

Jardine Restaurant Group Sustainability Report 2022 / 23



Jardine Restaurant Group



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1 About this report



Reporting scope and boundary

Jardine Restaurant Group ("JRG" or the "Group") brings fun and joy through food and beverages. Our growth strategy is grounded in our core values and commitment to social and environmental responsibility. We are pleased to present our inaugural Sustainability Report, outlining our performance in our three sustainability priority areas: **Climate Action**, **Responsible Consumption** and **Social Inclusion**, for the period 1 July 2022 to 30 June 2023.

This report signifies a pivotal step, emphasising our dedication to transparency in sustainability efforts and our unwavering commitment to shaping a sustainable future. In this document, we offer an overview of our identity, values, and commitments relating to sustainability.

Sustainability is a broad topic. The contents of this report have been included based on their importance to our stakeholders, as outlined in the Materiality assessment in Chapter 4. Our reporting scope encompasses all companies under JRG's operational control, covering our entire range of activities unless explicitly stated otherwise. ^{Note}

Note: Based on the definition provided in The Climate Registry's General Reporting Protocol, a reporting entity has "operational control" over an operation if it has the authority to introduce and implement operating or Environmental, Health and Safety ('EHS') policies. Performance indicators are reported on a 100% basis and are not adjusted to reflect the proportion of shareholdings.



For us to continuously improve our reporting and sustainability practices, feedback from our stakeholders is essential. We welcome opinions, suggestions, engagement, and collaboration on our sustainability journey. Please feel free to send your feedback to us at Sustainability@jrg.com

Reporting standards and principles

This report draws inspiration from the Global Reporting Initiative (GRI) Standards 2021 framework. We have used the framework as a starting point to align our non-financial reporting with worldwide sustainability benchmarks. We aim to develop future plans aligning with GRI more closely in our next sustainability report, which will cover the period from 1 July 2023 to 31 December 2024.



2 About Jardine Restaurant Group



Headquartered in Hong Kong and a member of the Jardine Matheson Group, Jardine Restaurant Group (the Group, also known as JRG) is one of the leading food and beverage groups in Asia, running over 1,000 outlets in Hong Kong, Macao, Myanmar, Taiwan, and Vietnam with approximately 25,000 employees.^{Note} We are committed to bringing fun and joy through food and beverages that people love, sustainably, for everyone's better future. Since its establishment in 1973, JRG has gone from strength to strength through the empowerment of people, innovation, and sustainability.

As of 30 June 2023



Number of full-time and part-time employees



Number of outlets

• Hong Kong and Macao

 **7,807**  **222**

• Taiwan

 **11,841**  **479**

• Myanmar

 **167**  **13**

• Vietnam

 **3,386**  **127**

• Hong Kong & Macao



• Taiwan



• Myanmar



• Vietnam



Note: The total count of outlets and employees includes figures from KFC Vietnam, in which JRG holds a 25% ownership stake without direct operation. However, initiatives from this operation are not covered in our reporting.

3 Message from the Group Chief Executive



Sustainability is at the heart of Jardine Restaurant Group (JRG, or the Group). As one of Asia's leading food and beverage operator, we aspire to lead in sustainability by driving positive societal and environmental changes, and creating long-term value in the markets we operate.

A Pillar of Our Business

JRG's long-term success depends on our ability to meet demand for food and beverage offerings sustainably. We see sustainability as a good business practice rather than cost as it leads to many benefits – better brand, improved efficiency, waste reduction, encourage innovation, and most importantly an operating team with a sense of purpose.

Our sustainability framework draws inspiration from the principles of Jardine Matheson's Sustainability Strategy, encompassing three core pillars that enable us to look at our businesses' sustainability approach systematically: **Leading Climate Action**, **Driving Responsible Consumption**, and **Shaping Social Inclusion**.

Leading Climate Action

Climate change is one of the most pressing challenges of our time. The 2023 United Nations Climate Change Conference, or COP28, concluded with the first "global stocktake", which highlighted the slowness of progress across all areas of climate action and underscored the need to accelerate programmes along the pathway to decarbonisation. Given JRG's presence across five markets in Asia, increasing climate resilience and proactively managing associated risks is a priority among the Group's many sustainability efforts.

To accomplish our goal of achieving net-zero emissions by 2050, we have set both short- and long-term goals for reducing our carbon footprint and mitigating the environmental impacts of our operations. Over the past year, we have made progress through initiatives such as switching to more energy-efficient fixtures and utilising cleaner resources. After we have recently completed our Scope 1 and 2 greenhouse gas inventory, we are on track to complete Scope 3, and set our science-based emissions targets

according to the Science-Based Targets Initiatives (SBTi). Our decarbonisation roadmap will be guided by the findings of this assessment and set out our targeted actions going forward.

Driving Responsible Consumption

As we navigate the ever-evolving landscape of consumer preferences and global challenges, we understand that our products are not only a source of delight, but also have an impact on the environment. We incorporate environmental considerations by minimising ecological footprint at every stage of the supply chain lifecycle while promoting operational efficiency, with innovation as an enabler.

In procurement, we actively seek opportunities to reduce the environmental footprint. During the reporting year, we made a conscious decision to source all mozzarella cheese for our Pizza Hut restaurants from a supplier with closer geographical proximity to our operations. This resulted in shorter shipping distances and a smaller carbon footprint while also enabling us to gather traceable and more transparent emissions data.

Our journey towards sustainable operations often revolves around adopting innovation. For example, at Pizza Hut Taiwan, we reengineered our dough recipe to expand handling flexibility, resulting in a significant reduction in dough waste. At KFC Taiwan, our Digital Restaurants adopted the latest kitchen management software to optimise food production volume and timing according to customer demand, improving efficiency and minimising waste reduction. At both Pizza Hut Taiwan and Pizza Hut Vietnam, we transitioned from traditional square pizza boxes to hexagonal designs that increase the weight-bearing capacity during stacking and eliminate the need for a single-use plastic component. Through these initiatives, we aim to achieve a 50% reduction in single-use plastics by the end of 2025 compared to the baseline year of 2022.

Shaping Social Inclusion

Community engagement is a key driver of our social inclusion efforts. We strive to be connected, involved and responsible in the communities where we operate through volunteering and a variety of initiatives.

Through our community engagement initiatives – which included meal box donations in Hong Kong and beach clean-up efforts in Taiwan – we surpassed our target for the year 2023 of achieving 1,000 volunteer hours. We aim to increase our efforts in 2024, targeting

2,500 hours of volunteer service, contributing to causes that are close to the hearts of our employees and the communities we serve.

We also organise initiatives to celebrate and support our minority and disabled workforces. These include the KFC Academy and Project 180, a 180-day programme for persons-in-recovery (PIR) that provides extensive training and mentorship for their reintegration into the Hong Kong workplace.

Caring For Our People

A motivated team is critical to any business's success, and JRG is no exception in striving to create the best environment for our colleagues.

By embracing diversity, equity and inclusion (DEI), and treating everyone fairly and with respect, we want to create the environment where colleagues from different background could be motivated and perform to the best they are capable of. To foster DEI, we provide training for all employees, and monitor our workforce composition on diversity. More than 50% of our junior executives are female, and people with disabilities and PIR constitute valuable parts of our team.

We also prioritise a strong learning culture. We invest in talent development by providing comprehensive training programmes and opportunities for career advancement. This includes our Corporate Management Trainee Programme, designed to recruit university graduates for managerial development; and the JRG Shadow Board, which enlists talented employees to reverse-mentor the leadership team and increase the share of younger voices in our management decision processes.

Last but not least, staff safety and security are always JRG's top priority. In the business where our teams work in hot kitchens and conduct delivery in traffic, JRG takes concerted efforts in policy setting, staff training, and rigorous monitoring to ensure the safety of our team is prioritized, and we have been able to reduce both traffic- and nontraffic-related accidents in across the markets.

Looking Forward

Our actions today will shape the world for future generations. Along with our journey towards sustainability, JRG seeks to build a consistent force for positive change. We humbly present our first sustainability report, which documents our initial steps to improving our sustainability efforts and establishes our intent to become a recognised leader in sustainability over time.

There are many challenges ahead, and significant effort is still needed to achieve the goals we have outlined. Yet, we are optimistic about what the future holds. We are developing ambitious goals across our three core sustainability pillars and mobilising the JRG team from bottom to top to achieve them.

In closing, I would sincerely like to thank everyone at JRG for their enthusiasm and perseverance in pushing forward our sustainability agenda. Also, I would also like to thank all our partners and stakeholders for joining us on our sustainability journey and helping us better serve our communities and act with responsibility for our planet.

We look forward to achieving even more together.



A handwritten signature of Aaron Lee in black ink.

Aaron Lee
Group Chief Executive

4 Approach to sustainability



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4.1 Operating a sustainable quick-service restaurant

With the efforts invested across different areas over the years, we organised ourselves under a structured framework at the end of 2020 and continued the work under a small task force driving development. On 1 June 2022, the sustainability function is established at the group level to develop and manage the projects and initiatives under the key pillars to embed sustainability into our business.

Supported by the three pillars – **Climate Action**, **Responsible Consumption** and, **Social Inclusion** – we create a positive impact on the environment and the communities during the course of business.



