



華潤創業有限公司  
China Resources Enterprise, Limited

携手  
年

BETTER LIFE TOGETHER

Corporate Social Responsibility  
(CSR) Report 2015



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## Message from the Chairman

Welcome to read the “Corporate Social Responsibility Report” of China Resources Enterprise, Limited (called “CRE” for short; together with its subsidiaries, shall be referred to as the “Company” or “we/us”).

As 2015 was the year of deepening the transformation and change, CRE actively coordinated with the development strategies of China Resources Group to strengthen international layout and capital operation, and the listed Company sold its entire non-beer businesses to the Group. Currently, as China Resources Group’s flagship consumer products and retail services company, CRE focuses on three core businesses: beer, food and beverage. Via practicing our business philosophy of “Make it solid, make it stronger, make it bigger, make it better, make it longer (5M)” and realizing the targets and requirements of social responsibility, we hope to make the Company become a stronger, trustworthy, popular company and an indispensable part of people’s life while achieving its business success.

In the form of an independent report, we have released the Company’s fulfillment of social responsibility for three years in a row to subject ourselves to public supervision. Faced with the grim economic situation and unpredictable social environment, CRE strictly follows the corporate values and leads the commercial progress and creates a better life together with consumers, shareholders, employees and business partners while being driven by the actual market situation and the Company’s business performance.

This means that we will resort to improve the organizational structure, attach importance to talents team building as well as create a harmonious and win-win business environment so that employees can feel the vitality and development prospects of the Company; and we will continue to improve the quality of our company’s products and services, providing our broad clients with high quality products and services; and we will make the practice of energy conservation, occupational health and environmental protection run through all aspects of our business and management. When supporting the development of other businesses, we will always bear in mind the purpose of green development, cherishing natural resources, popularizing relevant knowledge so as to minimize the effects of business operation on the environment and community; and we will also focus on caring the society, neighbors and public welfare, and actively reciprocate the relevant residential area in which the businesses are operated and share the fruits of the enterprise with the public via assisting the poor for education and protecting traditional cultures; CRE is not only to create economic values but also pursue the social value, so as to maximize the comprehensive value.

Working harder than ever before, we will strengthen the planning and management of social responsibility, reinforce the evaluation and examination of social responsibility, so as to incorporate it into the Company’s culture, development strategies, production and management. We will pay much more attention to the demands of stakeholders and vigorously promote social responsibility management based on solving problems.

We hope to have you all way around and create a better future together.

Thank you!

Chen Lang, Chairman



# Company Overview



## Company Profile

China Resources Enterprise, Limited is the Hong Kong flagship subsidiary of China Resources (Holdings) Company Limited in the comprehensive consumer goods and retail services businesses. The Company focuses on three businesses: beer, food and beverage.

For the beer business, China Resources Beer (Holdings) Company Limited is listed on the Stock Exchange of Hong Kong Ltd. (stock code: 00291). Its affiliated company China Resources Snow Breweries Limited is the largest beer manufacturer, seller and distributor in China. Since 2008, "Snow" has become the world's best-selling single beer brand in terms of volume. Regarding the food business, China Resources Ng Fung Limited is an outstanding integrated food products enterprise, which integrates research and development, production, processing, wholesale, retail, logistics and international trade as a whole. It is primarily engaged in the businesses of rice, meat, fresh food, integrated food as well as agent of various high-quality products at home

and abroad. Ng Fung is also responsible for operating the CR Hope Village development project. Regarding beverage business, China Resources C'estbon Kirin Beverage (Holdings) Company Limited is one of the leading beverage companies in China. Its main business is series of purified beverage water product under the brand "C'estbon"; "C'estbon" purified water has been recognized as a renowned brand product in China, and also a famous and most competitive brand in China. It strives to build itself into a leading Chinese beverage company with diversified products.

Looking ahead, CRE will continue to build on the strategy of "market leadership, business synergy, excellent operation and outstanding brand", and endeavor to become the world's first-class company for integrated consumer goods and retail services.

# Company Overview

## Corporate Culture

### Our Mission

Lead the business progress and build a better life together with consumer, shareholder, staff and business partner

### Corporate Vision

To be an integrated consumer products and retail services company that wins public trust and popularity

### Our Values

Honesty and Integrity, performance orientation, people first, innovative development

### Development Philosophy

Make it solid, make it stronger, make it bigger, make it good and make it longer

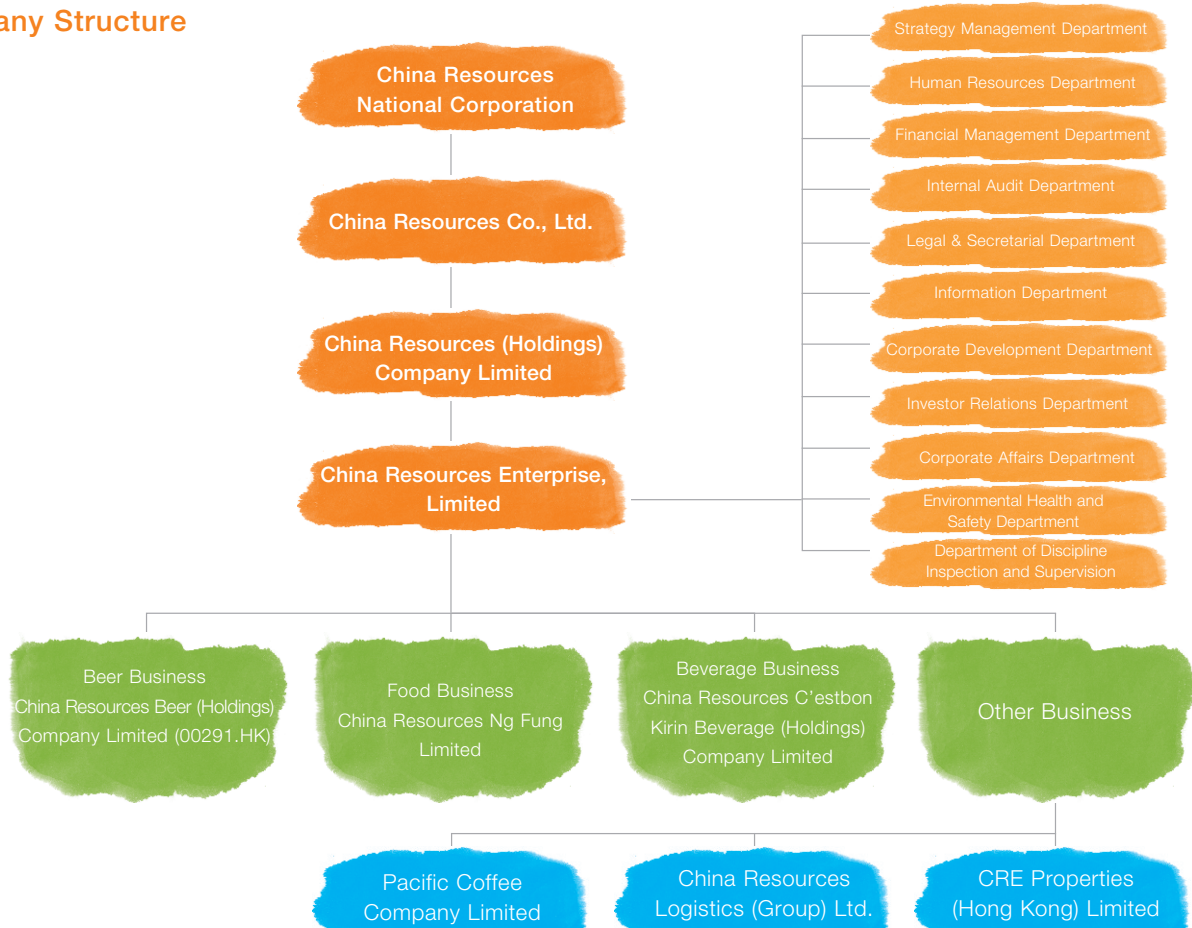
### Corporate Spirit

Pragmatism, professionalism, synergy, positivity

### Corporate Declaration

Aim as high as mountain Act as softly as water

## Company Structure



# Company Overview

## Honors in 2015

### January

#### Deloitte and STORES Media

Top 250 Global Retailers

Ranked 78th

### February

#### MerComm, Inc.

Mercury Awards

1 Gold Award, 3 Bronze

Award and 2 Merit Award

### March

#### YaZhou Zhoukan (YZZK)

Global Chinese Businessperson

1000 Ranking

The Largest Conglomerates

Company

Award 2014

#### Daily Mirror

The 4th Outstanding Corporate

Social Responsibility Award

Outstanding Corporate Social

Responsibility Award

### April

#### Corporate Governance Asia

Asian Excellence Recognition Award 2015

- Asia's Best CEO (Investor Relations)
- Asia's Best CFO (Investor Relations)
- Asia's Best Corporate Social Responsibility
- Best Environmental Responsibility
- Best Investor Relations Company
- Best Investor Relations Staff

### May

#### Forbes

Global Top 2000 Enterprises

Ranked 1200th

#### Hong Kong Investor Relations Association

The 1st Hong Kong Investor

Relations Awards

- Best IR Company – Mid Cap
- Best IRO (Investor Relations Officer) – Mid Cap

# Company Overview

## July

### Fortune China

China Top 500 Enterprises  
Ranked 38th

### League of American Communications Professionals (LACP)

2014 Vision Awards Annual  
Report Competition  
1 Gold and 2 Silver

## September

### MerComm, Inc

International Annual Report  
Competition (ARC) Awards  
1 Silver, 5 Bronze and 1  
Merit Award

## October

### Economic Digest

Hong Kong Outstanding  
Enterprises Parade 2015  
Hong Kong Outstanding Enterprise

### Retail Asia Publishing

Retail Asia Pacific Top 500 Awards

- Best of the Best Retailers  
Award, Asia Pacific
- Top 10 Best Retailers in China  
– Gold Award

## November

### The Hong Kong Institute of Financial Analysts and Professional Commentators Limited

IFAPC Outstanding Listed Company  
Award 2015

Outstanding Listed Company Award

## December

### The Asset

The Asset Corporate Awards 2015  
Gold Award for Financial Performance,  
Corporate Governance, Social  
Responsibility, Environmental  
Responsibility and Investor Relations

### Corporate Governance Asia

Asian Corporate Director of the Year  
Award 2015  
Asian Corporate Director Award

### Corporate Governance Asia

Corporate Governance Asia  
Recognition Awards 2015  
Asia's Icon on Corporate Governance



# Company Overview

## Memorabilia

### Development History

#### Historical Development

- 1992**

  - CRH acquired Winland Investment Limited and renamed it “China Resources Enterprise, Limited (CRE)”; CRE was among the first Chinese enterprises to be listed in Hong Kong. Property investment was the main focus of CRE then.
- 1993**

  - founded the joint company China Resources (Shenyang) Snowflake Brewery Co. Ltd. with Shenyang brewery, engaged in beer business.
- 1994**

  - concluded a joint adventure agreement with South African Breweries Group\* to jointly develop beer business in China (\*South African Breweries Group acquired Miller Brewing Company in 2002 and changed its name to SABMiller PLC).
- 1995**

  - Ng Fung Hong Limited (Now known as China Resources Ng Fung Limited) was listed in the HKEx. CRE acquired 26% stock right of the company and began operating food business.
- 1996**

  - acquired 67.25% stock right of a purified water production plant and began developing the “C’estbon” purified water business.
  - spun off China Resources Beijing Land Limited (Now known as China Resources Land Limited) for listing
- 1997**

  - CRE became an HSI constituent stock
  - bought 80% stock right of Redland Holdings Limited
  - completed set up of joint venture company with Esprit Holdings Limited to operate business of distribution of “Esprit” fashion brands in China
- 1999**

  - acquired the retail business of CRH including Chinese Arts & Crafts (H.K.) Limited and CRC Department Store Limited
  - increased shareholding in China Resources Supermarket (Hong Kong) Limited to 100%
- 2000**

  - transferred stock right of China Resources Beijing Land Limited (Now known as China Resources Land Limited) and Logic International Holdings Limited (which was subsequently renamed China Resources Logic Limited and China Resources Gas Group Limited) to CRH in exchange for petroleum and chemical distribution business
  - The pharmacy section of CRC Department Store was made an independent operation christened “CR care”.
- 2001**

  - completed the incorporation of Ng Fung Hong Limited (now China Resources Ng Fung Limited) into a wholly-owned subsidiary of CRE and conducted privatization of it
- 2002**

  - acquired the retail business of CR Vanguard and the Suguo supermarket business



# Company Overview

- 2003**

  - spun off concrete business, which was listed in the HKEx after integrating its business with the concrete and cement businesses of CRH (subsequently renamed China Resources Cement Holdings Limited)
- 2004**

  - opened the first “Ole” supermarket in Shenzhen
- 2005**

  - “CR Snow” beer became the best-selling single beer brand in China in terms of volume
- 2006**

  - beer business topped the list of best-selling beer producers in the country in terms of volume
- 2007**

  - completed sales of all petrochemical business
  - increased stake in purified water business to 100%
  - opened the first “VanGO” convenience store in Shenzhen
- 2008**

  - “Snow” became the best-selling single beer brand worldwide in terms of volume
- 2009**

  - swapped asset with CRH with textile and container terminal businesses for 75 hypermarkets in China and a brewery in Shandong province, to boost core retail and consumer goods businesses
- 2010**

  - acquired 80% equity of Pacific Coffee (Holdings) Limited
  - completed selling equity of “Esprit” business in China to Esprit Holdings Limited, and from then on, CRE focused on four core retail and consumer goods businesses namely retail, beer, food and beverage
  - opened the first “Fun Square” shopping center in Shenzhen
  - launched high-end “blt” supermarket, “Voi\_la!” beer cellar and “VIVO” health and beauty retail store operations
- 2011**

  - set up a joint venture company with Kirin Holdings Company, Limited, with CRE holding 60% equity
- 2012**

  - completed acquisition of 100% stock right of Jiangxi Hongkelong Department Store Investment Company Limited
- 2014**

  - set up a joint venture company with Tesco PLC to vigorously develop various kinds of retail business in China
- 2015**

  - CR Enterprise, limited sold its entire non-beer businesses to China Resources (Holdings) Company Limited (subsequently renamed China Resources Beer (Holdings) Company Limited).

