



Carrianna Group Holdings Company Limited
佳寧娜集團控股有限公司

Environmental, Social and
Governance Report **2017**

Stock Code : 00126

佳寧娜

CONTENT

Message from Chairman	2
About This Report	4
Corporate Social Responsibility Policy	4
Environmental Aspects	
Environmental Protection	5
Saving Energy, Reducing Consumption	5
Handling Waste	5
Social Aspect	
People-oriented and Meritocracy Principle	6
Supply Chain Management	10
Product Responsibility	10
Anti-corruption	11
Giving Back to Society	12

Message from Chairman

With our integrated businesses in restaurant, food, hotel, property development and investment, our Group has developed years of solid foundation in the mainland of the People's Republic of China ("PRC") and Hong Kong. From the outset, we have adopted the philosophy of "Giving back to the Community" and use the sustainable development approach to put persistent effort in aspects of product safety, supply chain management, environmental protection and energy conservation, staff growth, community affairs.

Quality-oriented

Building a successful brand is a continuing endeavour. With our meticulous efforts and sheer persistence on products and services qualities, Carrianna's brand has been well-accepted by the public. We ceaselessly improve our upstream and downstream supply chain; build up partnership with suppliers and high-quality and competitive business partners and carry out stringent control on products qualities and safety so as to adhere the best quality in every detail of the daily operation. We are devoted to offering customers with confidence and the best-quality products and services.

Integrity

Not only do we treat our customers with sincerity, we also closely communicate with our suppliers and business partners, honour our contractual obligations, which has maintained a long term win-win relationships with them throughout the years.

Green Operations

We shall never ignore the possible impact of the business operation on the environment. Therefore, we strike a balance between business development and environmental protection in order to minimise such impact through continuing improvement in our energy saving and environmental policies, raising environmental protection awareness to our employees, recycling and reuse of waste from our business operation if possible.

People-oriented

Employee is critical to the future development of a company. We aspire to grow and develop together with our staffs rather than step forward. We advocate equal and harmonious working environment, constantly improve the system of personnel training and promotion so as to provide the employees with comprehensive learning opportunities and more rooms for development. We also highly emphasise the employees' safety and health in workplace. Through continuous improvement in accident-prevention mechanism and measures, and the provision of occupational safety training, we create a safety and comfortable working environment to our

employees. We believe that only a caring and dedicated employer can let the employees show the sincere passion and care to our customers.

Sense of Appreciation

As a responsible corporation, we encourage our employees to actively participate in the community events, organising volunteer activities and undertaking charity works. We take a proactive role to help and take care of the vulnerable group in order to fulfil the corporate social responsibility and bring positive power to the community.

The long-term development of a corporation is closely related to the environment and society. We shall continue to keep steady profit return while taking up our corporate social responsibilities, maintaining the sustainability and competitiveness of the business and growing together with the society and environment.

Dr. Ma Kai Yum

Chairman

About This Report

During the fiscal year ended 31 March 2017 (the “Fiscal Year”), Carrianna Group Holdings Company Limited (“Carrianna” or the “Company”, collectively with its subsidiaries, the “Group”) was principally engaged in (i) restaurant and food business, hotel investment, and (ii) property development and investment in Hong Kong and the PRC (“Principal Operations”). This report covers the Group’s Principal Operations during the Fiscal Year.

This Environmental, Social and Governance Report (“ESG Report”) has been prepared taking into account the “Environmental, Social and Governance Reporting Guide” (“ESG Reporting Guidelines”) in Appendix 27 to the Rules Governing the Listing of Securities on the Main Board of Stock Exchange (“Listing Rules”), and, based on the indicators such as business nature and turnover of the Group, discloses information on its performance, management approach, commitment and strategies for the Principal Operations on four main aspects including quality of workplace environment, environmental protection, operating practice and community involvement. This is the Group’s first ESG Report. All information contained herein is consolidated and prepared from the Group’s official documents and statistics. We aim to allow our stakeholders to better understand our performances on aspects besides business operation, such as our initiatives and overall direction on environmental, social and governance aspects. We welcome stakeholders’ feedback on the ESG Report. Please share your views with us.