Company core values

To bring fun and joy through food and beverages that people love



Sustainability vision

To become the leading sustainable food and beverage operator in Asia



Sustainability mission

To embed planet, people and business as the triple bottom lines in the day-to-day operations, bringing a positive impact to the communities and markets in which we operate

4.2 Sustainability framework

Climate Action

We are committed to achieving Net Zero emissions by 2050 by enhancing energy efficiency, sourcing sustainably, reducing waste and adopting renewable energy.

GHG emission inventory

Conducting a bi-annual GHG inventory count to understand our emissions for Scope 1 and 2 commenced from 2022 and Scope 3 commenced from 2023.



Net Zero pathway

To submit emission reduction commitment to Science Based Targets initiative (SBTi) during 2024 together with decarbonisation pathway to be implemented along the process (e.g. sustainable practices on waste and energy at offices and restaurants).



Responsible Consumption

Through responsible procurement, sustainable menu design, and waste management initiatives, we aim to make the best use of the resources in our day-to-day operations.

Sustainable procurement

Switching food packaging to sustainable paper sources and reducing single-use plastics at the back and front of the house. To establish sustainable procurement policy along the supply chain from ingredient sourcing, menu ideation, and waste management.



Sustainable menu

To promote traceability along our supply chain using ingredients that are sourced responsibly.



Waste management

Removing single-use plastic and reducing food waste across our operations and introducing circularity in the process.



Social Inclusion

We foster diversity in the workplaces and connect with communities through structured volunteering initiatives, partnerships and advocacy. Our commitment to social inclusion reflects our belief in a more equitable world.

Diversity and inclusion

Cultivating a diverse workforce through inclusive people policies and awareness programmes. Fostering an environment where every voice is valued.



Community engagement

To forge partnerships with local organisations by amplifying impact through volunteering and collaboration to bring positive impact to the communities we serve.



4.3 Performance at a glance

Business Operation

Around **25,000**
employees were hired

Around **1,000**
restaurants
are owned



Completed the Scope 1 and Scope 2
GHG emissions inventory for 2022

40.8 MWh of renewable energy was
generated from solar heaters installed by
KFC Taiwan in the reporting period

2,750 MWh of electricity was reduced in the reporting
period through the integration of sustainable practices in KFC and
Pizza Hut Hong Kong

Increasing the adoption of electric bikes for delivery in KFC and Pizza
Hut Taiwan: **35%** of total fleet is electric as of 30 June 2023

Climate Action



Social Inclusion

Hired more than **200**
employees with disabilities
or persons-in-recovery
across the Group



50% of the employees from the 2022
Project 180 ^{Note} were retained after completing
their first term

Established barista training programme in
association with MINDSET Hong Kong to train
up to **25** persons-in-recovery and create
job opportunities at JRG Hong Kong office
and a pop-up store project at Landmark,
Hong Kong in November 2022

Contributed **us\$576,000**
over the last eight years since 2016 through
the 100-Dollar Club and Change for Good
programmes in Taiwan

Note: Project 180 was an initiative undertaken by
JRG in Hong Kong, focusing on employing
individuals recovering from mental health
illness for a period of 180 days. This programme
provided extensive training and mentorship,
aiming to facilitate their reintegration into the
workplace by offering a supportive pathway
back into employment.

Responsible Consumption

More than **116 tonnes** of single-use plastic were reduced as a
Group during the first half of 2023 compared to the same period in 2022

More than **8 tonnes** of food waste was saved through foodbank donations in the
reporting period in Hong Kong, Taiwan and Vietnam

50% of dough waste has been reduced at Pizza Hut Taiwan in a year after
updating the recipe

Reduced more than **27 tonnes** of single-use plastics consumption from the
redesign of hexagonal pizza box in Pizza Hut Taiwan and Vietnam in the reporting
period, compared to the previous year from the removal of pizza support stand



4.4 Stakeholder engagement and materiality assessment

Engaging our stakeholders

We value stakeholder engagement as we believe that maintaining communication with our stakeholders allows us to better understand their expectations of our sustainability performance, as well as to identify material issues and assess the effectiveness of our sustainability measures.

JRG has established various communication channels and maintains regular communication with our stakeholders to solicit their opinions.

Shareholder

- Group sustainability working group meetings
- Financial Reports
- Regular announcements and circulars
- Corporate website

Franchiser

- Regular meeting by function and by market

NGOs and community groups

- Ongoing dialogue with partnered NGOs
- Food and beverage related conference or forum

►► Why we engage

We align our sustainability strategy and approaches with Jardine Matheson and YUM! ^{Note} for coherent support and mitigate potential risks of our operations.

► Why we engage

We foster solutions through collaboration with NGOs and community groups to enhance our impacts, ensure our corporate strategies resonate with community needs, and strengthen our relationships.

Suppliers

- Regular supplier audits
- Tenders and regular meetings

► Why we engage

Our partnership with suppliers ensures the resilience of our operations.

Customers

- Customer engagement surveys
- Customer loyalty programmes

► Why we engage

Feedback from our customers contributes to our business development, menu creation and process improvement.

Employees

- Ongoing dialogue
- Engagement survey
- Focus groups
- Regular town hall meetings
- Training and workshops

► Why we engage

Our staff provides us with valuable insights on how we can improve operations, and the Group's culture and values.



Note: JRG is a member of Jardine Matheson Group and is also a franchisee of Yum! Brands.

Define our material topics

Understand the context

1. Identify stakeholders

Identify stakeholders under the five principles of the AA1000 SES-2015 Stakeholder Engagement Standard to identify stakeholders with whom we need to engage.

2. Identify the initial list of material topics

Identify topics of primary concern:

- Global guidelines and standards
- Industry guidelines, standards, and peer practices
- Annual development goals for JRG
- Internal interviews with the senior management team

Identify impacts

3. Understand the significance of material topics to stakeholders

Communicate with stakeholders to understand the significance of the impact, risks, and opportunities of each material topic via interviews.

4. Analyse the level of impact

Distribute surveys and conduct interviews with internal and external stakeholders to gather their perspectives.

4.5 Prioritize SDGs

Review of the United Nations Sustainable Development Goals (SDGs) in relation to JRG's operations at every stage throughout the value chain.

Assess impacts

5. Identify material topics

17 significant material topics were identified.

Prioritise impacts for reporting

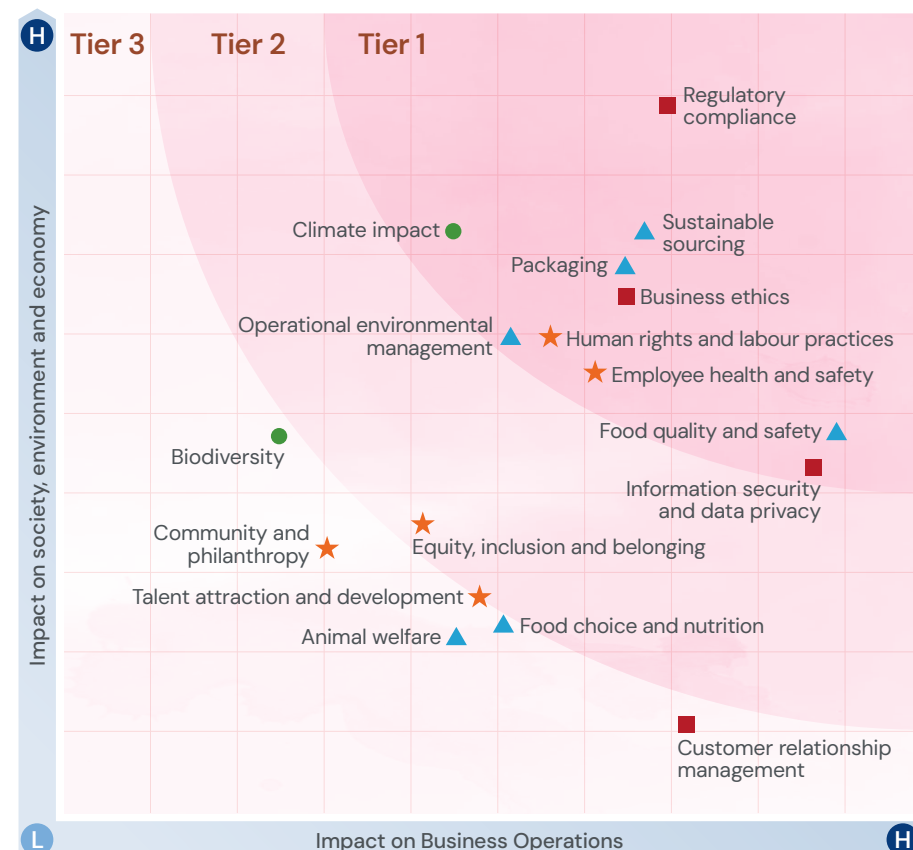
6. Verify and disclose

Verify the results of the materiality assessment; identify strategies, goals, and management policies for each topic.

7. Continuous Review

Review the material topics and actions of the previous reporting cycle and provide updates for the next.

JRG materiality matrix



■ Governance ● Climate Action ▲ Responsible Consumption ★ Social Inclusion

Note: Tier 1 topics refer to highly material topics for JRG, which are covered in the respective sessions under this report.



4.5 Our value creation



Note: The pink labels denote segments of our value chain; the blue circles with numbers represent engaged entities and stakeholders, which are referenced on the next page.