# Social Responsibility Management

## Governing the Company according to the Law, Operating with Integrity and Keeping Clean

Governing the Company according to the law and operating with integrity is a banner to lead the vigorous development of CRE.



For Beer business in 2015, based on the Company's operation and development, China Resources Snowflake Brewery Co., Ltd. governed the enterprise according to the law. By focusing on education, system building, strict supervision, the Company continues to reinforce manager's law-abiding awareness, strengthen efforts to the prevention and control of corruption from the source and bring credible and lawful business operation to a new level.



For beverage business, CR C'estbon participated in setting up food enterprise integrity system pilot in Shenzhen in 2015 and the established integrity management system passed the review of Economy, Trade and Information Commission of Shenzhen Municipality and the Certification and Accreditation Committee of Shenzhen Municipality.



For food business, China Resources Ng Fung Limited governs the Company according to the law, together with the internal system to set up China Resources Ng Fung Tender Committee, formulates and issues the *China Resources Ng Fung Bidding and Procurement Management System*; the company improves the visualized management of OA integrated office process, specifies the regulations of "major issue decision, appointment and removal of personnel, investment decision on major projects and use of large amount of funds" and constantly complete and standardize the Company's operation level. Combining the law with the Company's production and management, the Company also sets up the internal control evaluation framework to earnestly safeguard the legitimate rights and interests of the company; the growing ability of managing the Company according to the law ensures that the Company's operation is always on a sound and sustainable track. Under the framework of modern enterprise system, the Company will continue to improve its ability of decision-making, management and protecting its legitimate rights and interests according to the law.



For retail business, CR Vanguard, as a responsible retailer corporate group, is in strict compliance with state laws, regulations and industrial policies to deal with corporate affairs and incorporates lawful awareness into the daily operations and management as well as business contact with all partners. In terms of cooperation with suppliers, we pursue a fair and voluntary cooperation with them, comply with *The Fair Trade Management Approach between Retailers and Suppliers* issued by five national ministries and commissions and actively coordinate with them to straighten out illegal charges of large retailers from suppliers. Based on the *Price Law* and *Provisions on the Clear Marking of the Prices of Goods and Services*, the retailers charge suppliers non-cost category and standards, pay much more attention to guiding business partners to be law-abiding, clean, honest and self-disciplined, and to requiring business partners to sign the *Code of Behavior between Vanguard Business Partner*.



# Social Responsibility Management

## Responsibility Culture

### Responsibility Mission, Vision and Concept

CRE corporate social responsibility and CR culture are consist with each other. We shall follow *Measures for CSR Work Management of China Resources Group* and incorporate the CSR work in the enterprise's strategic development and culture construction.



### Responsibility Organization System

CRE sets the Social Responsibility and Corporate Culture Management Committee as leadership and decision-making body for social responsibility organization system at the earlier stage, specifying the responsibility of each functional department offices and profit centers, creating social responsibility matrix management organization system and actively promoting the fulfillment of corporate social responsibility.



### Publicity and Training

At the time when the social responsibility report compilation work started, the Corporate Affairs Department of CRE has carefully read and studied the system and notification issued by the Group for a better understanding. At the same time, CRE also organized activity between the compiling team of all CRE benefit centers and relevant colleagues of the Group to share their experiences so as to promote the CSR compilation work and improve its quality.

### Conducting Information Session

CRE plans to incorporate the social responsibility concept into its daily training and cultivate a group of social responsibility trainers and corporate culture trainers in various functional departments and each subordinate profit center for the purposes of making grass-root staff to further have a perception, recognize CR and CRE's social responsibility concept and promote implementation of social responsibility work.

# Social Responsibility Management

## Responsibility Organization and System

### Leadership

CRE established the “CR Enterprise Corporate Culture and Social Responsibility Guiding Committee” at the earlier stage.

The committee members are as follows:



### Responsibility Organization System

1. The specific function distribution of CRE Corporate Culture and Social Responsibility Guiding Committee is as follows:

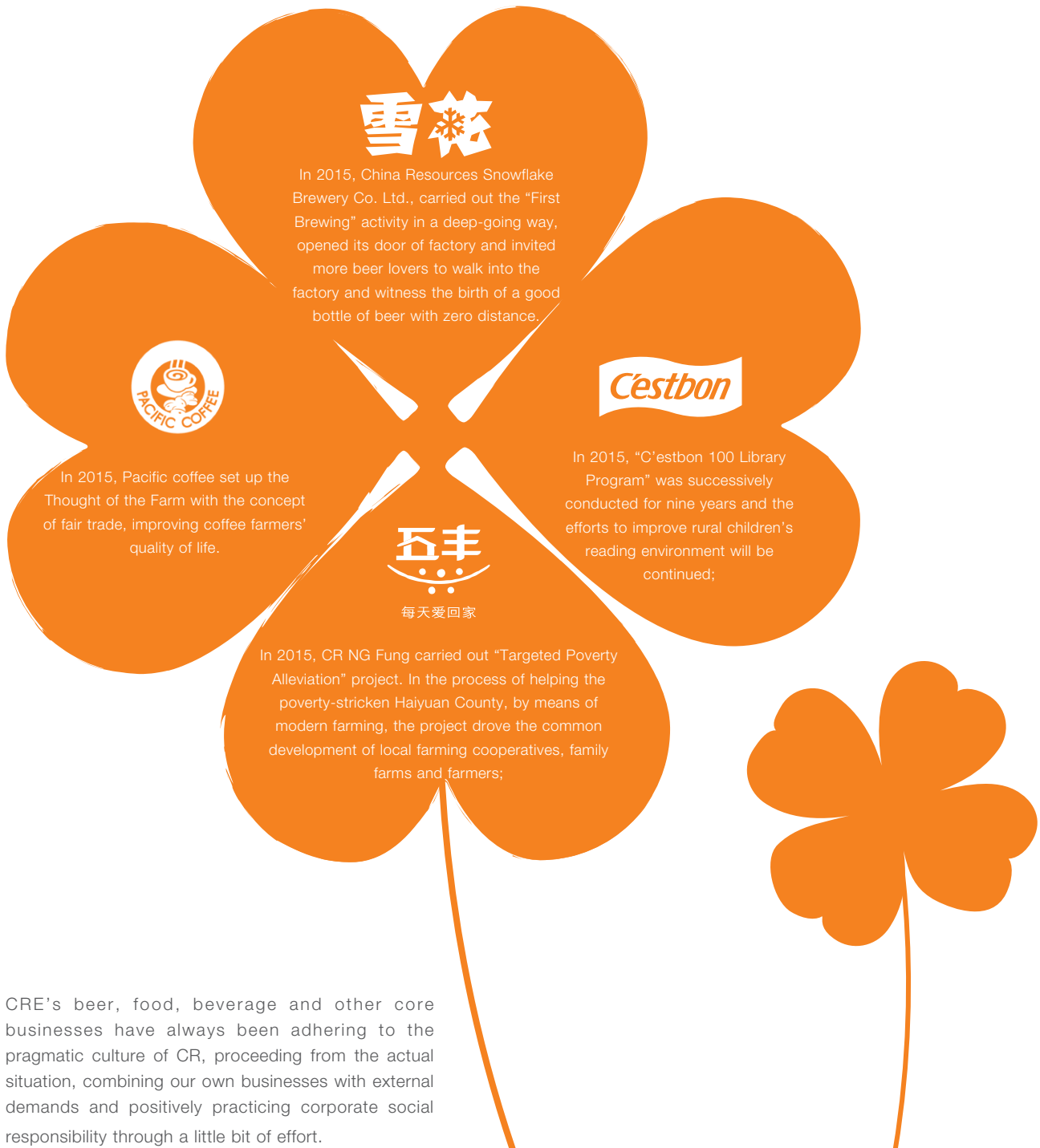
CR Enterprise Corporate Culture and Social Responsibility Guiding Committee is the leading and policy-making body of CRE on relevant matters, its daily management functions lie in the Corporate Affairs Department and other functional department offices and profit centers. Its directly business units are the departments which is responsible for promotion, implementation and supervision work. Major functions include:

- 1) Corporate Affairs Department: a department responsible for the daily management of corporate culture and social responsibility, leading to establish the related rules, regulations and management mechanism and so on to ensure the work related to corporate culture and social responsibility is pushing ahead and implemented; organization and compilation of annual social responsibility report.
- 2) Strategy Development Department: practice the corporate culture in terms of investment and development, strategic planning, strategic cooperation, structure optimization, innovation and development and so on, and ensure itself and partners to comply with social responsibility.
- 3) Human Resources Center: assist the Corporate Affairs Department to do a good job in the publicity and fulfillment of corporate culture and social responsibility and make commitments and efforts in aspects of the protection of the rights and interests, the growth and training, care, democratic management, occupational health and safety of staff.
- 4) Financial Management Center: make the capital/assets management, protection of the rights and interests of shareholders and tax payment be in accordance with the law.
- 5) Internal Audit Department: safeguard the company's interests in terms of audit, risk management and so on.
- 6) Legal & Secretarial Department: exert its regulatory and promotion function to ensure the corporate governance, management and operation are in compliance with law and protect the rights and interests under the law.
- 7) Information Department: safeguard information security and provide necessary information and technological support for related work.
- 8) Corporate Development Department: ensure the corporate investment project meet the requirements of the corporate strategy, controllable risk and financial standards, and comply with the CSR commitment so as to maximize shareholder's returns and protect the rights and interests of shareholders.
- 9) Investor Relations Department: comply with the corporate culture and social responsibility commitment in terms of the protection of the rights and interests of shareholders, the public opinion information disclosure, and promote the publicity and popularization of related work.
- 10) Environment Health and Safety Department: promote the efficiency supervision and risk control work in terms of energy conservation, emission reduction, green development, food safety and safety production, and ensure all work conducted in an orderly manner.
- 11) Department of Discipline Inspection and Supervision: urge to establish a clean and self-disciplined corporate culture and working atmosphere for the sound development of the enterprise.

# Special Responsibility Projects

As China Resources Group's flagship consumer products and retail services company, CRE hopes to work with the public and join hands to create a better life.

We are committed to integrating the concept of social responsibility into our daily business operations and make contributions to sustainable development of the the society, economy, environment and the Company.



# Special Responsibility Projects

## Snowflake Beer “First Brewing” activity: let consumers become a witness to the good products

**Project background:** as Chinese consumers’ first choice of beer brand, Snowflake Beer has become the top seller of beer nationwide for more than ten years in a row. Behind the best seller of the beer, here is a story of “Snowflake • First Brewing”. In order to better interpret the strength, level and unremitting pursuit and belief of brewing good beer of Snowflake, Snowflake Brewery Co. Ltd. opened a batch of distinctive beer factories and invited the public to visit and experience them.

**Project introduction:** “Snowflake • First Brewing” activity was launched nationwide in August 2014. It’s an activity that Snowflake Beer opens its factories to the public for visiting and experiencing. The activity is to present the brewing capacity, production level as well as the pursuit and belief of brewing good beer of Snowflake Beer to the public.

