

Sustainable Transformation at Dairy Farm

Dairy Farm Group is undergoing a significant multi-year transformation to address a series of business challenges and in so doing ensure that each business is improved to provide it with the best opportunity to serve customers in highly competitive markets. We are also aware that as a large company operating in many countries, we have a responsibility to recognise the increasing needs of the communities we serve and look for ways in which we can make contributions to help them. We want to help both our customers and our team members (People), we want to help improve our supply chain by reducing food waste, lowering plastic usage and sourcing ethically (Products). We want to improve energy efficiency, recognising growing concerns over climate change (Planet) and we wish to strengthen partnerships with like-minded organisations who also wish to make a sustainable difference.

We would be the first to accept that all organisations can do more in the area of corporate and social responsibility, and we are no exception. We are building greater focus on where we can begin to make a difference and demonstrate measured progress over time. Below are some examples of the early progress we believe we are making:

People

Helping customers, their communities and our team members

We are greatly appreciative of the service our team members provide to our customers on the front-line day in and day out, therefore making them feel safe is our number one priority. We have invested heavily in providing over 440,000 pieces of personal protective equipment (masks, hand sanitisers and goggles) for our team members to ensure they are protected and feel safe when serving customers amidst the pandemic.

In a year like no other, we prioritised helping our communities. We were the first retailer in Hong Kong, Malaysia and Indonesia to implement priority shopping hours in our supermarkets for the most vulnerable members of our communities, ensuring they can shop safely, secure in the knowledge that we are putting their health and wellbeing first. Mannings Hong Kong was

also the first Hong Kong retailer to take on a community pharmacy role. We launched a medication collection service in our Mannings stores, thereby reducing hospital footfall and the associated risk of infection.

With demand increasing significantly at the start of the COVID-19 pandemic, we needed to quickly bring additional help onboard to better serve our customers. Based on these needs, we saw an opportunity in Singapore to support other affected industries by offering recruitment opportunities to their teams. We first started the initiative with Fairmont Singapore, then the Food Drinks Allied Workers' Union (FDAWU) came onboard in support of our efforts and expanded the outreach to more hotel partners, such as the Four Seasons and other international hotel chains. Through this initiative, we provided support to those in the tourism and hospitality industry who have been impacted by COVID-19. We also donated care packs to those in need within our communities.

We place huge significance on access to education for all, which meant stepping up when the pandemic forced school closures in Indonesia. Hero Group partnered with Human Initiative to launch online learning centres, equipping underprivileged students with smartphones, computer laptops and free internet access so they can thrive academically without obstacles.



Preparing care packs for local communities.



Meat-free IKEA 'Plant Balls' – a more sustainable choice.

Products

Sourcing more sustainable choices for our customers

We are determined to allow customers to make sustainable choices, and we have been leveraging our partnerships to source products that treat animals in a humane and dignified manner.

Part of our 'Products' focus is paying attention to animal welfare and we have been working closely with Humane Society International (HSI) to make a change. Together with HSI, we are working to drive long-term change in the supply chain. As part of this, we will be launching a new value range of cage-free eggs under our Meadows Brand in Hong Kong and Singapore in 2021, whilst introducing cage-free eggs into all ten of our IKEA restaurants in 2021 in Hong Kong and Taiwan.

Our IKEA meatballs are enjoyed around the world, and we listened to our customers to provide them with a more sustainable version of a well-loved classic. Launched in October 2020, the IKEA 'Plant Balls' still deliver the great taste and texture of the IKEA meatballs whilst being responsible for just 4% of its predecessors climate footprint. In this way, we are proud to continue innovating in this field and giving our customers the choice to make more environmentally friendly decisions.

We do not just focus on life on land. We look to source seafood sustainably, making a concerted effort to protect threatened species and promote products which are MSC, ASC and BAP certified.

Our customers also rely on us to provide them with fresh and high-quality products, and we want to ensure

we provide that constantly. Our 'Fresher for Customers' programme improves the shopping experience for our customers by managing inventory better to improve freshness and at the same time minimise waste. Through this programme, we have reduced food waste by nearly 10,000 tonnes in the last two years across our markets.

Donating food offers a further opportunity to minimise food waste in our stores, whilst having a positive effect on the welfare of those in need within our communities. For example in Malaysia, Giant collaborated with The Lost Food Project to ensure food is not wasted but delivered to those who need it most. In total, the partnership saw RM50,000 worth of food supplies donated through 26 charity organisations across Klang Valley and Negeri Sembilan. PT Hero partnered with Taman Safari Indonesia to donate fresh produce to animals in conservation. With COVID-19 putting an intense strain on business for zoos and aquariums, this partnership demonstrates a forward-thinking scheme to meet two distinct needs with one fantastic solution.

