliance and Rights Protection
Occupational Health and Safety	103-1	Explanation of the material topic and its Boundary	8.3, 8.6, 8.13, 8.14, 8.15		B2		SDG 3	Effective Management with a Clear Focus
	103-2	The management approach and its components						Operation Safety and Health Protection
	103-3	Evaluation of the management approach						Operation Safety and Health Protection
	403-1	Occupational health and safety management system						Operation Safety and Health Protection
	403-2	Hazard identification, risk assessment, and incident investigation						Operation Safety and Health Protection
	403-5	Worker training on occupational health and safety						Operation Safety and Health Protection
	403-6	Promotion of worker health						Operation Safety and Health Protection
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships						Operation Safety and Health Protection
	403-9	Work-related injuries						Operation Safety and Health Protection
	403-10	Work-related ill health						Operation Safety and Health Protection
Training and Education	103-1	Explanation of the material topic and its Boundary			B3		SDG 4	Effective Management with a Clear Focus
	103-2	The management approach and its components						Talent Growth and Retention
	103-3	Evaluation of the management approach						Talent Growth and Retention
	404-1	Average hours of training per year per employee						Talent Growth and Retention



Issues	GRI Standards	Disclosures	Guidelines of SSE	Guidance of the State Council	ESG Reporting Guidelines of HKEx	The Ten Principles of the UN Global Compact	UN SDGs	Relevant section/paragraph
Diversity and Equal Opportunity	103-1	Explanation of the material topic and its Boundary			B1	Principle 1 Principle 2 Principle 6	SDG 5 SDG 10 SDG 16	Effective Management with a Clear Focus
	103-2	The management approach and its components						Employment Compliance and Rights Protection
	103-3	Evaluation of the management approach						Employment Compliance and Rights Protection
	405-1	Diversity of governance bodies and employees						Employment Compliance and Rights Protection
Child Labour	103-1	Explanation of the material topic and its Boundary			B4	Principle 4 Principle 5		Effective Management with a Clear Focus
	103-2	The management approach and its components						Employment Compliance and Rights Protection
	103-3	Evaluation of the management approach						Employment Compliance and Rights Protection
	408-1	operations and suppliers at significant risk for incidents of child labour						Employment Compliance and Rights Protection
Forced or Compulsory Labour	103-1	Explanation of the material topic and its Boundary			B4			Effective Management with a Clear Focus
	103-2	The management approach and its components						Employment Compliance and Rights Protection
	103-3	Evaluation of the management approach						Employment Compliance and Rights Protection
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour						Employment Compliance and Rights Protection
Local Communities	103-1	Explanation of the material topic and its Boundary	8.4		B8		SDG 1 SDG 2 SDG 11	Effective Management with a Clear Focus
	103-2	The management approach and its components						Promoting Regional Prosperity and Development
	103-3	Evaluation of the management approach						Promoting Regional Prosperity and Development
	413-1	Operations with local community engagement, impact assessments, and development programs						Promoting Regional Prosperity and Development
Supplier Social Assessment	103-1	Explanation of the material topic and its Boundary				SDG 17		Effective Management with a Clear Focus
	103-2	The management approach and its components			Supply Chain Management with Intelligence			
	103-3	Evaluation of the management approach			Supply Chain Management with Intelligence			
	414-1	New suppliers that were screened using social criteria			Supply Chain Management with Intelligence			

# Appendix

Issues	GRI Standards	Disclosures	Guidelines of SSE	Guidance of the State Council	ESG Reporting Guidelines of HKEx	The Ten Principles of the UN Global Compact	UN SDGs	Relevant section/paragraph
Customer Health and Safety	103-1	Explanation of the material topic and its Boundary			B6		SDG 12	Effective Management with a Clear Focus
	103-2	The management approach and its components						Excellent Service, High Satisfaction Outstanding Achievements in Service Innovation Comfortable Shopping and Quality Guarantee
	103-3	Evaluation of the management approach		(Ten)				Excellent Service, High Satisfaction Outstanding Achievements in Service Innovation Comfortable Shopping and Quality Guarantee
	416-1	Assessment of the health and safety impacts of product and service categories						Excellent Service, High Satisfaction Outstanding Achievements in Service Innovation Comfortable Shopping and Quality Guarantee
Marketing and Labeling	103-1	Explanation of the material topic and its Boundary			B6			Effective Management with a Clear Focus
	103-2	The management approach and its components				Trusted and Ethical Business Operations		
	103-3	Evaluation of the management approach				Trusted and Ethical Business Operations		
	417-1	Requirements for product and service information and labeling				Trusted and Ethical Business Operations		
Customer Privacy	103-1	Explanation of the material topic and its Boundary			B6			Effective Management with a Clear Focus
	103-2	The management approach and its components				Trusted and Ethical Business Operations		
	103-3	Evaluation of the management approach				Trusted and Ethical Business Operations		
Socioeconomic Compliance	103-1	Explanation of the material topic and its Boundary						Effective Management with a Clear Focus
	103-2	The management approach and its components						Trusted and Ethical Business Operations
	103-3	Evaluation of the management approach						Trusted and Ethical Business Operations

# Feedback from Readers

To our readers:

Thank you very much for taking the time to read this Report. To improve the company's sustainable development management and social responsibility information disclosure, we particularly hope to hear your valuable comments and suggestions. Please fill out the feedback form below. You may send us your feedback using any of the following methods.

Email: cdfir@ctg.cn

Address: Building A, Zhengdong International Mansion, No. A 2-1, Dongzhimenwai Xiaojie Road, Dongcheng District, Beijing

1. Which stakeholder category of CTG DUTY-FREE do you belong to?

- Government and regulators  Investors  Communities  
 Employees  Consumers  Business Partners  
 Industry Associations  Others

2. What is your overall evaluation of this Report?

- Excellent  Good  Average  Poor  Very Poor

3. What do you think about the quality of ESG information disclosed in this Report?

- Very High  High  Average  Low  Very Low

4. What do you think about the structure of this Report?

- Excellent  Good  Average  Poor  Very Poor

5. What do you think about the readability of this Report?

- Excellent  Good  Average  Poor  Very Poor

6. Which part of this Report are you most interested in?

- Principles of Governance  Prosperity  People  
 Planet  Topic 1 Environmental Initiatives with Brand Impacts  
 Topic 2 Promoting Regional Prosperity and Development

7. Your comments and suggestions on the company's ESG performance:

8. Your comments and suggestions on the company's ESG report preparation:

**If convenient, please provide your contact details:**

Name: \_\_\_\_\_ Occupation: \_\_\_\_\_ Company: \_\_\_\_\_

Postal code: \_\_\_\_\_ E-mail: \_\_\_\_\_ Contact number: \_\_\_\_\_

Contact address: \_\_\_\_\_

We will fully consider your comments and suggestions, and are committed to keeping your information safe.



Add No.2A-1 Dongzhimenwai Xiaojie, Dongcheng District,  
Beijing 100027, P.R.China  
Tel 86-10-84478888  
Fax 86-10-84478920  
Web <http://www.ctgdutyfree.com.cn/>



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