### Through “First Brewing” activity, the Consumers will see:



#### the fastest factory in Asia

The designed scale of canned beer production for CR Snowflake Beer factory in Hangzhou, Zhejiang region is 180,000 can per hour, which is the fastest canned beer production line in Asia. Walking from the one end of Asia’s largest canned beer production line to the other end will take a few minutes. To visitor’s astonishment, the number of staff that operated the equipment were, only six! While in China’s beer industry, the canned beer production line that produced more than 300 cans per minute is usually equipped with more than 10 people. What is even more unthinkable is that so few operating workers in Snowflake Beer created Japan’s daily production record of canned beer of 627 tons, approximately equal to 1.9 million tins.



#### the factory with best water quality

The water of brewing beer for Tonghua factory of CR Snowflake Beer in Heilongjiang and Jilin region is from Hani River. It originates from southern Longgang Mountain, a few mountain wetlands in our country with an altitude of 882 meters. The upstream water conservation area is Hani National Reserve. The river basin, located in west foothill of Changbai Mountain, with diversified vegetation and pure water quality, is the only source of drinking water for nearly 600,000 people in Tonghua city. As the main raw material of brewing beer, the water of Hani River is clear, pure and higher than the national standard, which makes Snowflake beer have an edge at the starting point of brewing.



#### Asian-class ecological factory

Different from pure industrial products, Dongguan factory of CR Snowflake Beer in Guangdong region was designed as an ecological garden for the consumer to experience at the construction phase. Despite a beer production company with huge energy consumption, the Dongguan factory is an energy saving model. At present, the water and power consumption of Dongguan factory have been placed in a leading level in the industry, with the water consumption of per liter of beer being just 3.2 liter; while the heat energy was provided by new energies that the Company bought at a high cost, such as steam or natural gas, and the nitrogen oxide content in exhaust gas is also far lower than the national standard. What’s more, the Dongguan factory also exchanged its biogas generated in the process of waste water treatment with the adjacent gas suppliers for energy replacement, realizing the secondary use of treated waste water.

# Special Responsibility Projects

## China Resources Ng Fung Foundation Cow Bank: Targeted Poverty Alleviation

**Project Background:** according to the arrangement and deployment of the state council leading group for poverty alleviation and development, China Resources targets to help Haiyuan County out of poverty. In order to obtain the actual effect in alleviation work, the board of director office of the group coordinated with each related profit center. After many times of field work in Haiyuan County and many rounds of communications with Zhongwei municipal government and the government of Haiyuan County, the Group proposed an Initial Five Year Development Program on Poverty Alleviation for Haiyuan County. The Program mainly focuses on the poverty alleviation through industries, investment, public welfare and talents. Among them, the poverty alleviation through industries is targeted on cattle breeding project. In the planning period, China Resources Group invested about 385 million RMB. The board of director office of the Group is responsible for coordination and China Resources Ng Fung Limited conducts the specific implementation work.

**Project Introduction:** taking the local condition and the variety of local beef cattle into consideration, the poverty alleviation project was finalized to introduce Simmental with high production from Wuwei city, 400 kilometers away from Haiyuan County. By modern breeding methods, the Company promotes local farming cooperative, family farms and farmers to develop together. As a leading enterprise, CR facilitates the original simple production mode in Haiyuan county to shift to scientific production via commercial operation, achieving a win-win cooperation between the Company and farmers in terms of production and efficiency. Through scientific and rational cultivation methods, the farmers transmit a large number of production data to the Company, finally materializing the goal of the Company and farmers. When this poverty alleviation project-the integration of grass industry and animal husbandry in Haiyuan is implemented, it will be the integrated farming company with most modernized and large-scale advantages in the northwest region of China.

### Data to show the achievements of poverty alleviation work

In 2015, Haiyuan Runnong Cooperative introduced 11 batches of cow, amount to the number of **672**.

Completed sales of **528** heads on credit and helped **185** farmers.

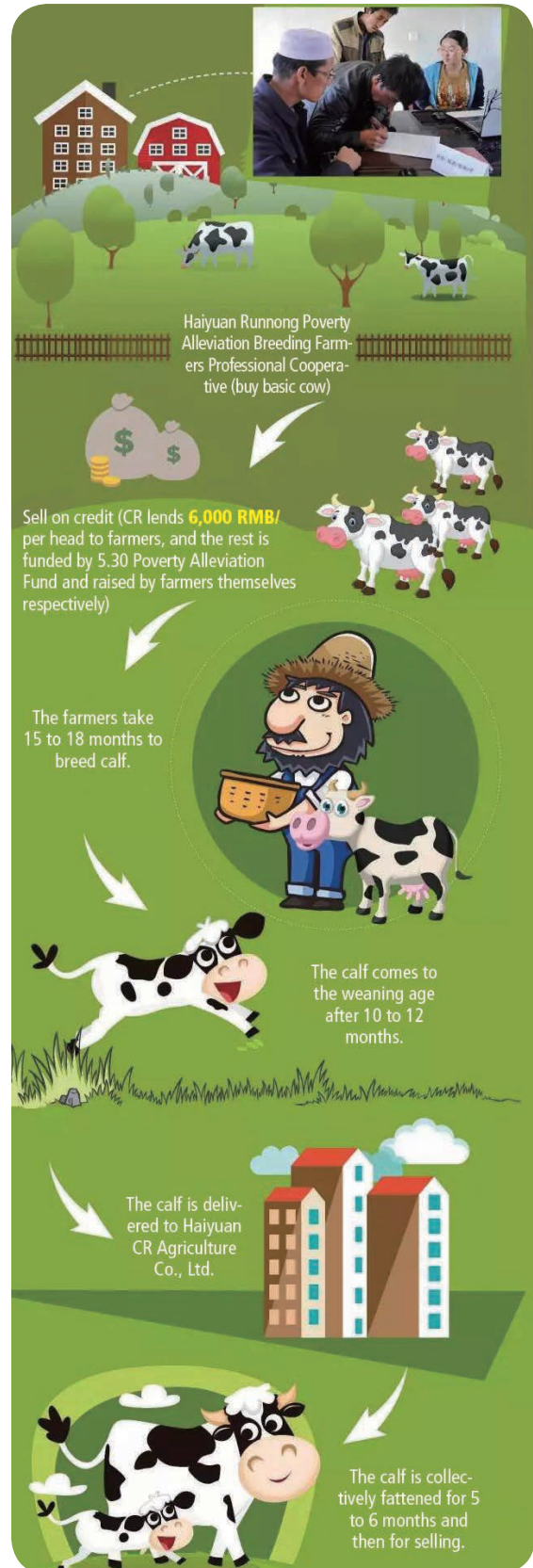
It is expected that there will be **11,000** newly added bull and **42,000** cow in Haiyuan after five years.

The per capita income of farmers will be increased from 2,736 yuan in 2015 to **10,270 yuan**.

### Project Result: The first Simmental cattle called Runrun was born

Since 2014, China Resources began assisting the industries in Haiyuan by introducing the high-quality variety-Simmental from Switzerland and then set up Ng Fung Foundation Cow Bank.

At the end of April 2016, the first Simmental "Cow beauty" in Haiyuan aided by the CR, known as "Haiyuan No.001", produced a calf named Runrun, which means the targeted poverty alleviation project started to pay off.



# Special Responsibility Projects

## “C'estbon reading accompanies you to grow up!” C'estbon 100 Library Program—improving rural children’s reading environment

**Project Background:** CR C'estbon “100 Library Program” was launched in 2007, aiming to donate for the construction of libraries with public nature to primary and secondary schools where education resources were lacked. The project, with the method of “a bottle of CR C'estbon water for an idle book”, launched the cycle utilization of books in urban and rural areas, encouraged citizens to donate their idle books for giving them to the primary and secondary schools in poverty-stricken areas, so as to jointly build the CR C'estbon libraries.

**Project Introduction:** Nevertheless, the goal of CR C'estbon “100 Library Program” is not only to build 100 libraries but to improve children’s reading environment in rural areas.



### Eight sets of data to know more about CR C'estbon “100 Library Program”

- 1 In 2015, CR C'estbon “100 Library Program” has been implemented for **9 consecutive years**.
- 2 In 2015, CR C'estbon “100 Library Program” started its return visit with a journey of as long as **20,000 km**.
- 3 In May 2015, the project group of CR C'estbon “Hundred Library Program” spent **288 hours** and traveled **20,798 km** to conduct the field survey and investigation to its established libraries and record **hundreds of** children’s reading condition in rural areas.
- 4 As of December 2015, a total of **150** CR C'estbon libraries were established in 18 provinces, such as Guangdong, Qinghai, Sichuan, Anhui, Hunan, Liaoning and so on. The donated books **exceeded 1 million**, which brought spiritual sustenance and reading accompany to the children in poor areas which are beyond their textbooks.
- 5 In 2015, the other new CR C'estbon libraries in seven regions of China were still under construction. From selecting site, communicating with heads of the school face to face, knowing the detailed situation and demands of the school to the final stage of putting it into use, one **hundred days** were spent on building such a library in rural school.
- 6 From July to October in 2015, CR C'estbon “100 Library Program” recruited more than **300 volunteers** through communities, schools, supermarkets and official We Chat platform.
- 7 In 2015, CR C'estbon “100 Library Program”, by introducing the “Internet + Public Welfare” mode, walked into nearly **200 primary** and middle schools to promote the program and successfully raised over **60,000** high-quality books for children.
- 8 In 2015, CR C'estbon “100 Library Program” worked with brother company CR Vanguard to jointly set up public box to raise books in **51** CR Vanguard supermarkets of **7** major cities like Beijing, Shanghai, Shenzhen, Chengdu, Jinan, Changsha and Shenyang. **238 activities** were held within a month; **37,107 people** were engaged in the activity and **28,302 books** were collected in this regard.

As the CR C'estbon “100 Library Program” has been conducted for nine years, the duration and detailed data indicate that shouldering social responsibilities truly need patience, perseverance and determination.



## Special Responsibility Projects

### Thought of the Farm Charity Fund: Pacific Coffee practicing fair trade

**Project Background:** The Thought of the Farm Charity Fund is established to cement relationship between coffee farmers and the Pacific Coffee. By cash back, the quality of life of farmers is improved and a more complete circulatory system is created.

**Project Introduction:** Thought of the Farm Charity Fund was officially established by Hong Kong Pacific Coffee in January 2015, which had a profound meaning. Following the 18/25 Altura Espresso put into market by Pacific Coffee in November 2014, products purchased directly from farmers were officially added into the menu of Pacific Coffee. Bakers buying coffee beans from coffee farmers can make farmers directly get their earnings, and can practice the fundamental idea of fair trade more comprehensively. One HKD will be donated to the Thought of the Farm Charity Fund with each one of 18/25 Altura Espresso is sold to improve farmers' quality of life.

**Project Outcome:** The Charity Fund has already raised \$13,436.03 since it was launched, and \$4,768.76 of which has been donated to Santa Elena Estate of Costa Rica to purchase stationery supplies and uniforms for local students.

**Term Explanation:** What is Fair Trade

Fair trade is a kind of trade partnership based on dialogue, transparency and mutual respect to pursue greater fairness of international transaction so as to provide a more fair transaction condition and protect the rights and interests of labors and producers who are marginalized (especially in the Southern Hemisphere).



# Economic Responsibility

## Create Shareholder Value

### Promote Business Growth

#### Investment, Mergers & Acquisitions and Market Synergy

China Resources Group launched acquisition of non-beer business of China Resources Enterprise (CRE) in April 2015. According to the transaction structure of the project, China Resources Group will purchase the whole non-beer business of CRE and retain the beer business in the listed company, thus the value creation can be divided into two parts: beer business and non-beer business.

For **beer business**, from the perspective of strategic transformation, the listed company after reorganization will change from a holding company holding four major businesses including retail, beer, food and beverage into a listed company focusing only on beer business. The elimination of discount and the focus on business and management will make Snow Beer gain higher valuation in the future capital market. Many investment banks including Goldman Sachs has increased the target price of Snow Beer, and the new CRE focusing on beer business is considered to be a preferred investment selection in China's beer industry.

After implementation of the project, the value of beer business gained further recognition by the market promoted by the stripping of non-beer businesses and partial offer acquisition price put forward by the Group. With the improvement of product structure in the future, more profit increase will be obtained, which will also advance the increase of stock price of CR Beer.

After reorganization of **non-beer businesses**, the Group can further promote their integration and synergy effect with other business units, e.g. retail business of CR care, China Resources Sanjiu China Resources Sanjiu and China Resources Pharmaceutical Group so as to realize higher value creation.

**Food Business:** in 2015, CR NG Fung acquired 4.9% share of unit trusts firstly issued by Murray Goulburn, the largest dairy company in Australia.