Value chain	Procurement and Supply Chain	Operations; Production	Operations; Sales		Customer Services
Engaging entities and stakeholders	<ol style="list-style-type: none"> Suppliers Central production Distribution centres 	<ol style="list-style-type: none"> Offices (restaurant support centres) Outlets 	<ol style="list-style-type: none"> Products and services 	<ol style="list-style-type: none"> Delivery 	<ol style="list-style-type: none"> Customers
Sustainability vision	Optimise our supply chain to enhance sustainability and resiliency.	Ensure food safety while pursuing initiatives to reduce the environmental footprint and enhance community involvement of our operations.	Maximise the utilisation of all resources, reduce waste, and generate value through circularity.	Minimise the carbon footprint in customer service and product delivery while prioritising staff safety.	Foster sustainability awareness among our customers and create a positive social impact collectively.
Strategy	<ol style="list-style-type: none"> Explore local and regional sourcing Foster a circular value chain for sustainable resource management Cultivate a sustainability culture across the supply chain 	<ol style="list-style-type: none"> Enhance food safety standards through rigorous audits Champion sustainable operations with energy-efficient solutions Drive the integration of renewable energy Divert food surplus to those in need through partnerships with NGOs 	<ol style="list-style-type: none"> Elevate waste measurement for precise resource management Empower food donation initiatives to reduce food waste and drive social impact Explore upcycling opportunity to create value from waste Reduce single-use packaging 	<ol style="list-style-type: none"> Enhance the safety and wellbeing of delivery staff Maximise efficiency through rider pooling Increase the adoption of electric vehicles 	<ol style="list-style-type: none"> Create an inclusive environment for employees and customers Strengthen our commitment to community engagement initiatives Educate customers on sustainability that relates to our products

5 Caring for our colleagues



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At Jardine Restaurant Group, our team members are the secret recipe to our success. Our dedication to maintaining a work environment that is safe, inclusive, and fosters staff development while diversity and inclusion is centred as the essential pillar of our workplace culture. To support our team members in their day-to-day work in the dynamic environment, we are committed to offering a caring and welcoming environment that enables every team member to have an opportunity to reach their full potential.

Spotlight

Providing comprehensive training to our employees

Our colleagues have attended over **400,000** hours of training in the reporting period



Empowering the next generation with youthful leadership

Nearly **80%** of our leadership team is under 45



Achieving gender equality in executive leadership

Over **50%** of our junior executives are **female**



Minimising injuries with robust training and practices

Maintained an injury rate in traffic accident below 0.05 cases per 1,000 deliveries and

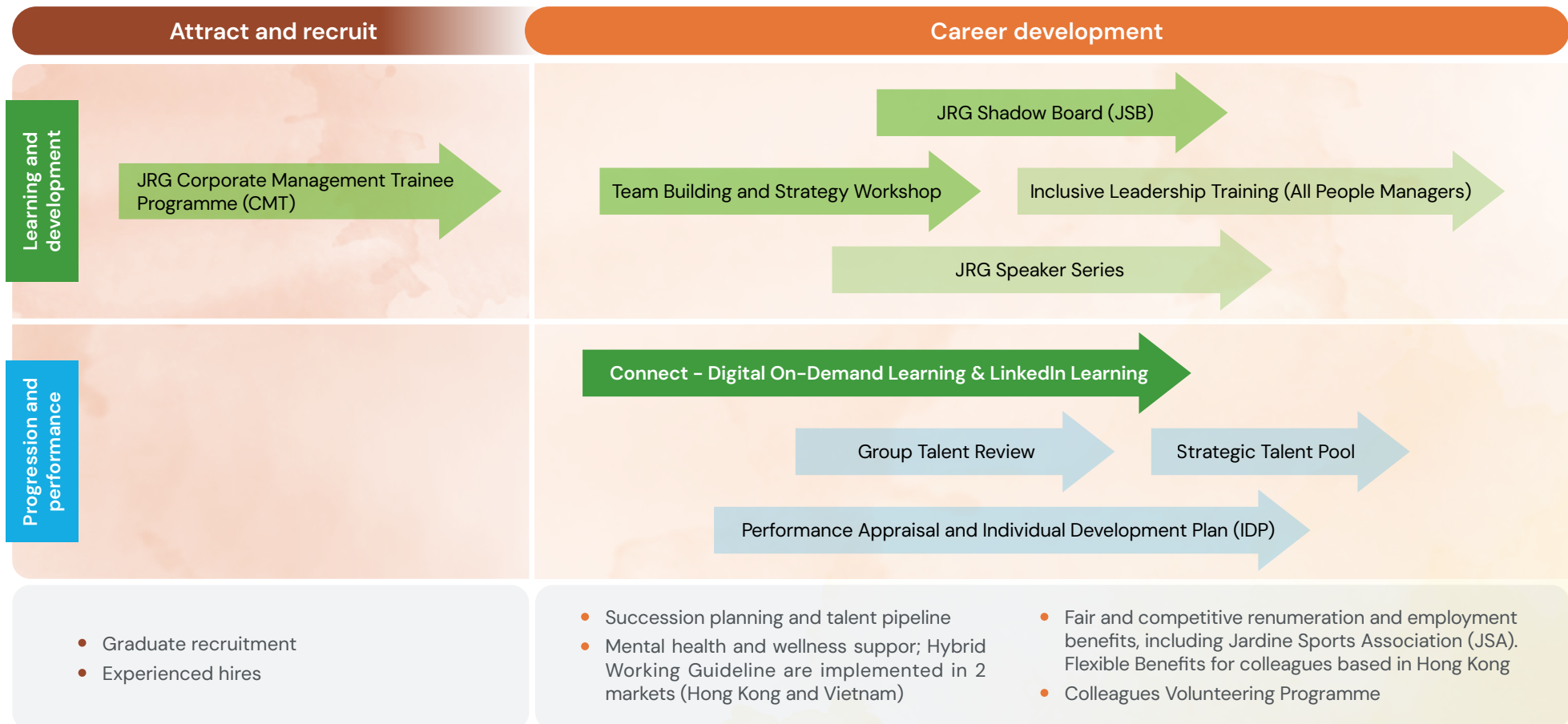
achieved **ZERO** non-traffic accidents in both Myanmar and Vietnam



5.1 Talent management

Jardine Restaurant Group aims to nurture our potential future leaders from within the Group and provide greater transparency to our colleagues to understand the talent management practices. The strategy ensures we have a robust and diverse leadership pipeline, and the right skill sets in our talent pool to grow our business. We have a holistic approach to Performance Appraisal and Individual Development Plan (IDP), which includes honest and meaningful two-way feedback on performance, aspirations, and development opportunities.

Additionally, an annual talent review at both Group and market levels is conducted to identify and evaluate high-potential talent across the Group. The talent review helps us build a robust leadership pipeline and succession planning for the Group. In 2023, the Group talent review assessed the top 500 colleagues across the Group. Leadership programmes are designed to help prepare these colleagues for future senior leadership roles in our businesses or at the Group level. Plus, we nominate them to different development programmes, such as the JRG Shadow Board, which is designed to promote talent development.



JRG Corporate Management Trainee (CMT) Programme

We build our talent pipeline at all levels from Early Careers to Mid-senior level and have respective talent programmes in place. The JRG Corporate Management Trainee (CMT) Programme has nurtured over 18 talents across the three markets in the Group since 2020. The CMTs are given the opportunity to rotate in various functions in the Restaurant Support Centre as well as frontline attachments in our restaurants. In addition, they have the opportunity to participate in overseas attachments to learn the best practices in other markets and collaborate with colleagues across markets.



JRG Shadow Board (JSB)

Besides the early careers programme, we introduced the JRG Shadow Board (JSB) in 2023 to accelerate the development of our high-potential young talent across markets by closely observing and following JRG's leaders. Colleagues who are at the manager level or below and have been identified as high-potential talent in the annual talent review exercise are invited to become members of this board. The board actively participates in management meetings and collaborates on projects while being paired with mentors from our senior leadership team. In 2023, one of the JSB members was promoted to Department Head. We will continue the programme and invite 6 to 9 high-potential talents to join the JSB annually.

We are committed to young talent and fostering a culture of compassion and inclusivity. We empower our junior colleagues on tasks and responsibilities along with coaching and mentorships, as to guide them towards becoming the leaders of tomorrow. Nearly 80% of our leaders are under the age of 45.

Learning and development

At JRG, we take learning and development opportunities for our staff at all levels seriously. During the reporting period, our colleagues have attended over 400,000 hours of training.

These training sessions entail frontline customer service for our restaurant employees. Additionally, we offer team management skills and technical capabilities training, including data analytics, growth marketing, and finance-related areas such as controllership & accounting operations, finance business partnering, treasury, board & investor relations for our mid-level executives. We also provide external learning resources to support the development of our senior executives in leading people and guiding the organisation into the future. During the reporting period, we nominated 4 senior executives to attend the INSEAD executive education held on the INSEAD Singapore campus. Our senior executives are being inspired on how to shape the organisation's strategic agenda, create value through innovation; optimise resource allocation; lead strategic change and achieve global operational excellence.