For information about the Group’s corporate governance structure, please refer to the Corporate Governance Report on page 14 to 28 of the Annual Report 2017 dated 20 July 2017.

Corporate Social Responsibility Policy

Carrianna is dedicated to maintaining a balance among business development and economic growth, community investment and environmental protection, while operating our business in a sustainable manner. Given such goal, we stress the importance of the voices of our stakeholders. Through various communication channels, we are able to obtain their views towards the business development of the Company and understand their needs for the community and environment as we take these ideas into our consideration during daily operating process. We have formulated strict policies and guidelines for our operations, including environment, employment, supply chain management, customer service and corporate governance, among other things. We strive to comply with or exceed the minimum legal standards in order to achieve best practice.

Environmental Aspects

Environmental Protection

We are committed to the compliance with all applicable environmental laws and industry standards through a series of environmental control measures, with a view to minimising the pollution and damage arising from our daily operations. We review our internal policies from time to time, so as to continuously improve our relevant performance. Our green philosophy and principle are taught to our employees to raise their awareness and reinforce environmental management, thereby encouraging them to better utilise resources and protect the ecology.

Saving Energy, Reducing Consumption

The Group's indirect emission of greenhouse gas was mainly from the consumption of electricity power and fuel of offices and vehicles, and therefore no substantial emission of greenhouse gas has been caused. We endeavour to lower energy consumption by keeping monthly record of consumption level for each business entities and closely monitoring emission level. Meanwhile, we encourage employees to switch off idling lighting and electronic appliances, effectively manage consumption of water, electricity, gas, gasoline and other resources, improve efficiency and resource control, as well as reduce waste and energy consumption. During the Fiscal Year, the Group's consumption of resources from business operations is as follows:

Water	Approximately 796,369 cubic metres
Electricity power	Approximately 21,425,264 kWh
Natural gas	Approximately 1,262,630 litres
Petroleum	Approximately 190,031 litres

Resources consumed in the offices were mainly from document printing. The Group promotes "paperless office" by encouraging the use of email and electronic document among employees. We also implement paper reduction measures to demonstrate a green habit in daily operation, such as applying double-sided printing, recycling and reuse of waste paper, in order to reduce the waste of paper and toner.

Handling Waste

Handling processes for all waste generated from production and daily operations are in strict compliance with internal guidelines. Recycling and reuse of waste are encouraged under feasible circumstances while all waste is processed by a professional third-party company in order to minimise the environmental impact.

Food waste and construction materials are the major waste for our restaurant and property operations. Food waste is collected and handled by local enforcement body. For construction materials used in property projects, including steel, bricks and concrete, some of them are recycled and reused for site formation works, sub-base layers, landfill of basin and other works. All construction waste will be stockpiled together when undergoing construction work and disposed by municipal administrative department.

During the Fiscal Year, we have processed 201 tonnes of food waste and 1,155 tonnes of construction waste.

Social Aspect

People-oriented and Meritocracy Principle

We had 900 employees in Hong Kong and 1,300 employees outside Hong Kong. They are critical to maintaining our competitiveness. We strive to provide them with the work environment where they are respected with satisfaction. Our employees are allowed to learn, grow and succeed at work. Such philosophy has been included in our human resources policies.

Equality in Employment

We value talent and consider employees as our most valuable and integral assets. We uphold the idea of fairness, impartiality and openness in employment. We recruit and pool best talent for our restaurant, hotel and property operations, with a view to enhancing our competitiveness.

Carrianna complies with Labour Law of the People's Republic of China (《中華人民共和國勞動法》), Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Employment Ordinance of the Laws of Hong Kong and other relevant laws and regulations, as well as industry standards. Recruitment, trial, promotion, reward and disciplinary actions, welfare and benefits are handled in a fair and just manner. All employees are given a set of Employee Handbook which sets out the company policies such as employee benefits and code of conduct, and provides clear and bespoke guidelines for their work ethics and ethical behaviour.

We prohibit discrimination of nationality, age, gender, religion, disability, marital status or any other forms. Ability, performance and other qualities are the criteria we use for evaluation of recruitment, promotion and salary increment. We encourage internal self-recommendation or recruitment of best talent from outside the company. They are recruited with a fair and merit-based principle for suitable job positions. Therefore, we have gathered a talent pool of experienced expertise in marketing, engineering, logistics, property development and so on, thereby adding impetus for our long-term development.