## Enhance Management Efficiency

### Business Innovation

**In terms of retail business**, CR Vanguard has carried out full-scale construction and set up both on-line and off-line businesses such as its e-commerce platform ewj.com, Baidu Take-away and Wanjiasong O2O business to follow the new consumption trend.

**Food Business:** CR NG Fung International Distribution Center has actively expanded business in Chinese mainland base on current businesses. Since the launch of business in Chinese mainland by the end of 2013, CR NG Fung has entered Shenzhen, Shanghai, Tianjin and established business bases in South, East and North China. Besides, it will also enter into Xi'an in the near future and radiate its business to surrounding cities centering the four major core cities, thus finish the coverage of business in major cities groups of China. At present, it mainly introduces overseas high quality food such as milk, juice, beer, etc..

# Economic Responsibility

## Prevent Operational Risks

### Build Internal Control System

CRE organizes internal evaluation project at company level every year. This year, following the requirement of China Resources Group, it also launched a special system evaluation to have a general assessment of its internal control and to find out any defects of internal control in time. At the same time, it continues to promote the implementation of corrective measures for any problems found during the audit, thus to promote self-examination of the profit center, establish rules and regulations to improve the internal control system. Such as hold conference on implementation of corrective measures with China Resources Vanguard; the headquarter of beer business to carry out inspection on logistics and distribution, lively management, purchase & management of promotion product in different stages in the whole region aiming at the common problems in marketing audit; beverage business to carry out self-examination on projects under construction combining with Lu'an engineering audit project.

Audit correction has promoted and set up 67 rules and regulations on key business processes including bidding and procurement, marketing, storage and logistics, project engineering management, information system and HR, etc. of the audited unit.

### Financial Risk Management

In September 2015, CRE began to carry out centralized management on capital, and monitor relevant risk indicators such as exchange rate sensitivity ratio by regularly monitoring change of RMB exchange rate and actively adjusting loan structure to appropriately increase RMB financing and reduce exchange rate risk.

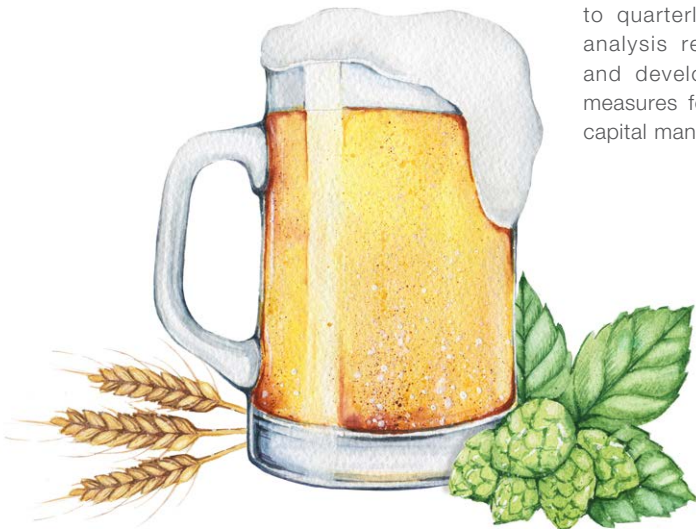
At the same time, in order to implement the requirement for using large amount of funds for SOEs and according to the actual situation of CRE, the 3-level report mechanism for payment of large amount of money (report to headquarter of profit center for projects exceeding RMB10 million, headquarter of CRE for projects exceeding RMB20 million and China Resources Group for those exceeding RMB50 million) for CRE has been set up, and made detailed requirements for related work. Profit centers are required to mainly promote revise on capital management system and update of OA system, which effectively strengthened control over payment risk of large amount capital.

In addition, CRE regularly communicates with subordinate profit centers on conditions of operative capital, while the subordinate profit centers need to quarterly submit cash generation analysis report to the headquarter, and develop improvement plan and measures for strengthening operational capital management.

### Comprehensive Risk Management

In 2015, sub-companies of CRE at all levels further improved their management systems in accordance with the risk evaluation outcome. The **headquarter of CRE** newly launched 18 systems, revised 5 systems; in terms of **beer business**, **Snow Beer** developed 13 risk management manuals, revised 104 process and work guidelines, and put forward 329 corrective recommendations for 398 problems found in risk management special examination; in terms of **retail business**, **China Resources Vanguard** set up and revised multiple clean management systems such as *Code of Conduct for Business Partners* and reinforced supervision on key posts and links as well as their implementation; for **beverage business**, **CR C'estbon** developed risk management and internal control manual, and carried out special examination on marketing expenses together with CRE audit and found 24 bugs, which promoted comprehensive correction amount business departments; for **food business**, **CR NG Fung** organized self-examination of internal control with correction complete rate of 100%; meanwhile, the bidding and procurement system is set up to perfect corresponding supervision mechanism, etc..

CRE, based on its business situation, re-organized its risk management organization structure and responsibilities, and revised & launched *CRE Risk Management Manual*, and firstly make CRE headquarter and subordinate profit centers fully covered in 2015. Centering on the 13th Five-Year Plan and operation objective of the Company, combining internal and external environmental changes, CRE identified, analyzed and evaluated the major risks that affect the realization of general operation objectives of CRE in an all-round way, and developed relevant risk management strategies and solutions.



# Economic Responsibility

## Communication between Shareholders and Investors

Except from a complete enterprise governance structure, CRE also employs good communication mechanism between shareholders and investors to make shareholder value of the Group more sustainable. CRE has always provided transparent and timely messages in operation and major business development for investors, communication channels between CRE and our shareholders includes:

- Annual and Interim Reports
- Corporate Social Responsibility Report
- Data required to be disclosed under *Listing Rules* and relevant rules and regulations
- Reports required by regulators
- Annual General Meeting
- Investor Briefing
- Road shows and Visits
- Additional information disclosure channels, such as website and investor inquiries, etc.

In 2015, investor relation activities of the Group included regular investor briefing and annual general meeting, etc., and about 250 times of meeting with over 1,300 analysts and fund managers, which includes one-on-one meetings, luncheons, symposiums and teleconference arranged by financial institutions. In addition, the Group held a two-day delegation in October 2015 and showed the scale, operating condition and distribution channels of the Group's brewery in Chengdu, Sichuan Province to about 70 investors.

On May 4, 2015 and June 15, 2015, the Company signed a purchase contract and a supplementary agreement with China Resources (Holdings) Co., Ltd. (China Resources Group) to sale the all of the non-beer businesses of the Company (including retail, food & beverage) to China Resources Group with total amount of HKD30 billion. In order to make shareholders and investors from different regions to fully understand the concept and benefits of the proposed restructuring, we have organized a number of investor meetings and conference calls, allowing managers to communicate with investors and answer related questions; the Company also expanded its overseas market with China Resources Group, and organized road shows in the United States, Britain and Singapore, etc. as well as met with overseas investors; at the same time, the company also disclosed relevant information in public documents, including providing the opinions of independent board and financial consultant in a clear, objective and balanced manner, so as to help shareholders to better understand the transactions and assist them with investment decisions. Finally, the transaction gained support from 98.84% independent shareholders at the EGM held on August 3, 2015, and was completed on September 1, 2015. Re-organization made the develop strategy of the Group even clearer, the communication with the investment community more transparent and also created higher value for shareholders. Regardless of the affect of special dividend of HKD12.30 per share, the stock price of CRE on December 31, 2015 gained a nearly doubled annual increase.

## Improve Corporate Governance

### Risk Control Mechanisms for major issue decision, appointment and removal of personnel, investment decision on major projects and use of large amount of funds)

Current board of CRE is comprehensively in charge of establishment and maintenance of a solid risk management, internal control and governance system to ensure the objectives and purposes of the Company be effectively achieved, guarantee the assets of CRE and interests of shareholders, as well as ensure the liability of financial and enterprise reports. Committees of various natures with specific responsibilities were set up by leaders of board: executive committee is responsible for major appointment & dismissal and investment decisions; internal control and risk management committee is in charge of overall deployment, guidance, inspection and coordination and management of internal control and risk management work; the bidding committee is responsible for leadership and decision of bidding and procurement work; the investment pre-audit committee is in charge of the pre-audit work of related investment projects.

# Economic Responsibility

## Value Preserving & Increasing Performance

### Business Performance

As of December 31, 2015, operation revenue of CRE reached 173.6 billion HKD. Its retail business CR Vanguard actively initiated integration and transformation after joint venture with Tesco; Food business: CR NG Fung established international distribution center; business revenue of beverage exceeded 10 billion, and its market share raised from the third to the second in China.

### Beer Business

Privatization of non-beer business was completed in 2015, which provided an important opportunity for transformation and upgrading specified in China's 13th Five-Year Plan. On September 1, 2015, CRE sold all the non-beer businesses to China Resources (Holdings) Co., Ltd. with HKD30 billion. Turnover and attributable profit of beer business in 2015 reached HKD34.821 billion and 831 million respectively with an annual increase of 1.0% and 9.2%. The rapid growth of sales volume of mid to top range beer increased the average price of beer with an annual growth of the overall average price of about 3.2% calculated by RMB, which lifted the sales volume of beer of the Company in 2015. At the end of 2015, the Company operated 97 breweries in mainland China with the production capacity of approximately 22 million kiloliter.

### Other Businesses

From January 1 to August 31, 2015, business revenue and loss attributable to shareholders of sold businesses of the Company were HKD98.416 billion and 4.826 billion respectively. In retail business, CR Vanguard was influenced by the anti-corruption policy and uncertain economic prospect, the business environment is getting more complicated due to change of consumption habit and new practitioners in the industry. Tesco PLC's business in China is undergoing integration and now is at the run-in period, which will bring negative effects to business prospect. In order to strengthen physical store operation, e-commerce and information system, etc., the retail business needs further investment thus is difficult to gain profits in mid and short terms. In food business, loss of rice business is mainly due to too much upfront investment and market development expenses. Besides, there is a need for more investment in meat business to improve its market share, capacity-utilization rate and profitability. Sales volume increase of purified water under beverage business consolidated the Group's leading position in core markets including Guangdong, Hunan and Sichuan province, and we will continue to expand sales network in surrounding areas.

## 97 breweries

At the end of 2015, the Company operated 97 breweries in mainland China with the production capacity of approximately 22 million kiloliter.



# Happy Employees

The most valuable asset of CRE is its staff. The Company attaches great importance to cultivation and development of employees as well as their mental and physical health. There are rules and regulations formulated by the Company to protect the rights and interests of employees, which made it not a mere slogan. CRE looks forward to practically protecting the rights and interests of its employees to help them achieve balance between work and life, improve their sense of belonging, make them have a full use of their talents, thus to improve HR value of the Company and improve its competitiveness and productivity.

## Protection of Rights and Interests of Employees

Protection of rights and interests of employees has always been considered as a priority of CRE. We protect their basic rights and interests including signing formal and standard labor contracts, buying social insurance in accordance with the law and extra commercial insurance, prohibiting occupational discrimination and punishment and protecting the privacy of employees; we also ensure the right of remuneration of employees and pay full remuneration to them in time monthly. We've established performance management manual and reasonable remuneration increase mechanism to carry out the performance oriented culture of China Resources Group, enhance performance management of all staffs, specify performance management policy and improve performance management level. We adhere to the principle of equal employment to guarantee fair and just employment.

For **retail business**, CR Vanguard has established a multiple guarantee system based on social insurance and supplemented by commercial insurance. In addition to social insurance, we also purchase other non-mandatory critical illness insurance or accident insurance for employees according to the actual situation of the Company to provide comprehensive protection for safety and health of employees and relieve their worries. In terms of **beer business**, Snow Beer strictly complies with national labor laws and regulations and local policies. We've also established a scientific and reasonable wage increase long-term mechanism according to the operational situation and key factors including the posts of employees, their performance evaluation and length of service, etc. We've launched the vocational development system in an all-round way for basic-level employees to realize a salary distribution system combining multiple distribution methods and at the same time enable the employees to develop themselves in both profession and management skills. For **food business**, CR NG Fung emphasizes standardized management, it purchases social insurances and public provident fund for employees as well as additional accident insurance for some front-line workers, which provides them with a more comprehensive welfare guarantee. Except from statutory holidays, the Company also provides welfare holidays to guarantee full rest of employees; most of its subordinate companies have their own dorms and canteens that are comfortable with good sanitation, providing a good logistics guarantee for employees.

## Democratic Management

CRE has always kept the democratic management system and practiced the corporate culture of China Resources Group to keep a simple, positive and happy work atmosphere. The employee relationship team, as a bridge linking the Company and employees, maintains communications with all the employees, delivery positive energy to them, listen to their comments and suggestions and feed them back to the Company. In **retail business**, CR Vanguard has started the activity of "Double Fifteen GM Reception Day" since June, 2011; in 2015, it innovated the content and organization form of the activity based on the past results and fully established effective communication among senior managers, departments and employees, and solicited ideas from front-line workers on reform and transformation of the Company.