Furthermore, we have organised 4 JRG Speaker Series sessions where our senior leadership team is invited to share their experiences on various topics. We have also invited external speakers to share the latest industry trends during our Group Town Hall. In addition, we encourage participants to actively cultivate an open and inclusive environment within their own teams. We have partnered with Community Business, an NGO specialised in IED (Inclusion, Equality, and Diversity) space to develop inclusive leadership training content for JRG. Almost 500 managers across five markets have attended the training. Participants not only recognised the strategic priority of creating an inclusive team in JRG but also developed essential skills such as defining diversity and inclusion. Moreover, they learned how an inclusive workplace can lead to a high performing team and drive performance.



5.2 Diversity and inclusion

JRG recognises that a diverse workforce is one of the key success elements. As embedded in our culture, all employees, regardless of ethnicity, gender, age, sexual orientation, disability, or religion; should be treated fairly and with respect. We are committed to providing equal opportunities to all individuals and valuing the contributions they make in their roles.

Our commitment extends to promoting gender equality, embracing a diverse workforce, and ensuring equitable employment opportunities for individuals with disabilities. To reinforce this commitment, the Jardine Restaurant Group Diversity and Workplace Inclusion Policy will be introduced in 2024. We hope to provide clear guidance and expectations on our commitment to driving a diverse workforce as well as inclusive behaviours, especially on anti-bullying, discrimination, and harassment.



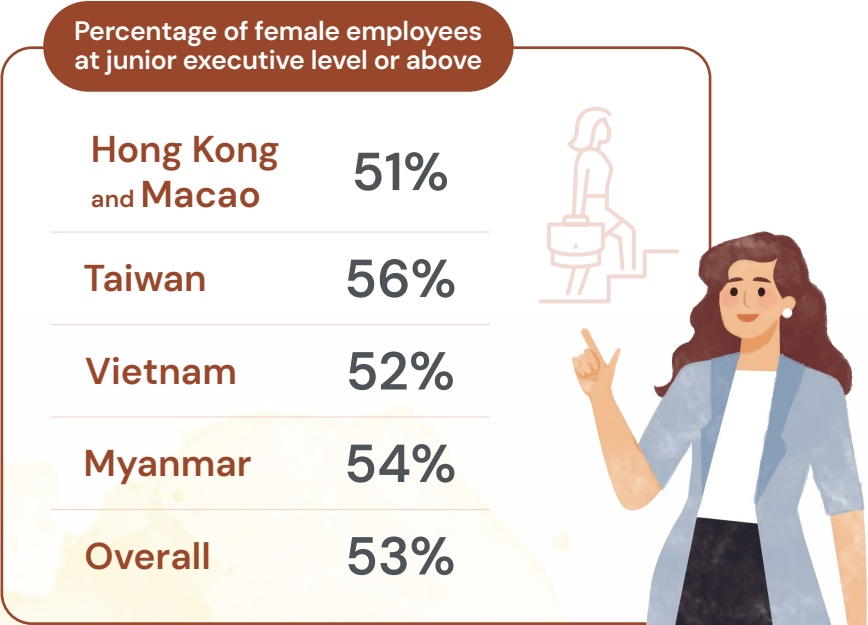
During the Jardines Learn Fest, we organised 4 JRG Speaker Series. Our leaders shared their expertise and insights, helping colleagues to better understand how to integrate the concept of inclusivity into their daily work routines, strategic decision making, and beyond.



Inclusivity in the workforce

Gender equality is being fostered across all levels of our organisation. More than 50% of our positions at the junior executive level and above are held by women. Reaching this milestone is a testament to our commitment to inclusivity at every level of our company.

We empower women by providing equal opportunities for career advancement, mentorship programmes, and work-life balance solutions. Female representation across all levels of JRG is approaching 50%.



We value the power of women and the diversity they bring to the workforce. In recognition of this, we organised a series of awareness events for International Women's Day. In Myanmar, wearing the purple knot symbolised our support for women's rights and our commitment to creating an inclusive workplace for women.

5.3 Healthy and safe work environment

At JRG, our employees are the core of our business. We strive to create a work environment that is safe, healthy, and conducive to personal growth. By implementing rigorous safety protocols and providing regular training, we aim to create a secure workplace where our employees can thrive in both their personal lives and careers.

Stringent safety measures reduce injuries

Our dedication to employee safety is always paramount to our business. According to the local regulations and requirements, we provide thorough training to colleagues to maintain a safe working environment together with safety audits and review meetings. In markets where we have our own fleet of riders, we closely monitor and discuss the injury rate from deliveries on a regular basis. This proactive approach helps us minimise incidents and strive for zero injuries.

We conduct quarterly safety meetings to address and review occupational health and safety issues, taking into account both traffic and non-traffic areas, in order to mitigate potential risks. Additionally, occupational safety is a regular topic in the bi-annual meetings with our shareholders, reinforcing the importance of the subject.

The implementation of improvement measures and the sharing of best practices among our markets have helped us maintain an injury rate in traffic accidents below 0.05 cases per 1,000 deliveries. We have achieved a reduction of non-traffic accidents by 19% in Hong Kong and Macao, 50% in Taiwan, and 100% in both Myanmar and Vietnam compared to the previous year.

Developing well-being at work

Encouragement and recognition are fundamental at JRG to nurture the well-being of our employees. We celebrate exceptional performance by acknowledging the outstanding contributions of our team members. Senior leaders share in the joy of these achievements during various occasions, including kick-off meetings, bi-annual group and market town halls, and annual dinners. The recognition provides our employees with a supportive work environment where their contributions and efforts are valued.

Embracing the principles of flexibility and connectivity, we offer our office staff the option to work remotely and adopt flexible working schedules. We are convinced that such agile working arrangements nurture an inspired and empowered workforce, enabling individuals to improve personal well-being without compromising productivity. The hybrid working model has been implemented in Hong Kong, Macao and Vietnam, while Taiwan will adopt it from November 2023 and Myanmar is expected to implement it in 2024.

At the Group level, JRG participates in Jardines Mental Wellness Month every October with a variety of wellness events that emphasise our dedication to mental health. Throughout the year, our markets launched initiatives such as early-release days, meeting-free afternoons, massage hours, and coffee workshops. These activities are tailored to promote mental health awareness, stress management, and mindfulness among our employees. Nearly 1,200 employees participated in these events in 2022, finding ways to nurture their mental wellness amidst the challenging business environment.



As part of our Wellness Month events, we hosted a group workout session at our Ho Chi Minh City office to raise awareness and support mental health.

6 Shaping social inclusion



6.1 Inclusive Employment 21

6.2 Community engagement 22

Operating across five markets with diverse cultural backgrounds, we deeply intertwine our business with the local communities we serve. Our core values go beyond merely generating business results – we are driven by a profound sense of empathy towards the people and environments around us. This belief fuels our commitment to social inclusion.

Through volunteering initiatives and empowerment programmes for individuals with disabilities, we strive to couple business growth with social development in the markets where we operate. By embracing local communities and their unique needs, we strive to couple business growth with social development in the markets where we operate.

Spotlight

Ensuring inclusive hiring

More than **200** employees were hired with disabilities or as persons-in-recovery



Empowering the recovered

25 persons in recovery were trained through the Mindbrew barista training programme and 9 of them were hired as baristas



Grow with our communities

Community engagement activities among more than **30** community partners to be completed by the end of 2023



Collective community contribution by our employees and customers

Over the past 7 years, we have collectively contributed **us\$576,000** to community investment programmes in Taiwan with the combined efforts of our employees and customers

❤️ 6.1 Inclusive Employment

In Hong Kong, we partnered with Baptist Oi Kwan Social Service to provide training and employment opportunities at offices and restaurants and empower people in mental recovery through initiatives Project 180 and Pizza Academy in 2022. Under Project 180, we employed eight individuals in mental health recovery for a 180-day period, offering them extensive training and mentorship. Upon the completion of the programme, we successfully retained 50% of these employees. Pizza Academy involved the recruitment of three individuals in mental health recovery. Each trainee was paired with a Restaurant Manager for structured training and an office colleague who served as a mentor, providing holistic support both within and outside the workplace.

Through the partnership with Caritas Lok Mo Integrated Vocational Training Centre, KFC Hong Kong crafted a specialised vocational training programme, KFC Academy, for trainees with special educational needs. This programme imparts food production skills in a real-world restaurant environment. Recruited trainees are equipped with skills and all have been working at KFC for six months, reinforcing our commitment to workplace inclusion.

In Taiwan, we have strengthened our recruitment channels through partnerships with social welfare organisations and conducted disability-friendly seminars to raise awareness among colleagues about the challenges faced by people with disabilities in our workplace. As of June 2023, we have hired 157 people with disabilities as our employees in Taiwan. Notably, more than 11% of these employees have been with us for over a decade, showcasing our commitment to disabilities and the creation of an accessible working environment.



Mindbrew: blending inclusive employment through coffee

Mindbrew is a pilot project co-organised with MINDSET, a charity organisation supporting the mental health community in Hong Kong founded by Jardine Matheson, with the support of Baptist Oi Kwan Social Service. The programme aims to empower persons-in-recovery by providing them with practical skills in coffee brewing, boosting their confidence, and offering them an opportunity to reintegrate into society through coffee-related activities.

The programme trained 25 persons-in-recovery through the barista training. Nine of them were subsequently hired as baristas at the coffee corner in our Hong Kong office and attended roadshows across various business units. In November 2022, Mindbrew took a step forward by launching its first physical pop-up store at Landmark in Hong Kong, with sponsorship from Hongkong Land. This provided persons-in-recovery with hands-on experience working in a retail setting while raising awareness about mental health among office-goers at the same time. Over 2,600 customers visited Mindbrew's pop-up store, leaving more than 400 encouraging messages in support of mental health.