In Singapore, the installation of a food waste management machine, known as an ecoDigester, enables the conversion of organic waste into water for washing. In Hong Kong, our collaboration with O·Park allows us to divert organic waste for conversion into biogas and compost. Moreover, Giant are currently trialling a new composting method with our NGO partner in Indonesia, where larvae decompose food waste into organic fertiliser. We endeavour to roll out similar sustainable technologies in other markets and work towards developing a circular economy within our operations.

Planet

Climate change and environmental waste are a concern for everyone

Taking responsibility for our plastic consumption has been an important initiative over the past year. In Hong Kong, alongside our involvement with the Drink Without Waste initiative, we installed Reverse Vending Machines in our stores to kick off our pilot programme. In six months, our machines saved over 50,000 plastic bottles from going to landfill. This ensures that more plastic bottles are recycled properly whilst making it easier for the public to participate in environmentally friendly practices.

In other plastic reduction efforts, we have reviewed tray thickness in our Hong Kong Fresh Food Centre, reducing plastic usage by 14% without compromising on food hygiene. We have sought to reduce plastic usage in stores, resulting in a 24% reduction from the previous year.

In Taiwan, IKEA launched the very first 'circular leasing' business model in partnership with Taipei 101. Taipei 101 leases furniture from IKEA on a three-year contract, after this ends IKEA Taiwan will take back all the



50,000 plastic bottles were saved from going to landfill via the Reverse Vending Machine trial programme.

furniture, refurbish the items and resell them to new customers. This project minimises waste and maximises the lifespan and uses of our earth's natural resources.

Our eco-friendly IKEA Taoyuan store opened last year has many sustainable installations, including LOW-E insulating glass windows for reducing energy consumption associated with air conditioning. The building also features a total of 802 solar panels on its roof, supplying energy equivalent to the amount used by nearly 70 households per year. Similarly, the IKEA Qingpu store was awarded the 'Taiwan EEWB Green Building Gold Certificate' due to the installation of 802 EV panels and 4 wind turbines on its roof. Thanks to these additions, the building generates 10% of its total electricity usage in renewable energy.

Over the past year, we have instigated encouraging reductions in our energy consumption. For example, we have introduced energy awareness campaigns in our stores and installed speed doors in our Fresh Food Centre to improve temperature control. Overall, we reduced our energy consumption in Hong Kong, Singapore and Malaysia by 16 million kWh, equal to reducing our CO₂ emissions by over 8 million kg.

We protect our environment:

nearly
10,000 tonnes
of **food waste reduced** or
diverted from landfill

8 million kg
of **CO₂ emissions reduced**

24% reduced
in **unnecessary plastic** in stores

50,000
plastic bottles recycled

Partnerships

Working with like-minded partners to create a bigger impact

In Hong Kong, we launched a HK\$120 million 'Heartfelt Give-Back' programme, including the donation of 1 million cash vouchers and 1 million meal vouchers to those most in need. We collaborated with over 250 charity partners who helped identify 250,000 beneficiaries for the voucher donations. The programme also consists of a donation of up to HK\$5 million by matching donations that our customers make through our 'Yuu Give-Back' programme – a voluntary donation feature released as part of the Yuu app launch.

Running since 2009, the 'Surplus Bread Donation Programme' made Maxim's Group the first bakery chain in Hong Kong to donate surplus bread to charity groups. Maxim's Cakes and Arome Bakery work with over 90 charitable organisations to donate surplus bread, amounting to a total 5.35 million pieces of bread donated at the end of 2020.

In summary, as a large company, we recognise we also have a responsibility to take our corporate and social responsibility seriously. Through our People, Products, Planet and Partnerships approach, we want to make a positive difference.



Team members distributing care packs to frontline workers who serve our communities.

We enabled our team members across all 12 of our markets **to support our communities as much as we can.**

We support our communities:



US **\$50 million**
Cash



1,925,000
Meals



440,000
Masks and hand sanitisers



80,000
Daily necessity care packs



35,000
Cups of tea and coffee

Our efforts did not go unnoticed:

- Caring Company Scheme Award – Anti-epidemic Campaign Recognition 'Outstanding Partnership' in Hong Kong
- Top CSR Awards 2020 from TOP Business Magazine and Indonesia CSR Society
- Indonesia's Best Corporate Sustainability Initiative 2020 for category 'The Best Circular Economy (Special Award)'
- Taiwan EEWH Green Building Gold Certificate for IKEA Qingpu store