**Beer business:** welfare policies and rules and regulations on rights and interests of employees of Snow Beer come into effect and put into implementation only after approved by workers conference. Some more transparent policies on internal management are promoted gradually to regularly publicize the performance appraisal of employees and accept their complaints and opinions. **Food business:** subordinate companies of CR NG Fung actively founded labor unions. Up to now, 14 subordinate units have set up labor unions including 4,465 people.



# Happy Employees

## Occupational Health & Safety

CRE has always paid attention to occupational health of employees. Every employee can have a systemic examination in professional institutions every year; CRE headquarter has set up the "Running Club" managed by Wechat group to encourage employees to do daily exercises, including but not limited to walking, running, climbing, swimming and badminton, etc.; we've developed an annual activity plan to regularly organize all staffs of CRE headquarter to participate in the special health activity; promote subordinate profit centers of CRE to carry out health activities including review of annual health plan, coordinate activity information, internal resources integration and submitting implementation report, etc.; promote CRE headquarter to actively participate in health activities arranged by the Group and profit centers. The Company also organizes its employees to actively participate in the activity helping the disabled people who participated in Shenzhen Marathon held by Shenzhen Disabled Persons' Federation. Meanwhile, CRE cares about employees' mental health and cooperates with the Group on mental health aid project.

**Retail business:** CR Vanguard, by introducing Energy Star EAP project and reasonable utilization of external professional perspective and complementary resources, makes mental behavior of employees more consist with organizational reform to improve organization efficiency; strengthen mental and physical health management for employees and gradually build a platform for it, so as to improve physical and mental quality of employees, stimulate their enthusiasm for work and enhance their recognition for the Company.

**Beer business:** 7,454 people of CR Snow Beer had occupational disease prevention and treatment examination in 2015, and set up "one file for each person" occupational health file. The rates for notification of occupational hazard and setting of warning marks reached 100%.

**Food business:** except from normal body examination, subordinate companies of CR NG Fung also developed targeted projects benefit for employees' physical and mental health, for example, Yangzhou NF Fuchun Food Co., Ltd. cooperated with local health exercises teaching center and developed health exercises suitable to the Company to prevent occupational disease. By mass instruction and individual teaching, the exercise is now learned by all and achieved satisfactory results.

## Development of Employees

CRE provides learning and training opportunities to employees. In 2015, in order to help new employees to learn about businesses and culture of the Company, profit centers also carried out the "Future Star" training program to let new comers to blend in as soon as possible. In addition to on-line training, we also endeavored to complete occupational development system to guide employees to pay attention to skill improvement.

**Retail business:** Leadership College of CR Vanguard scaled up training and qualification of internal lecturers to dig the teaching potential of its employees and strengthen team building of internal lecturers. **Beer business:** CR Snow Beer has adhered to lean talent cultivation project and carried out lean training of yellow and green belt as well as lecturer qualification. It has continued to perform improvement of lean project and trained 955 people in all in 2015. **Beverage business:** in 2015, CR C'estbon has trained over 1,000 people with training hours exceeding 600 hours, and if the sales manager cultivation plan is fully implemented, it will cover 100 % of all the manager-level staffs in the marketing system. By small training plan, we can help newly promoted sales managers to quickly get familiar with their new positions, develop basic capabilities and finish position transformation. **Food business:** in order to help employees in various departments to learn about the businesses of the Company, provide better support and services to the Company and facilitate implementation of CR NG Fungo's strategy, CR NG Fung carried out series monthly competitions close to its businesses. All training programs, with the concept of lean management, are carried out frequently in the year covering a wide range to keep pace with business development.



# Happy Employees



## Future Star Training Camp of China Resources Group

### Food Business

From July 15 to August 15, 2015, CR NG Fung carried out the ninth camp in South China of the Future Star Training Camp in Huizhou city, Guangdong province. Through six modules including team building, learning about China Resources Group, cultural trip, the road to success, professional quality and themed task, employees had a better understanding and recognition of China Resources Group, improved their capabilities, realized role transformation and built their ambitions. In accordance with the training of management trainee of class 2014 from 2014 to 2015, the training program for class 2015 was improved and divided into two types of job rotation and project scheme. We put forward the management trainee cultivation scheme and will continue to pay attention to MT of class 2014 and orientation training for new employees to help new employees to get familiar with the business and blend in the Company as soon as possible.

### Beverage Business

In 2015, CR C'estbon firstly organized the Future Star Training Camp 2015 independently. The Camp, led by Human Resource department of the headquarter and organized by South China region, aimed to improve the 3-year development mechanism

for new employees, cultivate more reserve talents team who are sunny, responsible, passionate and have dreams for future sustainable development of the Company and who recognized the corporate culture.

The three-year training program consists of four modules including first lesson for work, orientation training, future star training camp and position training.

## Leadership Program Developed by CR Snow Beer

The leadership program developed by Snow Beer itself is mainly for senior managers. It has completed 7 classes of training from 2008 to 2015. The trainees are from multiple departments such as production, marketing and administration, etc. from headquarter of Snow Beer and its subordinate companies, with a total of near 500 people. During the training, Snow Beer constantly explores and optimizes the new way of development to better cultivate more capable senior managers for the Company.



# Happy Employees

## Care for the Employees

CRE has always adhered to implementation of its policies to perform practical care to its employees.

### Help and Support Employees in Difficulties

**Beer business:** since the establishment of “Snow Beer Aid Fund” on June 1, 2006 to the end of 2015, Snow Beer has spent more than RMB1.73 million in total on middle and basic level employees suffering life difficulties or health problems.

“Mei Hong (assumed name), an employee of CR Snow Beer in Gansu-Qinghai-Tibet region, has struggled to support the single-parent family for many years. Her daughter has an epilepsy history for over 10 years, the early treatment of which cost more than RMB150, 000. Mei Hong’s monthly salary needs to be used for all the treatment and life expenses, so they lead a poor life due to illness and are heavily in debt. In 2015, her daughter’s illness was getting worse and needed immediate surgery, however, the surgery and treatment expenses were over RMB200, 000 which was almost impossible for her to afford. After knowing this, Snow Beer raised donations for her among employees in the region. In addition, the regional company also applied a special fund from Snow Beer Aid Fund and raised near RMB50, 000 with the help of many others and covered the short-term treatment expenses for her daughter.”

### Care for Special Personnel and Female Employees (the Disabled and Migrant Workers)

**Retail business:** CR Vanguard carried out personalized care program for front-line workers suffering high temperature in summer and cold in winter. It has carried out the special themed winter activity—Warm Winter activity. The headquarter and all business units have carried out “Winter Sunshine” and “Happy Party” themed activities, care trip, Spring Festival card, festival gift bag and employee procurement fair, etc. In 2015, the Charitable Mutual Fund of CR Vanguard totally subsidized about 40 female employees with critical illnesses including breast cancer, cervical cancer, rectum cancer and malignant tumor, etc..

**Beverage business:** CR C’estbon has launched special care policies for women who are pregnant for more than seven months (including seven months) or in lactation period for baby under 1 year, for example, they can rest for an hour during working hours which is considered to be working hour, and they will not be arranged to work at night or work overtime. Besides, female employees who are pregnant can do prenatal examinations during working hours, and it can be deemed as working hours if submitting the hospital records.

## 1.73 million



Beer business, 2006 to the end of 2015, Snow Beer has spent more than RMB1.73 million in total on middle and basic level employees suffering life difficulties or health problems.

### Strike Balance between Work and Life and Carry out Cultural and Entertainment Activities

**Food business:** in order to help employees to maintain good health, headquarter of CR NG Fung actively organized and participated various of activities held by working committee of China Resources Group including marathon experience competition of China Resources Group, the second “CR Cup” badminton mixed team competition and happy running activity celebrating July 1st (anniversary of the founding of CPC), etc. Subordinate profit centers also organized many activities to enrich the life of employees, for example, CR Hope Village carried out team activities including spring hiking, employees’ sports meeting, farmers’ sports meeting and Women’s Day party, etc. While appreciating the natural scenery, they also relaxed their mind & body and enhanced communications among employees and between employees and the public; CR Ng Fung in Henan province held the first Duroc Basketball Cup in June, 2015, which reinforced solidarity among employees.



# Client Responsibility

Customer-oriented concept has always been the operational concept of CRE.

## Customer Management

**Beer business** continued to improve the beer bottle recycling system in 2015 to solve potential quality problems from the source. In addition, it also strengthened process control, specified critical control points during the production process to improve brand image. **The food business** also sticks to provide real product and service information, CR Ng Fung International Distribution Co., Ltd. carries out its all kinds of businesses strictly in accordance with laws and regulations of Hong Kong SAR, and there are complete trace systems to guarantee food safety when it occurs product recall issue. Therefore, the high quality products and services of CRE have always maintained good reputation in the industry. In 2015, its subordinate brand "Chinese Arts & Crafts" was awarded as "Retailer with Best Service" in department store group of "Mystery Customer Plan" developed by Hong Kong Retail Management Association for 11 consecutive years, which was a reflection of the remarkable achievements made by the Group in client service.

## Providing Clients with High Quality Products and Services

CRE has always attached great importance to the increasing high requirements of consumers on food safety and product quality, therefore, we require all our businesses to strictly adhere to the quality policy to continuously provide good quality products and services and maintain good reputation of the Group.

In 2015, **beer business** vigorously carried out ISO9000 quality control and Hazard Analysis Critical Control Point (HACCP) for food production management to ensure 100% safety and quality of food; it also utilized multiple standards to control food safety, strengthened food safety training, comprehensively implemented national laws and regulations and standards, set up food safety information platform to realize dynamic management of information and further control product safety. Besides, beer business also carried out comprehensive research on appearance quality of beers, such as package design, package material, process control, equipment transformation and storage & protection, etc., and made many breakthroughs and better guaranteed product quality.

**Food business** also carried out quality control strictly in accordance with ISO22000, ISO9001, HACCP and Good Agricultural Practice (GAP), etc.. By product and production technology innovation, it effectively reduced food safety risks, thus can provide more safe, healthy and convenient products for consumers.

**Beverage business:** in 2015, CR C'estbon improved its SPM quality control system according to current quality management requirements of the Company; it has established 3-tier inspection system for factories and determined key inspection work considering key points in current quality control; organized the work of quality personnel stationed in the factory in an all-round way, unified work contents and report forms of quality personnel in various areas; added market quality management module, formulated logistics management rules for distributors and feedback procedures for government spot check information, strengthened market quality control, improved market sampling management rules, increased quarterly market sampling requirements for barreled water and reinforce quality risk control for barreled water.



# Client Responsibility

## Protection of Consumer's Rights and Interests

CRE's four business units all set up special client service hotlines and client complaint mechanisms to provide timely professional consultation service and satisfied after-sales service for clients to improve consumers' satisfaction; it also regularly carries out comprehensive analysis and improvement to constantly improve the quality of products and services.

**Retail business:** CR Vanguard has complete customer complain service system, in addition to compliant hotline, complain desks and regular complaint box, there are special personnel to deal with complaints on the internet and weibo, and set first inquiry accountability system to ensure there are less than 3 people to directly communicate with customers, so as to avoid dissatisfaction of customers due to frequent change of service people.

**Beer business:** in 2015, CR Snow Beer changed previous regional customer service telephone to unified 400 customer service telephone and answered by the call center to pass the views and suggestions of consumers. Regional company personnel will immediately contact the customers in 15 minutes after receiving the information and appoint the time and place of after-sales service to address the complaints. Meanwhile, CR Snow Beer has established product code to trace the product and define responsibilities; the production system can analysis reason according to the code, develop

corrective measures and implement quality improvement virtuous circle. Besides, service center of the headquarter can carry out effective information monitor and data statistics to provide reference for analysis and decision of managers, thus make consumers gain satisfied experiences.

**Beverage business:** CR C'estbon, one of the earliest companies that has carried out customer satisfaction evaluation project, has started the first round of evaluation since August, 2004; at the same time, CR C'estbon adheres to carry out consecutive satisfactory evaluation in every year, from August 2004 to August 2015, it has carried out the evaluation for 12 consecutive years and accumulated large amount of data, which is an important basis for monitoring and assessment of market performance of CR C'estbon, as well as paying attention to and improving CR C'estbon's service level for retail terminals and distributors at all levels.