The tripod partnership among MINDSET, Baptist Oi Kwan Social Service, and JRG delivered cups of coffee along with care and public awareness to the community undergoing mental health recovery

♥ 6.2 Community engagement

Through volunteering and ongoing community engagement, JRG strives for responsible corporate citizenship that extends well beyond financial success among its dedicated 25,000 employees.

A pledge to social impact with employee volunteering

Extending beyond the workplace, we also care for the communities in the markets where we operate. We believe that being a force for good will encourage others to follow suit. To structure the volunteering effort and drive for increasing participation, we set and exceeded the numeric target of 1,000 volunteer hours in 2023. We dedicated ourselves to volunteering activities across all our markets to drive social impact. The tracker serves as the kick-off, aiming to encourage our employees to actively engage in and contribute to the communities. We believe that the spirit of the volunteering effort can be spread among colleagues.

In Hong Kong, our commitment to community impact aligns with our passion for food. We have initiated a series of volunteer programmes that combine social connections with meal preparation and caring pack deliveries. These experiences have had a ripple effect among our participating colleagues, increasing their understanding of food challenges faced by the communities and how to support the underprivileged.



JRG volunteers in Hong Kong gathered to assemble 200 meal boxes, which were then delivered to Sam Shing Transitional Housing in Hong Kong for distribution to the residents in May 2023.



At Twilight Villa Nursing Home for the Elderly in Myanmar, 18 JRG volunteers offered companionship and made donations to enhance the residents' overall well-being.

In Taiwan, it is our annual event to clean up beach to combat plastic pollution and promote the conservation of our marine ecosystems as an island. Both the Pizza Hut and KFC collectively supplied meal boxes in support of World Vision's initiatives, benefitting the children they supported. As prominent brands in the food and beverage industry, we plan to partner with local farms to educate children on topics related to food and its ecosystems, fostering an understanding of how circularity matters to our food system.

In Vietnam and Myanmar, we support local charities and participate in volunteering programmes that benefit the communities in which we operate. Our volunteers in Vietnam visited Phuc Lam Orphanage with the donation of daily necessities, school supplies as well as toys to the children. During the event, our volunteers, in collaboration with Gaia Nature Conservation organised a craft-making activity using recyclable materials to spread the message of sustainability to future generations. In light of the coming school year, donations from our staff are also used to make a bookshelf for the children.

We have mobilized our colleagues in Myanmar to support the well-being of the elderly through a dedicated volunteer campaign. In addition to offering companionship, we have provided oxygen concentrators and medicines to assist almost 100 elderly individuals, with contributions from both the company and our employees aimed at enhancing their living conditions.



The annual beach cleaning volunteer event in Taiwan raised the awareness of our colleagues for environmental protection.

Leverage the network to support community groups

Leveraging nearly 500 KFC and Pizza Hut restaurants across Taiwan, we have established an urgent resilience network during the crisis to support vulnerable groups. From the start of COVID-19 in 2020 to the end of 2022, both KFC and Pizza Hut Taiwan pioneered to launch zero-contact delivery to protect consumers and delivery staff.

Our Taiwan team is deeply committed to supporting children living in poverty. We have established the "100-Dollar Club" to encourage our employees in Taiwan to make a meaningful difference in the lives of those in need with monthly donation starting from NT\$100. Employees have the option to donate different amounts automatically from the monthly payroll to either the Children's Welfare Alliance Cultural and Educational Foundation or World Vision. The "100-Dollar Club" has raised an accumulative of over US\$200,000 ^{Note} donations in the past seven years and over US\$26,000 in the reporting period.

In particular KFC Taiwan, has also established a longstanding and impactful partnership with World Vision, dedicated to supporting children experiencing poverty over the past 8 years since 2016 through acts of love and sharing. Their in-store "Change for Good" campaign encourages customers to contribute their spare change to benefit the children. Since 2016, KFC Taiwan has donated a total of US\$376,000 to World Vision. Moreover, the "Charity Meal Subscription" campaign was also kicked off in 2020. During its third iteration in November 2022, this campaign raised charity meals at the equivalent of US\$74,000.



Note: The exchange rate used here and in all subsequent references on this page is based on the Bank of Taiwan's posted rates as of 30 June 2023, for converting the Taiwanese Dollar (TWD) to the US Dollar (USD), the exchange rate at that time was 30.74.



The industry's first zero-contact delivery was launched during the COVID-19 pandemic in KFC and Pizza Hut Taiwan to protect consumers and delivery staff.



We offered full support to the medical units in Taiwan by providing meal donations to help them navigate the challenging times of the pandemic.

Promoting diversity and inclusivity

Team Taiwan launched the "Proud to be Me" Rainbow Week in honour of the 20th anniversary of Taiwan Pride to show support for the LGBTQ+ community. KFC Taiwan introduced a vibrant, limited-edition rainbow-striped eco-bag to mark the occasion; while Pizza Hut Taiwan made a splash at the Rainbow Market with a global first: the "Rainbow Delivery Scooter."



In Taiwan, Pizza Hut and KFC have introduced limited-time heart-shaped pizzas and accessories to show their support for diversity and inclusion.



Over 50 employees at Taiwan's office participated in a series of events to embrace LGBTQ+ culture, including movie appreciation and YouTuber-sharing sessions. More than 100 restaurants joined with an in-store decoration campaign to celebrate "Proud to be Me" Rainbow Week.



7 Leading climate action



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In the 2023 Global Risk Report published by the World Economic Forum, the failure to mitigate climate change is ranked as the top concern. Six out of the top ten long-term risks in next ten years are related to environmental issues. It is crucial for us to respond to the growing threats posed by climate change that impacts the stability, prosperity and social wellbeing of our planet, our home – Mother Earth.

We are developing plans to reduce our carbon footprint and transit towards more sustainable operations driving the actions on climate change, with the goal of achieving Net Zero emissions by the year 2050.

Spotlight

Our carbon reduction commitment

We commenced work on **the GHG emissions inventory** in 2022, aim to set near-term goals and target to complete the development of the Group's Science-based Reduction Targets (SBTi) in 2024.

Transition to electric delivery

KFC and Pizza Hut Taiwan respectively employed **49%** and **28%** **e-bikes** of their delivery bike fleets as of 30 June 2023



Expanding renewable energy use in restaurants

As of 30 June 2023, 13 KFC Taiwan restaurants have installed **solar water heaters**. KFC and Pizza Hut Taiwan have set targets to increase the total installations to **46** restaurants by the end of 2024

Energy efficiency advancements

By changing the behaviour and operation practices, KFC and Pizza Hut Hong Kong achieved an electricity reduction of over **2,750 MWh**



7.1 Our low-carbon future

JRG initiated its GHG emissions inventory count with the objective of finalising and submitting our decarbonisation target to the Science Based Targets initiative (SBTi) in 2024.

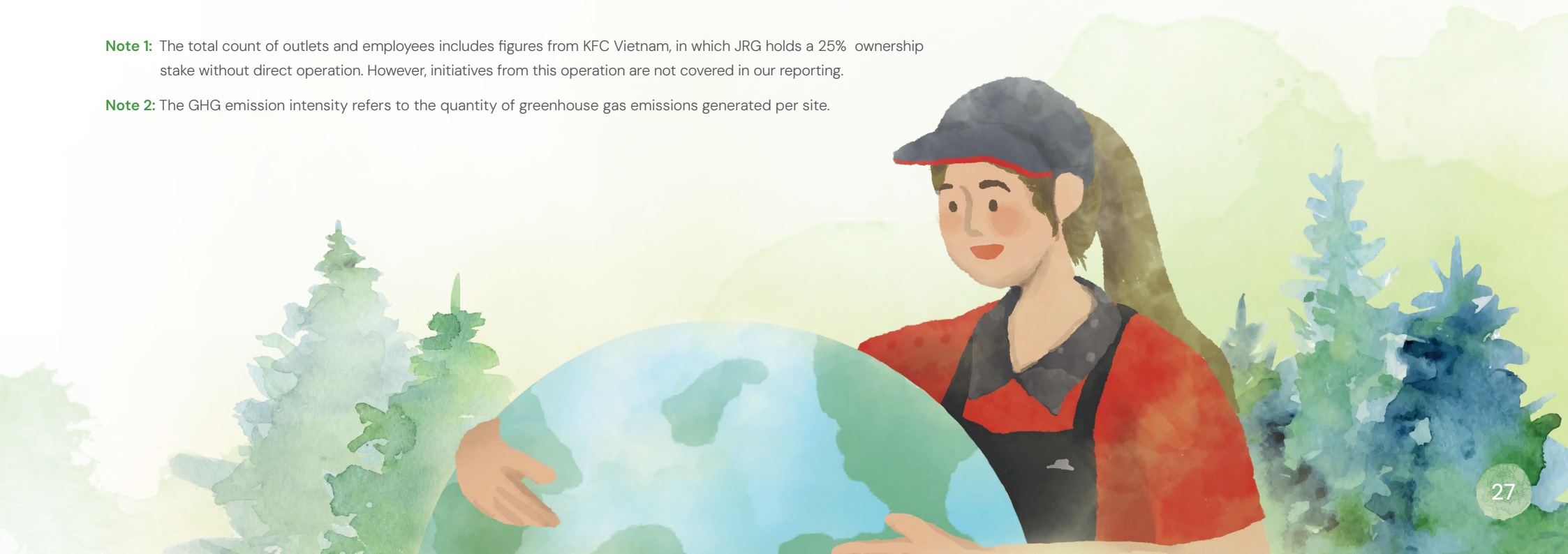
We have completed the inventory for 2022 data for Scope 1 and Scope 2 emissions with an observation that Scope 2 emissions account for 77% of the combined total.