The Group strictly complies with relevant laws and regulations to stamp out child labour and forced labour. Our human resources department requires candidates to provide valid identity documents for verification. The Group had no forced labour or child labour during the Fiscal Year.

As at 31 March 2017, we had a total of 2,200 employees. Among which, 1,014 were male and 1,186 were female.

Age group	Number of employees
<20	107
20-40	1,046
41-60	931
60	116

During the Fiscal Year, there was no child labour and forced labour, or any discrimination by gender, race, religion, age or disability.

Competitive Remuneration Policy

We strictly observe the country’s social protection policy and regularly offer social, pension, unemployment, medical, employment injury, maternity insurance and housing provident fund. Meanwhile, the Group has formulated a comprehensive Employee Benefit Scheme according to the Labour Law of the People’s Republic of China and other relevant regulations, as well as the industry where our operations are in. Such scheme outlines the system for paid annual leave, paid marital leave, sick leave, maternity leave and other holidays. Each employee is entitled statutory holidays by the national law.

We offer competitive remunerations and strive to improve our fair incentive scheme. Remuneration and promotion are linked with capability and performance. Based on research, invention and other business contributions, each department rewards employees with reasonable promotion and bonus for their outstanding performance.

Caring Our Employees

We are devoted to giving our employees a comfortable work and living environment while continuously improving employee benefits. Employees can enjoy work meal, meal subsidies, subsidy based on length of service, and holiday gifts. Dormitory can be arranged for hotel employees with difficulties.

We encourage continuing education; therefore, we have a learning room in our office with book borrowing services. Employees are allowed to apply for purchasing relevant professional reference books for work purposes.

We promote a harmonious and friendly work environment where supervisors maintain close communication with their staff and colleagues treat each other with earnestness, thereby improving the working atmosphere. We have set up an Internal Communication and Complaint mechanism which conducts an anonymous survey for employees' satisfaction, and looks into serious issues and concern of employees.

Health and Safety

Employees' health and safety at work is key. Carrianna endeavours to offer a safe, healthy and efficient work environment. Emergency guidelines for work safety, fire prevention, accidents have been prepared according to job nature and internal inspection is carried out on a regular basis.

The Group strictly complies with Construction Law of the People's Republic of China (《中華人民共和國建築法》), The Regulations on the Work Safety Management of Construction Projects (《建設工程安全生產管理條例》), Regulation on Work Safety Licenses (《安全生產許可證》) and other relevant laws and regulations. We have reinforced health and safety control and employee safety protection system. Safety handbook is provided for different business operations, which covers the preventive measures and procedures for emergencies.

We equip our employees with safety and protective gear, including safety helmets, safety belt, insulated safety shoes, protective goggles and particulate respirators. Targeted training of special equipment is in place to help employees understand the correct usage of protective gear. All labour protective gear is in accordance with the Safety Helmet (GB2811), Safety Belt (GB6095) and other national required standards.

The Group regularly conducts fire safety training to raise employees' awareness and improve regulations; whilst keeping a detailed record of the training hours, content of the trained employees. Regular checks, repair, tests and maintenance of fire safety measures will be performed. Holidays, such as Chinese New Year, New Year Day, Labour Day and National Day, are picked for targeted publicity, such as ensuring that evacuation signs and emergency lighting are in place, exits are cleared, fire truck is not blocked by junk items, and firefighting equipment and alarm are fully functional.

We have set up a stringent control system for inflammable and explosive items, to ensure that they are stored in facilities with comprehensive fire safety equipment. Visible signs are placed as all inflammable and explosive items are stored separately in fixed volume. We will carry out regular check and maintenance of fire safety measures in storage facilities.

During the Fiscal Year, 20 employees suffered work-related minor injuries, and there was no work-related fatal accident.

Occupational Training and Development

The Group attaches high importance to talent development as we consider employees as the core competitiveness for company growth. According to needs for different positions, we provide targeted training programs for all our employees, including pre-employment training, English training, return training, management training. We offer enormous platform for career development to improve employees' skills and competitiveness.