**Food business:** CR NG Fung also set up a 400 national unified complaints hotline to listen to the opinions of consumers; it established the complaints account to analysis the complaints; its official Wechat platform "CR NG Fung Rice" regularly provides all-round product and life service information to consumers on each Friday. It sticks to customer oriented and developed complete customer complaints and opinions solve mechanism and product withdrawal and recall mechanism.

## Innovation and Development

### System Guarantee

In order to promote innovation, CRE has designed and practiced a set of mechanisms to realize management of endless loops such as communication, encourage and evaluation, which advanced the orderly and continuous carry out of the innovation work. It includes the following mechanism constructions:

(a) Communication mechanism: aiming to guarantee the effectiveness and de-leveraging of communication, publication and implementation.

Communication Platform	Project Type	Committee/Collaborative Office	BU Collaborative Groups/ Project Groups	Executor/Business People
CRE's Internal Communication	Major projects	Consultation/Coordination/Evaluation	Apply for direct communication to upper level	
	Common projects		Direct communication	Apply for direct communication to upper level
	Basic business operation			Direct communication

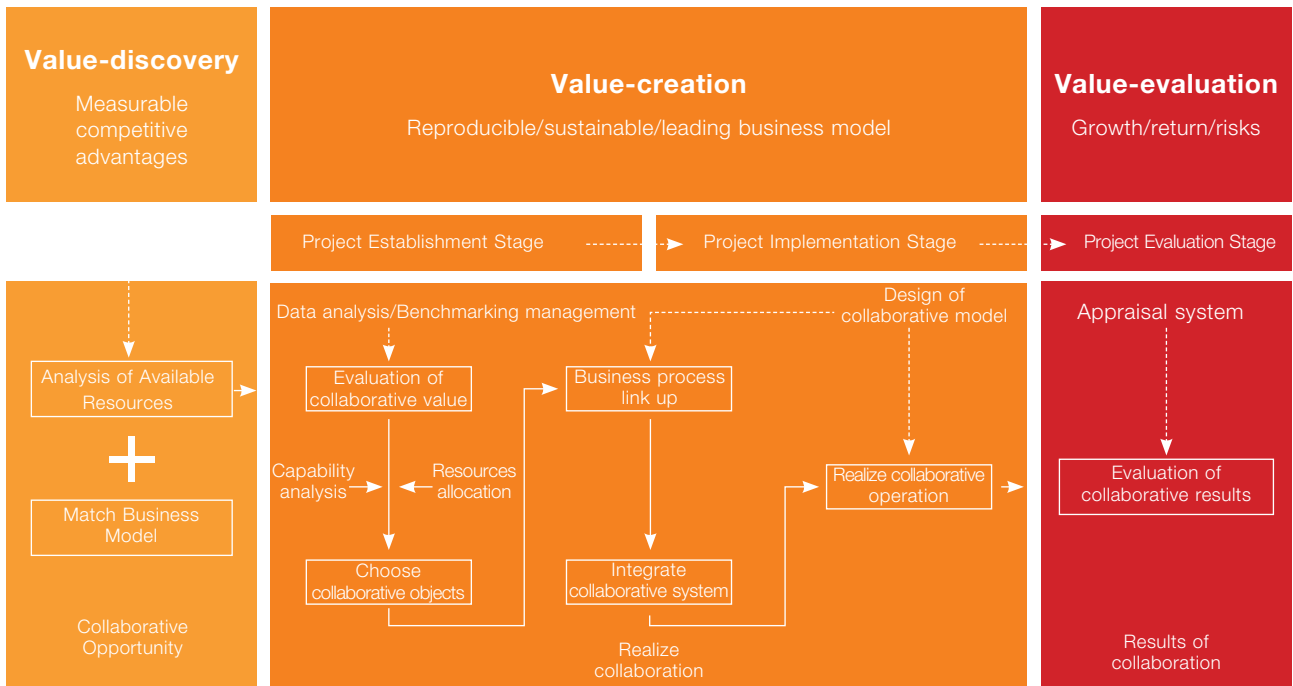


External Communication Platform	Collaborative Office of the Group (Guidance)	CR College (Research)	Departments/SBU/BU of the Group (Support)	Collaborative Meeting, Special Lecture and Experience Sharing (Communication)	OA, Briefing, Publications (publicity and implementation)
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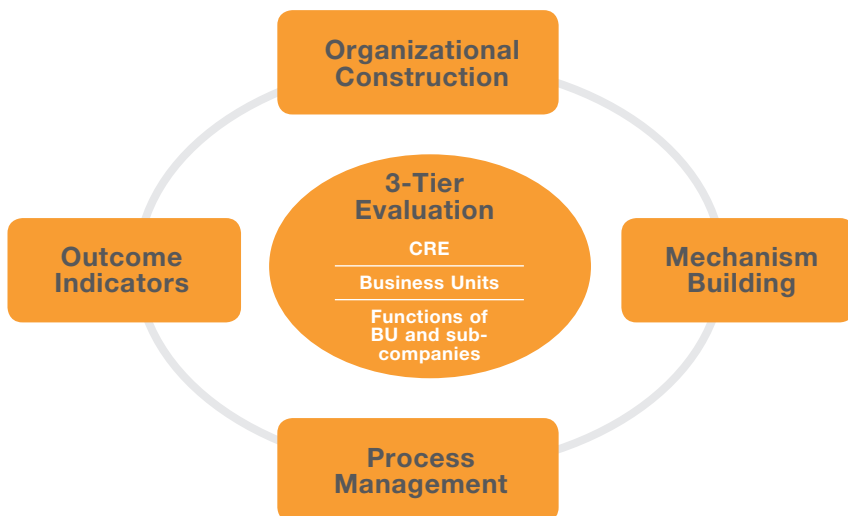
# Client Responsibility

(b) Incentive mechanism: aiming to incubate and stimulate resources synergy, strategic leadership and implementation of work under model innovation. The collaborative innovation plan of CRE was set up in 2013 with the award of RMB5 million, which was evaluated by collaborative innovation evaluation committee of CRE; the evaluation standard and reward management methods were formulated by strategy department of China Resources Group and collaborative innovation office of CRE.

(c) Value management mechanism of collaborative innovation: realize model innovation and improvement of core capabilities centering on value management.



(d) Evaluation and appraisal mechanism: establish multiple dimensions/longitudinal evaluation system to realize management of endless loops and ensure advance of innovation work.



# Client Responsibility

## Innovation Platforms

CRE collaborative office aims to build internal innovation incubation platform in CRE and create a culture of innovation and entrepreneurship, promote implementation of innovative projects, enhance CRE's overall organizational capabilities and innovative business models.

Collaborative office of CRE, under the guidelines of resources synergy, strategic leadership and model innovation, will implement the objectives of establishing a collaborative innovation organization, pilot-running of a set of collaborative innovation mechanism and implementing a series of core projects. Specific model innovative projects including customer transformation for gas business and CR Vanguard, community banks of Vanguard bank and CR bank, e-Runlong, e-Xiaotong, etc.; strategic leading projects includes cross-selling of retail of CR Vanguard and consumer goods, collaborative innovation of C'estbon and Snow Beer.

At the same time, China Resources Group also funded CR College to carry out "CR Innovation Competition" and won 18 intellectual properties of the innovation projects.

Type	Name	Time of Establishment/Preparation	Positioning	Achievements
Innovation & Entrepreneurship Incubation Platform	Collaborative Office	May 2013	Improve organizing ability of CRE and innovate business models	Accumulative collaborative amount of 10.2 billion Yuan from 2013 to 2014
	Innovative Lab	December 2015	Research on consumers, innovation capability of organizations and application of new theories & technologies in the retail industry	Under preparation, already visited related excellent innovation laboratories in the industry to develop construction plan
	Innovation Research Society	December 2015	Dig innovation & entrepreneurship talents, skill improvement, training and exchanges of innovation theoretical tools	Under preparation, construction plan has been prepared
Innovation & Entrepreneurship Technology Platform	Mass Innovation V plus Xinghuo Liaoyuan Platform	January 2014	Combine on-line and off-line business, innovation incubation, promotion, copy and collaboration of pilot projects	Currently working well, achieved platform input & upload projects: 3,647, Talents: 153, financial benefits: 1.1352 billion Yuan
	anylean Mobile Platform	January 2014	Solicit opinions of minor improvements, improving information, ideas and project assessment	Currently working well, received total 4,758 proposals
	Anyinnovation-ider Mobile Platform	November 2015	Collection, cultivation and encourage of small innovation ideas	Under test, then pilot run
Innovation and Entrepreneurial Activities	Collaborative Innovation Incentive	July 2013	Encourage innovation teams and incubate innovative projects	Already granted 1.034 million Yuan for incentive fund and incubated six key innovative projects
	"Mass Innovation Forum"	Continuous	Create an atmosphere of innovation participated by all; cultivate seeded innovators	Under preparation
	"Lean Innovation Ideas"	November 2015	Information and communication, innovate cultural influence	Apply for Wechat public platform and publications production
	"Evaluation and Selection of Mass Innovation and Entrepreneurship Projects"	Each quarter	Innovation incubation project appraisal	Under preparation
	coffee & tea- Innovation and Entrepreneurship Exchange Salon	Continuous	Innovation/Entrepreneurship Exchange	Under preparation

List of CRE's Platform Construction

# Partner Responsibility

## Supply Chain Management

Strict internal guidelines are set up for the supply chain management on various business of different subordinates of the Group to ensure the product quality. With respect to beer business, in 2005, CR Snow revised and improved *Regulations on Supplier Management* and *Regulations on Procurement Bidding Management*. Through institutional mechanism and contract terms, the work on procurement of raw materials and management of food safety shall be bound so as to be better and fully implemented.

The certification standard of suppliers' on-site inspection involves the qualification of food safety and normalization of management system of food safety, which are the admission limitation.

The screening criteria for the new supplier, which involves the qualification of food safety, is the class veto item.

Annual audit on the qualifications of food safety in the suppliers' catalog, prompt tracking on the term of validity and update status on the qualifications of food safety in the suppliers' catalog.



In the cooperative process, the suppliers with severe quality issues and potential food safety hazards should be eliminated in time.

In the bidding and price negotiation process, the suppliers' qualifications of food safety should be audited and served as admission limitation.

In the transportation process, the risk precaution and responsibility of the food safety should be written into the contract or the agreement.

**Beverage business,** CR C'estbon fully integrates the idea and requirement of implementing social responsibility into the whole procurement process of the enterprise, in order to ensure that it will be responsible for the company's procurement trading behaviors. In 2015, CR C'estbon carried out 4 times of qualification audits in total (two of them was conventional qualification audit at regular intervals) on the platform reported suppliers in accordance with the *Selection Standards of the Qualified Supplier*. Through this way, the suppliers were audited on their qualifications. According to the development requirements, the suppliers who passed the on-site audit would enter the alternative catalog, and those suppliers completed and passed all audit would enter the qualified supplier directory by the requirements of the Selection Standards.

**Retail business,** CR Vanguard established *The Quality Control Process of Commodities Admission to CR Vanguard* in 2012, forming a sound quality management system of commodities admission, normalizing the supervision requirements and methods towards the suppliers, assisting the suppliers to enhance and improve the quality control level; thus to improve the quality level for its commodities and ensure the rights and interests of the consumers, laying a solid foundation for the permanent development of the company. In 2015, in order to better practice the social responsibility of CR Vanguard, the ethical trading terms were added into the audit contents of the suppliers, the main added contents containing child labor employment, animal welfare, environmental protection, etc.. The ethical trading terms was put forward in reply to 31 suppliers' requirement of abiding by it, which was brought into the admission audit work of the suppliers.

**Food business,** with the establishment of assessment system of suppliers, CR NG Fung carried out examination and assessment on the cooperative suppliers at regular intervals. For the excellent suppliers, they should be honored by the method of appropriately increasing the procured amount depending on the particular situation; for the incompetent suppliers, the procurement should be terminated and the rectification notification would be delivered to them, who may continue the supply provided that they are competent after the audit on the rectification. In 2015, the centralized procurement department under the headquarter of CR NG Fung organized and assessed 74 key suppliers in total, 25 of which were appraised and elected as excellent suppliers, 4 of which were incompetent suppliers, with the pass rate reaching 94.6 percent.

# Partner Responsibility

## Avoiding Commercial Fraud and Setting up the Anti-corruption Mechanism of Supply Chain

In 2015, **regarding the beer business**, CR Snow perfected the management system of procurement internal control through many inspection ways, such as external audit, internal audit, self-assessment, etc. In addition, the bidding and procurement staff, the bidders and the contract performing parties respectively signed “Honest Employment Code”, “The Sunshine Declaration” and “The Sunshine Commitment”, and by doing so, the procurement team was built into a highly professional and disciplined team.