Our primary sources of Scope 1 emissions include stationary fuel combustion, mobile fuel combustion, and fugitive emissions. An increase of 111% in Scope 1 emissions was recorded from 2021 to 2022, primarily attributed to the business recovery from COVID. Emissions from purchased electricity constituted 100% of JRG's total Scope 2 emissions in 2022. There was a 12.4% increase in these emissions from 2021 to 2022, that is linked to the expansion of our operational sites from 667 in 2021 to 842 ^{Note 1} in 2022 and the reopening of markets after the COVID lockdown. Although there has shown an absolute increase in Scope 1 and Scope 2, our GHG emission intensity ^{Note 2} for these scopes decreased by 0.6% from 2021 to 2022.

The decarbonisation pathway for Scope 1 and Scope 2 is under development along with the near-term emission target, while Scope 3 emissions will be identified and screened in 2023. All relevant findings and strategies will be shared in our Sustainability Report to be published in 2025.

Note 1: The total count of outlets and employees includes figures from KFC Vietnam, in which JRG holds a 25% ownership stake without direct operation. However, initiatives from this operation are not covered in our reporting.

Note 2: The GHG emission intensity refers to the quantity of greenhouse gas emissions generated per site.



7.2 Driving climate action in our operations

To advance our steps towards a decarbonised operation, JRG has started various energy efficiency and renewable energy initiatives across our markets for energy savings and carbon emission reductions.

Transition to energy-efficient equipment and operation

In Taiwan, Pizza Hut piloted 41 sets of energy-efficient equipment replacement in the reporting period to enhance performance and decrease energy consumption. The initiative resulted in approximately 48 MWh of electricity savings.

Since 2013, KFC Taiwan has been replacing store air conditioning systems with more energy-efficient inverter air conditioning. As of June 2023, they have replaced systems in 12 restaurants. Furthermore, KFC Taiwan has installed solar water heaters in 13 restaurants since 2021. They have collectively generated 40.8 MWh of renewable energy during the reporting period. These initiatives are our key actions of the decarbonisation strategy. To accelerate the introduction, targets have been set to install solar water heaters at 33 more KFC and Pizza Hut restaurants in Taiwan by the end of 2024.

In Hong Kong, we have updated our standard operating procedures to optimise our energy usage at the operations. Operational change measures including equipment operating schedules, colour-coded labels next to switches indicating start-up and shut-down times, specified air conditioning temperature guidelines for restaurants, and checklist for store operations are being implemented. These enhanced controls have led to a reduction in electricity usage, amounting to more than 2,750 MWh in the reporting period for both KFC and Pizza Hut.

In Vietnam, air conditioners with lower carbon emissions have been selected in the new restaurants since 2020. Around 50% of the Pizza Hut Vietnam restaurants were equipped with the setup as of 30 June 2023. Additionally, 40% of restaurants are equipped with the air conditioning remote control system which allows the maintenance team to centrally manage air conditioner settings for timely temperature control and energy savings. Renewables applications such as solar-powered outdoor lighting were also incorporated into the construction of 11 new restaurants since September 2022 and solar water heaters for one new store in 2023 to further reduce our carbon footprint.

Low-carbon delivery

Traditional fossil-fuelled delivery vehicles are in a progressive transition to electric bikes for our food deliveries. As of June 2023, KFC and Pizza Hut in Taiwan have incorporated 299 and 345 e-bikes, respectively, into their delivery fleets, representing approximately 49% and 28% of their total number respectively. By 2024, we will increase the proportion of electric bikes to 55% for KFC Taiwan and 35% for Pizza Hut Taiwan.



In addition to our own fleets, 9 KFC Taiwan restaurants have set up charging stations for electric bikes, offering convenience among our customers and communities around our restaurants for the use of e-bikes.

Raising awareness of our Net-Zero journey

We have supported the global Earth Hour initiative over the recent years. In March 2023, all KFC and Pizza Hut restaurants in Taiwan turned off their signage lights on the event day. By doing so, KFC and Pizza Hut Taiwan reduced their emissions equivalent to 144 tonnes of carbon dioxide. While in Vietnam, all lights were turned off at 10 of the Pizza Hut outlets and customers were invited to dine under the soft glow of table lamps, turning the initiative into a unique dining experience.

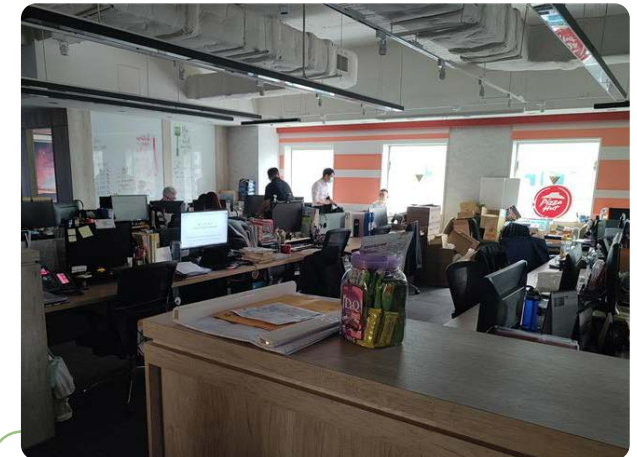
Not only at the restaurants, our offices also participated in the lights-off initiative across the markets while our Taiwan office took the extra step by having an ongoing daily one-hour lights-off during lunchtime to remind our colleagues of that small actions matter to the carbon reduction.



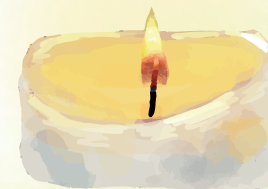
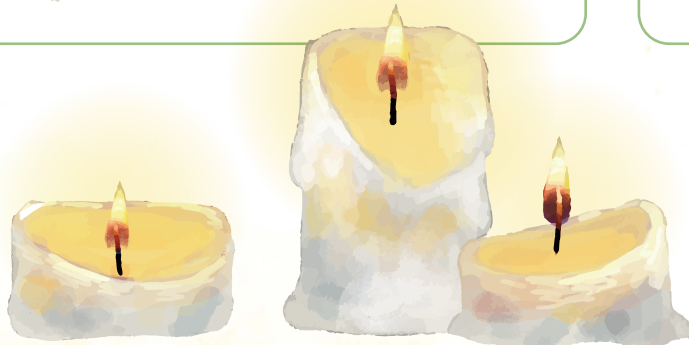
All KFC and Pizza Hut restaurants in Taiwan turned off their signage lights during Earth Hour.



Pizza Hut Vietnam invited their customers to join the lights-off initiative.



Our Taiwan office turns off lights during the lunch break every day.



8 Driving responsible consumption



While driving our business growth through sharing simple joy with our customers with our food menu, supply chain management, menu design, circularity and waste reduction are essential to our operations for resources utilisation. By going through our value chain, we are continually engaging with our suppliers to advance our sustainability journey through collaboration.

Spotlight

Redesigning pizza boxes to reduce plastic use

Pizza Hut Taiwan and Pizza Hut Vietnam changed the design of their pizza boxes from square to hexagonal to increase support and eliminate the use of single-use plastic support

while reduced over **27 tonnes** of single-use plastic waste during the reporting period compared to the previous year



Reducing single-use gloves

By revising the operating procedure while upholding the safety standard, Pizza Hut Vietnam and Myanmar reduced the use of disposable gloves

by over **70%** and **50%** respectively for the reporting period

Halving waste by reengineering the dough recipe

Food waste was reduced

by **50%** after the

introduction of the new dough blend recipe in Pizza Hut Taiwan



Rolling out a reusable lunchbox programme

We served more than **400** reusable lunchboxes within JRG's Hong Kong office and to companies of Jardine Matheson Group in the reporting period

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8.1 Food safety and choices

Robust food safety controls

Food safety and quality are the foundation of our business. To ensure our customers' health, all brands take a comprehensive approach including a qualification procedure for new suppliers, annual audits for qualified suppliers accompanied by regular third-party audits to ensure food safety standards are consistently met. At the ingredients level, random testing and inspections are being carried out among our key raw materials. Internally we maintain strict control over cooking standards and water quality at our restaurants. Annual training sessions focused on product quality standards and food safety are arranged to equip our store managers with the necessary knowledge.

Diverse food choices

We continuously keep up with the ingredients that are of interest to our customers by considering the fun and joy together with the nutrient content.

► Diverse dining choices at KFC Hong Kong

KFC Hong Kong diversifies its dining options, allowing customers with various dietary preferences to enjoy delicious fried chicken. After the introduction of plant-based menu items in 2020, KFC Hong Kong proudly introduced Halal-friendly products with its initial launch in November at one of its restaurants. At the store level, KFC's staff undergo rigorous training to ensure strict adherence to Halal-friendly requirements, while at the office level, the team went from the sourcing of Halal certified ingredients and food handling to equipment, proper food handling, and equipment maintenance to eliminate any risks of crossover with non-Halal products.



