

## 6. Own Brand development

One of the key drivers of value for our customers has been the ongoing momentum and success of Own Brand development. Within Grocery Retail, over 2,000 Own Brand SKUs have been launched since 2019, and over 1,300 SKUs have been launched in the past year. *Meadows* is now the number one brand across the whole Group, with over four items now being sold every second! Key highlights for 2021 include:

- Own Brand penetration has now reached double-digits in volume terms.
- During the year, we relaunched both *Yu Pin King* and *Giant* Own Brand product ranges. We also launched the *Meadows Essentials* range, providing our customers with additional choice through different levels of pricing tiers within our Own Brand range.
- *Meadows* is now the number one brand for nuts in Hong Kong and the number one snacks brand across Singapore.
- Our Own Brand products hold number one positions across multiple categories within the Group, including condiments, water, snacks and frozen food categories.
- As a testament to our strong international sourcing credentials, our Own Brand products were awarded over 80 international food quality awards. In addition, our relaunched *Yu Pin King* rice was judged best-tasting rice by the World Rice Conference.

Own Brand development within Health and Beauty has also been an area of focus. A full strategic review has been conducted, and plans are now in place to launch over 1,000 re-developed or new Health and Beauty products during 2022. The first

relaunches took place in the fourth quarter of 2021 in two major commodity categories: cotton and paper. An integrated development and launch plan through commercial, sourcing, product marketing and strong in-store execution has resulted in strong double-digit sales growth relative to prior sales levels, and we expect momentum to accelerate over the course of 2022.

## Corporate social responsibility

The purpose of our transformation plan started four years ago was to transform the organisation across multiple retail sectors, countries and territories and create a business that is more relevant to our customers and competitive within each of our markets, and of which our team members feel proud to be a part. Whilst we are doing all we can to improve the service we offer to our customers, we recognise that we can do more, both addressing the many challenges we face as a business and recognising the responsibilities we have outside the company. As a large enterprise, we have a duty to think about the needs of those around us – our team members, customers and our communities within our markets – as well as the impact we have on the world.

We are therefore thinking more carefully about not just our business and financial responsibilities, but also our broader social responsibilities. In this context, we have developed our Corporate Social Responsibility (CSR) mission: *to provide communities we serve with benefits that help them and help the environment too*. Our approach is to build change that matters, harness our team's passion and strive to make a difference. We have identified the key pillars and priorities of our CSR approach: serving communities, sustaining the planet and sourcing responsibly. We are now dedicating significant resource towards building programmes that make a difference in each of these areas.

We have made some encouraging progress so far in the area of serving our communities. In Hong Kong, there are over 1.6 million people who are living at or below the poverty line. In November, Wellcome teamed up with long-term partner Foodlink to launch a Rice Donation Charity Programme called 'Sik Jor Fan Mei', which is a traditional Cantonese greeting meaning 'Have you eaten yet?'. As part of the programme, Wellcome pledges to donate HK\$50 for every kilogram of Yu Pin King brand rice sold at its stores to help those in need. The aim of the programme is to raise HK\$5 million within a year. The generosity of our customers has enabled Wellcome to raise funds at a much faster rate than expected. As of February 2022, we are now over 75% of the way towards achieving our original target. Following this successful introduction, we aim to introduce impactful programmes across other subsidiary business units over time.

Maxim's is also committed to serving the communities that it operates in. Maxim's was the first bakery chain to launch its Surplus Bread Donation Programme in 2009 and has since saved and donated over 5.6 million bread items, partnering with nearly 90 NGOs. In 2021, Maxim's expanded its volunteer network to over 30 corporate partners, distributing over 280,000 bakery items to vulnerable groups in the community.

In the area of sustaining the planet, the Group has placed significant emphasis on energy efficiency in 2021, which has also generated material cost savings. Wellcome installed the largest solar panel system in Hong Kong on the rooftop of its Fresh Food Processing Centre, generating one million kWh of electricity per year – enough to meet the annual electricity needs of nearly 250 households. Campaigns to change energy behaviours were introduced in key markets, and led to DFI receiving Smart Energy Awards from its key energy supplier, CLP Group, in 2021. Plans have also been developed to significantly improve energy efficiency in future years.

Our IKEA franchise continues to work with Inter IKEA Group to achieve its ambitions of becoming people and planet positive. Strong progress has been made in new product ranges such as introduction of new, more energy-efficient LED bulbs and increase in plant-based food offerings. In addition, IKEA is working hard towards a systematic shift towards a circular economy to reduce the environmental footprint of furniture. We have introduced circular hubs in all of our markets to sell returned or display furniture. In addition, new furniture leasing services are currently being trialed.

In addition, significant work has been undertaken to understand our carbon emissions and our future sustainability targets, areas we hope to share with our key stakeholders in the near future.

## The year ahead

Our transformation, which began four years ago, has been a tough journey and one which is not yet complete. External market conditions over the past two and a half years have increased the challenges, and the Group's results have been impacted materially by the performance of Yonghui in 2021. However, we remain confident that the plans we have in place and the progress we have made put DFI Retail Group in a strong position to drive sustainable growth over the medium- to long-term.

There remain a number of areas of uncertainty with respect to the extent and duration of the pandemic, particularly following the recent spread of the Omicron variant. However, we remain optimistic when conditions normalise.

I would like to take this opportunity to thank each and every team member for their ongoing tireless efforts during what continued to be a challenging 2021 as well as the last four years of our transformation journey to drive sustainable improvements for our shareholders and customers.

### Ian McLeod

Group Chief Executive  
3rd March 2022