**Regarding the food business**, CR NG Fung strictly implemented *The Regulatory System of Bidding and Procurement of China Resources Group*; in 2015, “The Sunshine Declaration” was attached into all bidding documents and procurement contract, which must be abided by all bidders. All relative staff of CR NG Fung participated in the procurement and bidding work should sign the “Honest Employment Code” by the way of commitment letter, intensifying the employees’ self-discipline from the system and requirements.

## Growing Together with Cooperative Partners

**With regard to the food business** of year 2015, CR NG Fung strictly implemented *the Regulatory System of Bidding and Procurement of China Resources Group*; adopted the way of “give priority to the model of bidding for procurement, price comparing model supplemented”. Whether it is the model of bidding for procurement or the model of price comparing, the principle of “the bidding assessment and award of bidding should be separated” should be implemented, and the acceptance inspection and the later assessment of suppliers should be completed by the user department, and finally the internal supervision mechanism was established. The fairness, justice and publicity of the materials procurement should be guaranteed. In the procurement process, the equality in legal standing of both parties should be ensured, and Party A is prohibited to deduct and squeeze the supplier by its own advantages, and prohibited to deprive the legal rights and interests of the supplier in order to safeguard its own interests. If any contradictions and disagreements appeared in the mutual cooperation process, which couldn’t be solved by effective ways, it should be strictly implemented in accordance with the agreements and terms in the annual procurement contract.

**With regard to the retail business**, CR Vanguard also actively interacted with the suppliers, its trainee of the buyer service station went to Xi Qing Factory of China P & G (Procter & Gamble Company) in Tianjin on 5 August, 2015, to carry out a study and discussion tour. After communication and learning, they had a deep understanding of the products and innovation on supply chain, meanwhile, they put forward suggestions on the products from the perspective of the clients.

**Regarding the beverage business**, CR C’estbon gradually perfected the distributor collaboration platform based on CRM system in 2015, enhancing the collaboration function of the distributors, obtaining convenient and accurate data of purchase-sale-stock for monitoring and analyzing the pipeline clients, and promoting the supervision capability towards the pipeline.

### Case Show: CR Snow’s Experience of Turing the Individual Distributor into Organization

For distributors, CR Snow adopts the collaborative distribution model of “manufacturer-operator-distributor-terminal”. In the aspect of supporting the sustainable development of distributor, the operating personnel from all levels in the company carries out guidance, design and introduction at regular intervals towards the distributors on the business model, profitability, business pattern, etc., and organizes excellent distributors to go out and study the operating and management experience of the fast moving consumer goods (FMCG) pipeline from other provinces and economically developed areas, which will promote the mode transformation of tradesman and itinerant trader to business distributor. Meanwhile, for the distributors with a certain scale, assists them to launch the formulation of annual budget, business plan and development plan, actively introduces the data information analysis platform, so as to make the distributor step on the normalized path of business management. Additionally, convenes the year-end commendation meeting of distributors at regular intervals annually, selects excellent distributor delegates to make presentation of their experiences, thus to promote the capability of the whole distributor team.

Over the years, the company always adheres to the principles of distributors’ operation in accordance with the law, being honest and trustworthy, abiding by the laws and regulations, social morality, business ethnics and industrial rules, faithfully implementing the contract, obeying the business credit and opposing the unfair competition. As a result, lots of distributors grow together with the company, and they are active in activities such as local tax revenue, re-employment of the laid-off workers, governmental poverty alleviation and helping the people in difficulties, and thus, they become the local representatives of the two sessions (NPC and CPPCC) and business leaders, making positive contributions to the social development.

# Environmental Responsibility

This Group always integrates the policies and actions of environmental management and resource saving into the business development, carries out the principle of sustainable development, and devotes to decreasing the burden generated by the business operation towards environment. Besides, the Group promotes the concept of environmental protection to clients, suppliers and people from all walks of life through holding and supporting various events of environmental protection, joining hands to create a better environment with concerted effort.

## Energy Conservation and Emission Reduction

In 2015, regarding the industrial enterprises of China Resources Enterprise (including CR Snow, CR NG Fung, CR C'estbon), the comprehensive energy consumption per ten thousand Yuan output value (comparable prices) registered a year-on-year drop of 13.40%, the comprehensive energy consumption per ten thousand Yuan value added (comparable prices) a year-on-year decline of 13.21%; regarding the non-industrial enterprises of China Resources Enterprise (China Resources Vanguard), the comprehensive energy consumption per ten thousand Yuan operating revenue (comparable prices) fell 6.50% year-on-year.

In the aspect of software, each profit center formulates its own annual control objective, streamline and transmit to lower levels, level by level to the teams and groups in the workshop. The monthly, quarterly and annual assessment on the water, electricity, gas and oil will be made by the grassroots enterprises, and the result of assessment will be linked up with the performance of the departments and individuals, which is fair in meting out rewards or punishments. With the regulatory regime of energy conservation and emission reduction, the management on energy conservation and emission reduction will be normalized and systematic.

In the aspect of hardware, the systematic assessment and constant improvement of environmental protection and energy conservation will be carried out to continuously promote the management level of energy conservation and emission reduction. Each profit center increases its input to carry out the projects on energy conservation and emission reduction and launch the technological transformation and update. China Resources Enterprise invested about 166.85 million HKD in energy conservation and emission reduction in 2015.

**Regarding the beer business**, adopts a series of effective measures to conserve energy and reduce emission, which contains the continuous advancing and reinforcement on the monitoring of the indicators towards the environment and energy consumption, promotion and application of new technologies and products of energy conservation and emission reduction with great efforts, and then improves the relative technological levels, effectively reduces the usage amount and carbon emission of the overall energy. In 2015, with regard to the beer business, about RMB30 million was invested as the fund of energy conservation and emission reduction, 20 projects on energy conservation and emission reduction were implemented, and the internal control indicators for the pollutant discharge, which are stricter than the national or the local governmental standards, were carried out.

Additionally, **with respect to the retail business**, the company devotes to push forward the technological transformation work on the energy conservation and consumption reduction, which contains actively introducing the technologies of environmental protection illumination and air-conditioning system equipment to reduce the energy consumption in good time; and introduces the organic tableware in the first half year to reduce the white pollution.

**With regard to the food business**, the company continued to carry out the technological transformation and update of the production equipment in different places in 2015, such as optimization of the boiler room, elimination of coal-fired boiler, etc., fully reducing the emission of the waste water and exhaust gas.

**With regard to the beverage business**, the company implements various measures on energy saving, such as introducing efficient electric motor, using recirculation water system and optimizing the water pump system. By doing so, nearly 500, 000 tons of water, 200, 000 kilowatt-hours of electricity, and over 10 tons of coal on average shall be saved monthly.

## Promotion of Environmental Protection

China Resource Enterprise devoted to holding promotion activities on environmental protection in different communities to enhance the public awareness of environmental protection and promote the resource protection with practical action. **Regarding the beer business and beverage business**, in the review year, the company responded to several environmental promotion and publicity education events, such as World Environment Day, National Energy Saving Publicity Week and National Low Carbon Day, etc., to enhance the employee's awareness of energy conservation and emission reduction. Among them, **the beverage business** released information through official Wechat platform with the separate theme of "Protecting the environment, We C'estbon Acting together" and "Saving energy, coming together with C'estbon", to cultivate public awareness of environmental protection, push forward the citizens to practice the life-style of energy saving and low carbon, finally guided and increased the attention on the environmental protection from all walks of life.

**Regarding the retail business**, the company has participated in the environmental protection event of "Earth Hour" held by the World Wildlife Fund for Nature (WWF) for 7 consecutive years. On that event day, all illumination equipment in the supermarkets and one third of illumination equipment in the Convenience Stores shall be turned off.





# Public Responsibility

## The Governmental Responsibility

### Paying Tax according to Law

China Resources Enterprise established the analysis method of the management elements of VAT and comprehensive internal control system, the daily tax handling was promoted and made it centralized, systematic and legally complied, to effectively prevent related operational risks, and earnestly implemented the social responsibility of paying tax according to law. In 2015, the total sum of the tax paid by China Resources Enterprise amounted to RMB10.215 billion, continuing to contributing tax revenue for China.

### Safety in Production

In 2015, China Resources Enterprise achieved the goal of safety in production of China Resources Group; on 1 May, 2015, it firstly perfected the organization work of the department of environmental health and safety of China Resources Enterprise. On 2 December, 2015, *the Notice on Adjusting the Members of the EHS Committee of China Resources Enterprise and Establishing the Office of the EHS Committee* was issued, and then the organization framework of the EHS Committee and its office of China Resources Enterprise were perfected. Meanwhile, the conference mechanism was set up. The EHS department of China Resources Enterprise convened the regular meeting of EHS department inside the system of China Resources Enterprise on 30 March, 2015, 28 August, 2015 and 17 September, 2015, respectively. The heads in charge of the safety and EHS management of each profit center participated in the meetings; they deployed and implemented the organizational construction and safety overhaul, the 13th Five-Year Plan, business plan, and other major work plans on the safety management.

The EHS department of China Resources Enterprise supervised and urged each profit center to establish and perfect the management system of EHS in accordance with the requirements of EHS department of China Resources Group. Each profit center has fundamentally established the following systems with CR's characteristics and various industrial features, such as the EHS organizational system, responsibility system, institutional system, education & training system, risk control system, supervision and security system, appraisal and examination system, cultural system, continual improvement system.

At present, combining with the key work deployment of the EHS department of the Group, China Resources Enterprise supervised each profit center to bring the following works into the annual assessment indicator, the management work of accidents and incidents should be normalized, "the behavior observation" and "intrinsic safety" should be pushed forward, the construction work, and other key works. Each profit center carried out a series of activities and projects, thus the safety behaviors of human were normalized, the safety level of the objects was promoted.

China Resources Enterprise also confirmed the vision & target, strategy and milestone of the work of EHS department of CRE in the "13th Five-Year Plan" period, and made a planning for the deployment on the work of EHS department of CRE in 2016, and the key EHS work tasks for each profit center.

## Construction of Community

### Caring for the Community

In the review year, the Group was actively engaged in the service and the business of public good in various communities as it always did, which covers multiple fields, such as education, cultural conservation, post-disaster rescue, etc., it satisfied the needs of the communities by close contact with citizens, cared the communities with particular requirements, pushed forward the construction of the communities, and gave full play to the spirit of caring the society. The consumers, employees and suppliers are encouraged to actively participate in the works and jointly repay the society.

In 2015, China Resources Enterprise continued to actively invest and participate in the project of CR Hope Village which was initiated by the China Resources (Group) Limited Company several years ago. Of this project, **the beer business** invested about RMB one million Yuan in grand total to participate in the construction of the Hope Village in Zunyi, Guizhou Province, and a cultural plaza was built up in June, 2015, which provided a high-quality place for local residents to take entertainment and hold large-scale activities.

In addition, in the aspect of supporting and developing of the project and industry, **the food business** did its utmost to change the traditional agricultural economic mode, provide employment opportunities, increase the farmers' income and improve their life quality. The Cherry Tomato Planting Base and the Breeding Base of Undergrowth Free-range Chicken in Hope Village, Bai'se City, Guangxi Zhuang Autonomous Region; the Layer-hens Breeding Base in Hope Village, Xibai Po, Hebei Province; the Dongshan Goat Featured Breeding Base in Hope Village, Wanning, Hainan Province; all the products gradually became the products with local characteristics. The Hope Village Base in Shaoshan, Hunan Province has been actively exploring the sale channel for the rice, and the breeding mode for the undergrowth free-range chicken, which would lay a solid foundation for the modern agricultural development of Shaoshan in future.



# Public Responsibility

## Charity and Public Welfare

### Public Welfare

In February, 2015, China Resources Enterprise sponsored and supported the charity- the Oxfam Hong Kong to hold the event of “Oxfam Alleviating the Poverty through Fun Activity”, in which many employees and their family members walked together in the walking trail of Victoria Peak (The Peak) in Hong Kong, implied the sport as the work of alleviating the poverty, which was intended to arouse the attention by all the walks of life on the global poverty issue and related unfair status. The donations collected by the event was used in the work of global development of poverty alleviation, humanitarian relief and public education.

In view of the increasingly severe ecological situation of the water sources, during the World Water Day and the Chinese Water Week in 2015, **the beverage business** held various events by taking “we should save each drop of purified water together” as the core purpose. The offline promotion activity attracted thousands of people to participate, while the participated people through the website social media even exceeded 8 million, then the idea of water saving and protection was effectively publicized.

In addition, **the retail business** has always devoted to serving the society to obtain the recognition from all walks of life. Among them, the business of CR Vanguard supermarket continually won the mark “Ten Years Plus Caring Company” awarded by The Hong Kong Council of Social Service (HKCSS), also CR Care and Pacific Coffee won the honor “Caring Company” in many consecutive years.