KFC Hong Kong introduced halal-friendly menu options to offer diverse food choices to customers.



Pizza Hut and KFC Taiwan provide delicious food made with locally-sourced ingredients.

► Local food innovation at Pizza Hut and KFC in Taiwan

"Wow" is the centre of Pizza Hut Taiwan since 2019. Local flavour ranked the top among the consumer preferences after the data analysis through social listening which resulted the introduction of the "Hot Taiwanese" range featuring local ingredients. These products are well perceived upon every launch and reduce our carbon footprint at the same time by sourcing local ingredients like coriander. The "Hot Taiwanese" range has resonated with local consumers, becoming an annual staple for Pizza Hut, and contributing to the growth of local suppliers and small-scale farmers.

KFC Taiwan's signature chicken bucket uses locally sourced chicken, guaranteed to be hormone-free. In nearly one-third of KFC's locations across Taiwan, consumers have the choice of Colonel's Private Chef Grilled Chicken Leg Salad and Caesar Grilled Sweet Potato for a lighter diet. These options provide healthier choices and increase the use of locally sourced ingredients like sweet potatoes, lettuce, and tomatoes, supporting local producers and cutting emissions.

8.2 Sustainable procurement



Reduced emissions through sourcing mozzarella from a shorter geographical distance

GHG emissions represent a significant portion of our supply chain, with dairy products being the main contributor. As cheese is a major ingredient in our pizzas, we have made the decision to purchase all of our mozzarellas from New Zealand across Pizza Hut in Hong Kong, Macao, Myanmar, Taiwan, and Vietnam, lowering carbon footprint from shipment plus traceable and transparent emission data.

Sustainable paper procurement

Starting in 2022, we have been replacing the paper packaging from virgin paper to certified sustainable paper source by either FSC ^{Note 1} or PEFC ^{Note 2} among all of the paper packaging items. As of June 2023, Pizza Hut Hong Kong has successfully replaced all pizza boxes with certified FSC or PEFC paper sources. Pizza Hut and KFC Taiwan have made 92% and 63% of their packaging respectively now using FSC or PEFC-certified paper. Pizza Hut Myanmar and Vietnam will introduce FSC certification for the two main items in the fourth quarter of 2023, covering 80% of all paper packaging. We aim to complete the full transition across the Group before end of 2024.

Note 1 : FSC, the Forest Stewardship Council, is a prominent global organization dedicated to promoting responsible management of the world's forests through its certification system.

Note 2 : PEFC, the Programme for the Endorsement of Forest Certification, is a leading global alliance of national forest certification systems.

8.3 Reduction of single-use plastic

Removed plastic waste by redesigning the pizza box shape

Pizza Hut Taiwan and Vietnam have moved from the traditional square pizza box to a hexagonal design. This redesign boosts the box's weight-bearing capacity, ensuring greater stability during stacking and eliminating the need for single-use plastic supports once used to prevent box collapse, saving more than 27 tonnes of plastic waste in the reporting period compared to the previous one. The Group will continue to explore opportunities to reduce carbon footprint in other markets and implement sustainable packaging solutions.

Single-use plastic
support for pizza box

was reduced by

27 tonnes

in the reporting period



Pizza Hut Taiwan and Vietnam significantly reduced plastic waste by transitioning to hexagonal-shaped pizza boxes.



Reduction of single-use plastics for customers

Pizza Hut Taiwan no longer actively offers plastic forks and spoons to customers, in which they are provided only upon request. Single-use plastic usage decreased by 78% in January to June 2023 compared to the same period in 2022. The same arrangement was implemented in KFC Taiwan as well for online orders. In the case of Pizza Hut Vietnam, the use of biodegradable plastic delivery bags and the replacement of plastic containers and straws with paper alternatives have been underway since 2021.

Pizza Hut Vietnam also partnered with Suntory PepsiCo Vietnam Beverage (SPVB) for a three-month campaign to collect plastic bottles for recycling by placing bottle collecting machines in two of their restaurants in busy areas. Through these efforts, the campaign contributes to saving up to eight tonnes of plastic.

Reducing plastic waste in the kitchen

Pizza Hut Myanmar and Vietnam have taken proactive steps to reduce the use of disposable gloves in kitchen operations. By increasing the frequency of handwashing at each critical food safety check point after reviewing operational procedures, gloves can be saved at various processes. This is especially pertinent when moving between different work areas. As a result, they have achieved a reduction of respectively 70% and 50% in the use of plastic gloves, leading to a reduction of eight tonnes of plastic waste as of June 2023.

In March 2023, Pizza Hut Myanmar initiated to replacement of disposable hair nets with washable caps for employees which cut the volume by more than 70%, saving more than six kilograms of plastic waste per month.



Hair nets

– 70%

for Pizza Hut Myanmar



Pizza Hut Myanmar has replaced disposable hair nets with washable caps in order to reduce waste.

Disposable gloves

– 70% – 50%

for Pizza Hut Vietnam

for Pizza Hut Myanmar



8.4 Sustainable food management

JRG emphasises the 3Rs—Reduce, Reuse, and Recycle—to address food waste impacts, transforming challenges into opportunities that drive positive impacts. Through process reengineering and forecasting technology, we reduce production waste. In managing actual waste, through recycling used cooking oil into biodiesel for circular resource use and supporting community needs through food donations, we continue to underscore our commitment to sustainable waste management.

Reengineered dough blend recipe cuts waste by 50%

The new formulation coupled with operational changes helped to reduce the dough waste by 50% from the day-to-day operations in Pizza Hut Taiwan. The collaboration of work among Operations, Research and Development, and Supply Chain with the supplier improved the efficiency and also largely reduced the potential wastage during production.

Better forecasting to reduce excess wastage

With the introduction of a new production management system (PMS) to cope with increasing customer demand, the new system handles production planning and manages product validity with time stamps to optimise production during the day to improve product quality and reduce wastage.

Channeling the surplus to the needed

By working with different organisations, including Feeding Hong Kong, Food Angel, Dignity Kitchen, the Alliance of Taiwan Foodbanks and Green Connect, we diverted over eight tonnes of surplus food to charities across Hong Kong, Taiwan and Vietnam to those in need.



Surplus food donation

more than

8 tonnes

across Hong Kong,
Taiwan and Vietnam



Pizza Hut Vietnam collaborated with Green Connect to redirect surplus food to support people in need.



8.5 Innovate with circularity



More than 400 reusable lunchboxes were distributed to the employees at Jardine Matheson's different business units to raise awareness about circularity.



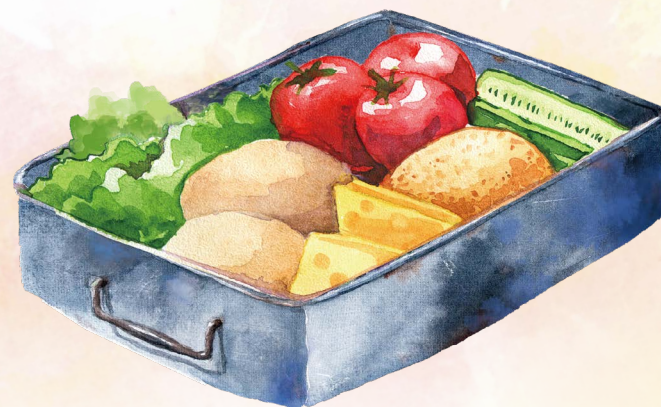
By adopting reusable lunchboxes, we have led to a reduction of 20 kg plastic waste.

Reusable lunchboxes driving positive environmental impact

At JRG, we are trying to explore ways to reduce waste in their daily lives. In July 2022, we launched an initiative during Green Month in Jardines by providing our staff with reusable lunchboxes and utensils that can be collected, cleaned, and reused.

From March to July 2023, we expanded this initiative to other business units of Jardine Matheson and served more than 400 reusable lunchboxes within JRG and companies of Jardine Matheson. In 2023, we have taken extra steps to source sustainable ingredients like sustainable seafood, free range chicken and plant-based ingredients to strengthen our commitment to sustainability.

Through the use of reusable lunchboxes instead of single-use packaging, the initiative led to a reduction of 20 kg plastic waste, which it marked the beginning of change from linear model (take, use and waste) to a circular one in the food and beverage business and more importantly to promote the awareness among our colleagues to rethink how to turn our linear consumption into circularity.



Grooming a culture of reusing resources and reducing waste

While we are working towards the waste reduction and the removal of single-use plastics at our restaurants, we are also promoting a culture that embraces circularity in our offices. Various initiatives have taken place to raise awareness among our colleagues, encouraging responsible consumption as part of the daily routine.

In addition to the reuseable lunchbox programme for our offices in Hong Kong and Taiwan, reuseable containers are also made available in our Taiwan office for colleagues buying lunch takeaways while reuseable utensils are provided to new joiners in Hong Kong office as one of the welcoming items.

Sensors or timers for the lighting system had been installed in Hong Kong and Vietnam offices to reduce electricity use during the idle times. Additionally, we have implemented recycling initiatives, which include the installation of stations for recycling used plastics, cans, and paper in our offices. We have also established collection programmes with local NGOs to collect opened red pockets and mooncake tins for recycling during occasions such as the Chinese New Year and the Mid-Autumn Festival, all aimed at supporting circularity.