New employees are given orientation training and on-the-job training to help familiarise them with our protocols and systems and understand the needs for their respective positions and business operations. Other employees can accommodate their needs at different career stages through cross-department training or specialised training. We also provide mid-level to senior management and key employees with management training or overseas study opportunities, and continuous learning courses, with a view to enhancing competitiveness of our management and progressing with the time.

During the Fiscal Year, we organised 171 trainings ◦

Supply Chain Management

Maintaining product quality is the top priority for corporate development as it affects how good the quality of our end product and service is. The Group begins its quality control from source and chooses reliable suppliers and business partners with good reputation. A mutually beneficial synergy is therefore created on the basis of good product quality.

Procurement Policy

We have a well-developed and comprehensive procurement and tender mechanism. Production capability, product quality, supply reliability and other qualities of the suppliers will be taken into strict assessment and control. We will also take samples for quality check and make tracking record for product quality, in order to maintain a high level of control along the supply chain.

Code of Conduct

Our suppliers are required to work in a responsible manner, and comply with all laws, international treaties and contractual responsibilities. They are also required to observe the Group's code of conduct. We maintain a close communication with suppliers and convey our standards in terms of law compliance, labour, work safety and health, and environmental protection.

Product Responsibility

Food and product safety and quality is our integral parts. We place great emphasis on food safety and have formulated the Food Safety System to regulate the food storage and work environment and equipment cleanliness, guaranteeing food safety.

We also strive to offer clients with competitive property products and services. We stress the importance of clients' needs and regularly collect their opinions for the foundation of future improvement.

Privacy Protection

Carrianna attaches great importance to clients' privacy. All personal data the Group collected, such as employee information and personal data of property buyers, will be kept strictly confidential. Personal data of our clients and employees will not be used for marketing purposes if unauthorised. We prohibit any violation of unauthorised use and revealing of personal information.

Advertising and Labelling

We prepare advertising materials or carry out different promotional campaigns for respective products and services of certain business operations, with an aim to increasing turnover. These promotional campaigns are only carried out after confirming that we have complied with the Advertisement Law of the People's Republic of China (《中華人民共和國廣告法》), the Interim Measures for the Administration of Internet Advertisement (《互聯網廣告管理暫行辦法》) and other applicable laws and regulations in relation to advertising and labelling. We ensure that consumers are provided with sufficient information to make informed choices.

During the Fiscal Year, the Group has complied with all relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters.

Anti-corruption

An operating environment with honesty and integrity is vital to the long-term development and business reputation of a company. All employees of the Group shall strictly adhere to the staff code and are prohibited from abusing their power for personal gains, receiving rebates without permission, corruption, embezzling funds, taking bribes and other illegal acts. We will seek legal recourse according to the national laws and regulations if any illegal acts are found. We strive to eliminate the undesirable trend of corruption and bribery and protect our reputation.

To ensure that we have sound corporate governance, we have set up an audit committee and hire external legal advisor and auditors to review our financial reports and statutory disclosures and offering their views. We also provide information and training of corporate governance for our directors and employees.

We encourage our employees to report any inappropriate behaviour and will take all possible measures to safeguard the identity of the whistle-blowers. We will investigate internally the allegations and furnish the results to management for next action, and cooperate with law enforcement body.

During the Fiscal Year, we were not aware of any breach of law and regulations that have a significant impact on the Group relating to corruption, bribery, extortion, fraud and money laundering.

Giving Back to Society

Carrianna has gained years of solid footing and upholds the spirit of “Giving back to the Community”. We encourage companies and employees to participate in different charity activities as we believe these activities will bring a positive impact to the sustainable development of our society. During the Fiscal Year, we organised donation to the family of employees with difficulties, and arranged visits to welfare institutions and elderly homes during Chinese New Year, Mid-autumn Festival and other important festivals to share our love and care.

During the Fiscal Year, the Group contributed cash donation of HK\$420,070 to charitable organisations and about 204 employees took part in charity activities. These do not take into account of our caring visits to elderly centres and donation of moon cakes to elderly and orphans.