### Cultural Education & Conservation

The important step of practicing the enterprise social responsibility for CRE is pushing forward the development of educational cause. In March, 2015, sponsored by **the beer business**, the launch ceremony of the event “Snow Beer-College Students Challenging the Non-climbed Peak” was held in Renmin University of China, and the active objects were national college students. In the launch ceremony, besides the donating to the outdoor rescue organization, over 100 college students were selected to go to Yunnan Province in the midmonth of May to challenge the non-climbed peaks there. This event was the eleventh year of holding the serial events by Snow Beer, adhering to the concept of the event, which was intended to transmit the spiritual connotation of “keep forging ahead, challenge and innovate” through the mountain climbing event, and encourage them to face up to challenges and make innovative progress in future.

In May, 2015, **the beer business** and the School of Architecture of Tsinghua University co-sponsored the Year 2015 “Snow Beer-Draft Beer with Dedicated Craftsmanship” Photography Competition of Chinese Ancient Architecture. Regarding the photography theme, it was the first time to use “bucket arch” as the theme, which was the system of brackets for construction with Chinese characteristics. The bucket arch had a long historical standing and it symbolized and represented the architectural spirits and qualities of Classical Chinese Culture. Since the launching of the competition in

May, there were about 2 million works submitted by over 1 million global shutterbugs. With the comprehensive appraisal and election from the experts on ancient architecture, photography specialists and national media representatives, 10 photographers were awarded the title of “Snow Beer-Draft Beer-with Dedicated Craftsmanship-Annual Photographers”. In October, 2015, the Beer Business Company and Tsinghua University co-published the sixth set of “Book Series of Ancient Chinese Architectural Knowledge Popularization and Inheritance”—“Ancient Chinese Architectural Map (the first set)”, and there were 5 books in total of this series of books, which were compiled and completed by the School of Architecture of Tsinghua University and other experts who spent over one year. Through the above events, the Beer Business Company showed and publicized the spirits, qualities and natures of the Chinese ancient architecture and Chinese original ecology culture, and by this way, the Chinese traditional culture will be publicized and inherited.

### Post-Disaster Rescue

In August, 2015, an explosion happened in the warehouse for dangerous and chemical goods in Binhai New Area of Tianjin. The Group activated Emergency Response Mechanism immediately after the occurrence of this accident, and urgently participated in the rescue work. During the period, **the beverage business** department of CR C'estbon promptly delivered 4,000 boxes of C'estbon purified drinking water to the rescue sites, so as to ensure the offering of safe and purified drinking water to the people afflicted by the disaster and the rescuers. **The retail business** department also prepared the relief goods at once, and they supplied 157 boxes of drinks and 22 boxes of biscuit and other food to the disaster area before dawn of the next day; they transported the second batch of supporting goods and materials to the rescue site in the afternoon of the same day, which contained 1,700 sets of personal hygiene products and foodstuffs in total, such as towel, toothbrush, instant noodles and drinks; they kept close communication with the local government to provide more required goods and materials at any time.



# Looking into the Future

Taking a broad view of the global economy, it can be found that slowing down is the trend of the economy, and the economic operation entered a "new normal". The GDP growth rate of Chinese economy shall be decreased to 7~6.6% in the five years to come, and the domestic consumption expenditure shall become the major driving power. With five macroscopic trends of new technology, new urbanization, new consumption, new industry and commerce, new finance, new development trends will be brought about for the industries including retail, food and beverage, agricultural products, beer business. The mobile products' proportion in the online retail rapidly increases, which is expected to be up to 60% in five years, and the popularity of the consumption on the mobile products will provide more innovation modes of O2O; there is a growing demand among consumers for the diversity and individual requirements of the food and beverage, which reflects the upgrade of the consumption; the technological innovation of the real-time consumption of new technologies bring about the change of means of purchase on the grain and oil, and the proportion of the e-commerce in the online platform gradually increases; high-end beer business will be one of the main trends for the beer industry.

Based on such economic pattern, centering on the *Administrative Measures on the Social Responsibility of China Resources Group*, CR Enterprise will carry out the responsibility management, and fulfill the following responsibilities such as shareholder responsibility, employee responsibility, client responsibility, partnership responsibility, environment responsibility, social responsibility, etc., and together with consumers, shareholders, employees and business partners, it will lead the business progress and jointly create a better life.



## Economic Responsibility

- It will keep a close tracking of the macro-economic situation and industrial trends and changes, carry out the industrial benchmarking, reinforce the analysis and research, and enhance the capabilities of fast reaction and flexible adaptation.
- It will deepen the lean management, build up the lean system, strictly control the cost and expenditure, and promote the operation quality.
- It will continue to undertake the internal control management and financial risk management, thus to enhance the anti-risk capability of the enterprise.
- It will deepen and implement the sound communication mechanism of the shareholders and investors, thus to realize the long-term and sustainable shareholder value of the Group; with the organizational reform, it will realize the launching of three-level matrix management; with the cooperation, it will push forward the business innovation.



## Employee Responsibility

- It will strengthen the work of talents cultivation, thus to build up a talents team constituted by "four levels and three types", that is, industrial leading talents, key position talents, professional talents (innovative talents, international talents and capital management talents), and youth reserve talents.
- It will reinforce the reorganization work on the sequence of key positions, perfect the employee's career development channel, push forward the launching of the system of talents exchange, and improve the evaluation and incentive mechanism based on the value contribution.
- It will listen to the demands of the grass-roots employees, implement the helping and supporting work for the employees in difficulties, and pay close attention to the employees' occupational health and mental health.



# Looking into the Future



## Client Responsibility

- It will strengthen the construction of management system of client management, positively respond to the complaint, thus to promote the quality of products and services.
- It will continue to carry out the investigation of clients' satisfaction, and reinforce the protection of the rights and interests of the clients.
- It will deepen and improve the communication system of the consumers.
- It will set up the innovation & incubation mechanism, create the innovation platform, increase the investment of R&D, promote the innovation of brand, products and technological crafts, thus to provide more diversified options for the consumers.



## Partner Responsibility

- It will adhere to the sense of mission and sense of responsibility, positively avoid the commercial fraud, and establish anti-corruption mechanism of the supply chain.
- It will deepen the construction of the sound mechanism of supply chain management.



## Environmental Responsibility

- It will push forward the work of accomplishing normalized safety in production for the enterprise.
- It will positively push forward the work of energy conservation and emission reduction.
- It will strengthen the environmental protection work of the enterprise, reinforce the environmental assessment and ecological work in the construction of the projects.



## Public Responsibility

- It will continue to accelerate the improvement on the items of social responsibility, such as CR Hope Village, The Plan of One Hundred Libraries of CR C'estbon, "First Brewing" activity, etc.. The practicing of China Resources Enterprise's social responsibility and its determination of repaying the society are reflected from many aspects, like environmental protection, caring communities, information publicity, charity and public good.



## Responsibility Management

- It will publicize and implement the *Administrative Measures on the Social Responsibility of China Resources Group*, thus to enhance the awareness of social responsibility of the entire company, and promote the capability of social governance.
- It will regulate and perfect the idea of social responsibility of China Resources Enterprise, extract and summarize the practice of social responsibility, promote the inside and outside communication and exchanges of the social responsibility, and strengthen the publicity, implementation and popularization of the knowledge of social responsibility.
- It will build up the organizational system of matrix management of China Resources Enterprise's social responsibility, and under the leadership of the Steering Committee of the Enterprise Cultural & Social Responsibility of China Resources Enterprise, it will positively push forward the implementation of social responsibility.
- It will increase the compilation of the case of social responsibility, and enhance the work of special study.
- It will reinforce the appraisal and examination on the social responsibility, streamline the social responsibilities work for each profit center and each functional department and office.
- It will enhance the analysis on the demands from relative interested parties, take the advice, positively respond, and improve the operation management by the report of social responsibility, thus to achieve the goal of promoting the management by the report.

# Key Performance Indicator

Key Performance Indicator	Unit	Year 2015
<b>Economic Responsibility</b>		
Total Assets	HKD (a hundred million)	1,618
Net Assets	HKD (a hundred million)	361
Rate of Return for Net Assets	%	(11.2)
Operation Revenue	HKD (a hundred million)	1,736
Total Investment of Fixed Assets	HKD (a hundred million)	82
Total Profits (before tax)	HKD (a hundred million)	(41)
Rate of Return on Total Assets	%	1.97
Rate of Value Maintaining and Increasing on the State-owned Assets	%	62.27
<b>Social Contribution</b>		
Total Number of the Employees	People	269,715
The Number of Newly Increased Employment	People	13,715
Total Amount of Tax Payment	(ten thousand) HKD	1,219,293
Expenditure of Charity and Public Welfare	HKD (ten thousand)	353
<b>Employee Responsibility</b>		
The Signing Rate of Labor Contract	%	100
The Rate of Coverage of Social Insurance/Public Provident Fund/Mandatory Provident Fund	%	100
The Rate of Coverage of Physical Examination	%	79
The Proportion of the Female Administrator	%	26.5
The Employment Number of the Disabled	person-time	1,630
The Rate of Coverage of Employee Training	%	100
The Total Amount of the Input on the Employee Training	(ten thousand HKD/year)	399
The Input on Helping and Supporting for Employees in Difficulties (Contains subsidizing the children of the employees in difficulties to go to school, paying a visit and conveying greetings to the family members of the employees in difficulties, and helping the employees in difficulties)	ten thousand Yuan	409
<b>Client Responsibility</b>		
The Proportion of dealing the feedback on the client complaint accounting for the complaint number	%	100
<b>Safety in Production &amp; Environmental Responsibility</b>		
The Number of the Occurrence of the Industrial Accident		155
The Number of Casualties of Employees	person-time	6
The Frequencies of the Occupational Disease	person-time	0
The Number of Staff Participated in the Safety Training	person-time	2,801,246
The Input on Safety in Production	HKD (ten thousand)	14,805
The Rate of Coverage of Safety Training	%	100
The Frequencies of Emergency Exercise on Safety	times	24,686
The Input on Technological Transformation of Energy Conservation and Emission Reduction	HKD (ten thousand)	16,685



# The Statement of the Report

This report is a social responsibility report independently issued by China Resources Enterprise. In accordance with the *Administrative Measures on the Social Responsibilities of China Resources Group*, this report mainly describes the responsibility management implemented by CR C'estbon, and key information from the aspects of implementing the shareholder responsibility, the employee responsibility, the client responsibility, the partner responsibility, the environmental responsibility and social responsibility.

## The Reliability Assurance of the Report

The company makes a promise that there shall be none false records, misleading statements or major omissions in this report, and it shall be responsible for the authenticity, accuracy and completeness of the contents.

## The Time Frame of the Report

From 1 January, 2015 to 31 December, 2015, partial contents exceed the above mentioned scope.

## The Issuing Period of the Report

The social responsibility report of China Resources Enterprise is the annual report.

## The Statement of the Report Data

The data in the report comes from the company's internal document and the data from the statistical information system.

## The Reference Standards of the Report

Chinese Academy of Social Sciences (*CASS-Compilation Guideline of the Chinese Enterprise Social Responsibility* (CASS-CSR3.0))

*The Administrative Measures of Social Responsibilities of China Resources Group*

## The Title Statement of the Report

"China Resources (Group) Limited Company" shall be referred to as "China Resources Group", "CR" or "Group";  
"China Resources Enterprise Limited Company" shall be referred to as "China Resources Enterprise";

## The Compilation Group of the Report

### The name list of the compilation group of the report:

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## Access to the Report

Please log into the official website of China Resources Enterprise ([www.cre.com.hk](http://www.cre.com.hk)) and have free reference and download under the column of social responsibility.

# The Statement of the Report

## The feedback of the Comment

Dear readers,

Thank you for reading this report. Any of your provided comments and suggestions is greatly appreciated to make a continual improvement on the work of social responsibility and the compilation work on social responsibility report by China Resources Enterprise. Please assist with filling the answers of the relative questions listed in the comment feedback form and fax to 0755-25883982.

1. What is your general evaluation on the social responsibility report of the company?  
 Good       Better       General
  
2. Do you think this report could reflect the significant impact on the economy, society and environment by the company?  
 Yes       Generally       Not familiar with
  
3. How do you think of the clearness, accuracy and completeness of the disclosed information, data and indicator by this report?  
 High       Higher       General       Lower       Low
  
4. What is your comment on the aspects of client service and related parties' rights protection by the company?  
 Can       Better       General       Bad       Not familiar with
  
5. Your comments and suggestions on the company's social responsibility and the report are appreciated to put forward in this section:

China Resources Enterprise Co., Ltd.

July 31, 2016