Embracing sustainability with circular cups

Ten KFC restaurants and one Pizza Hut Express in Taiwan offered reusable cups to customers for the take-out drinks since January 2023, striving to reduce the use of single use packaging. The operations also introduced reusable cups for dine-in customers that avoided the use of 136,000 disposable cups in KFC Taiwan in the first half of 2023.



Disposable cups

-136,000



Since January 2023, ten KFC restaurants and one Pizza Hut Express in Taiwan have begun offering reusable cups for take-out drinks to their customers.

9 Our governance



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With our presence across five markets operating seven brands, brand teams and group functions work as the backbone to run day-to-day operations and drive strategic directions. Brand teams are headed by General Managers running the market strategies and plans for business growth while group functions develop group-wide directions and share best practice among markets for continuous group development. The brand teams and group functions all report to the Group Chief Executive for orchestrated development through monthly group management meeting and committees governing different types of activities, including investments (Investment Committee, "IC," for the store opening, Digital Investment Committee, "DIC," for digital-related investment).

The Group Chief Executive reports to the management of the holding company (Jardine Pacific Limited). The holding company is engaged in the monthly meetings to review business performance and the bi-annual Risk Management and Compliance Committee (RMCC) to review risk and compliance. The committee is also comprised of selected members from the group management team, our group risk assurance head and relevant staff as required.





9.1 Corporate governance

Business ethics and code of conduct

To ensure that we maintain the confidence of our customers and business partners and that resources for development are well utilised, it is essential that all of our colleagues and vendors conduct business in an ethical and transparent way.

The Jardine Matheson Group [Code of Conduct](#) sets out expectations and obligations with regards to ethical areas such as illicit payments, entertainment, anti-competitive practices, and conflicts of interest and it applies to all employees under our Group. Training on the Code of Conduct is delivered regularly and to be refreshed at all levels every 2 years. All required staff have completed the training as of 30 June 2023.

Our ethical values lay the foundation for how we interact with our colleagues, customers, business partners, shareholders, and other stakeholders. The Code of Conduct explicitly prohibits corruption and provides guidelines on the receipt of gifts and entertainment. It is in full compliance with relevant laws and regulations related to anti-corruptions, including the Prevention of Bribery Ordinance.

Risk management

The retail environment and the food value chain are complex and fast-changing. Putting together financial and non-financial, internal and external risks under the risk register offers a holistic overview to our management for policies and procedures to address and mitigate risks in a systematic and effective way.

Food safety is always paramount to our business. In particular to food safety risk, both quality assurance audits and food safety audits are conducted regularly in each of the markets towards our suppliers and value chain. Qualification under both audits is a prerequisite for any new supplier or new item admitted to the procurement system. Our quality assurance team works with the team from Yum! Brands and independent third-party auditors to shield ourselves from mitigating potential risks along procurement, processing, handling and delivery. Drills across key emergency procedures are conducted at regular intervals across the operating markets to ensure our risk control measures are functioning effectively and being reviewed for continuous improvement.

Aside from the operations, business risks related to processes and procedures are to be reviewed by the Group Audit and Risk Management team from Jardine Matheson (“GARM”) as a third-party assurance toward the control environment in the group in addition to our risk team and third-party auditors.

The list of risk items, including significant matter of serious concerns and occupational safety, are tabled upon RMCC as the platform connecting operations, management, and shareholders to foster a constructive environment for measures and actions to maneuver under the volatile retail business environment.

List of risk items

- 1 Cybersecurity and technology improvement
- 2 Supply risks
- 3 Talent development
- 4 Food safety
- 5 Social media and PR risks
- 6 Employee safety
- 7 Regulation compliance and changes





9.2 Data privacy and cybersecurity

The popularity of digital transactions increases the vulnerability of digital management where data privacy and cyber security are at the forefront. Having data privacy rules and procedures and cybersecurity management tools in place helps to mitigate the risk of potential breaches and, hence, to maintain trust among our customers and stakeholders.

Our Group strictly follows all the legal and regulatory requirements in the markets where we operate related to customer and other data privacy and security. The matter of data privacy and security has been identified as a material issue under the risk register, it is monitored and reviewed upon every RMCC. In the reporting period, we engaged an independent auditor to conduct impact assessment to identify potential areas where we may be vulnerable to security risks and ensure the necessary controls are in place.

Data privacy

All personal data collected in Hong Kong is handled with care in accordance with the requirements of the Personal Data (Privacy) Ordinance of Hong Kong in our Group. Furthermore, we diligently adhere to local compliance regulations in Macao, Myanmar, Taiwan and Vietnam.

Our Group vigorously safeguards the privacy, confidentiality, and security of all personal data we hold. All colleagues are trained with the rules and procedures on data privacy and no substantiated breaches or complaints related to customer privacy and data security occurred under the watch of our Chief Digital Officer and Head of Cyber Security for the period of this report.

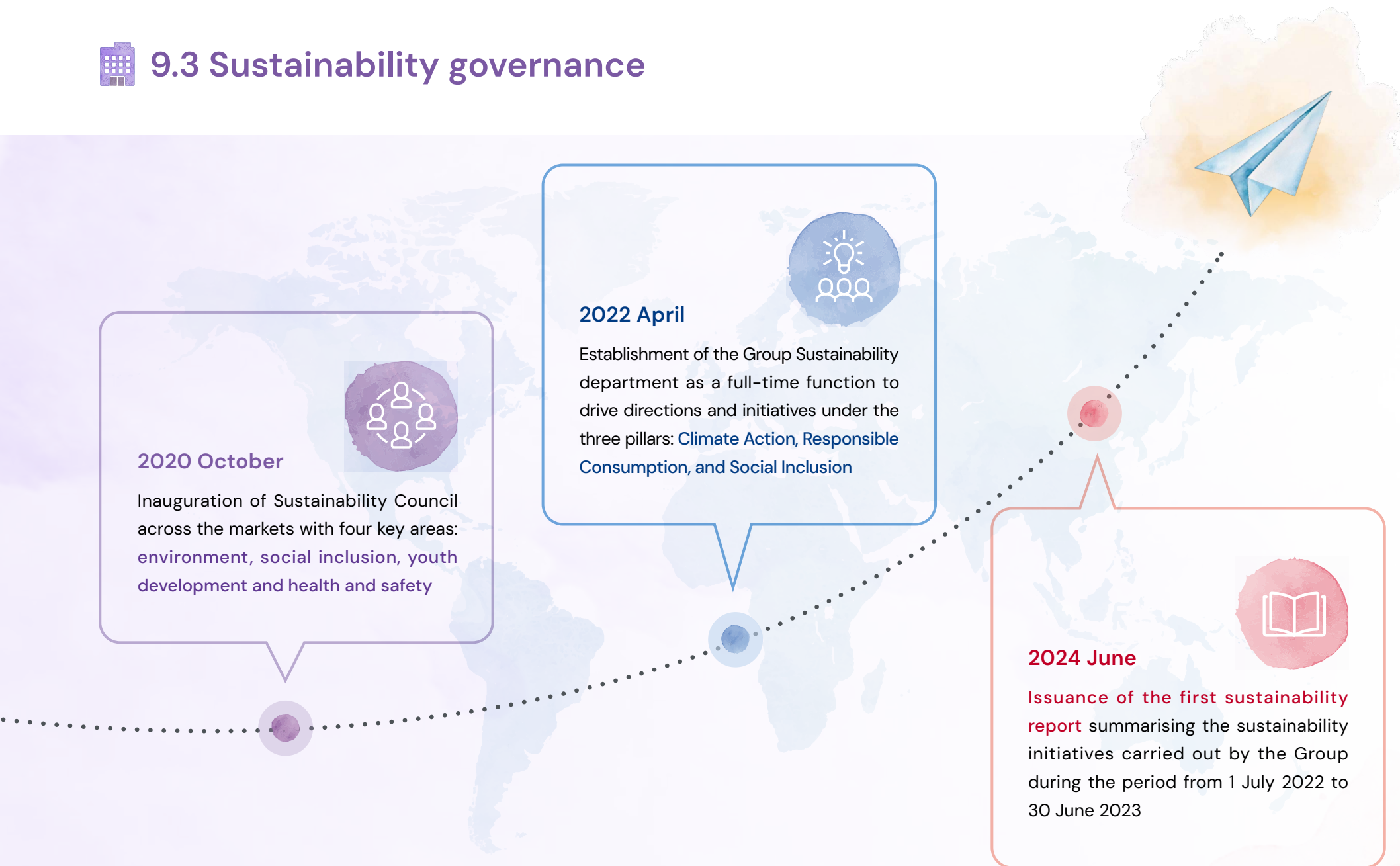
Cybersecurity

The risk of data loss, malware, or compromised credentials associated with phishing and other cybersecurity attacks is common these days. To manage the risk, various cybersecurity tools have been implemented in our digital places. Our colleagues receive regular training on cybersecurity risks and awareness, they are expected to be mindful of the risks posed by the rapidly evolving digital environment with requisite skills and knowledge to avoid fraud, scams, and cybercrimes when using digital devices and platforms. To date, no business disruptions have resulted from phishing or cybersecurity attacks.





9.3 Sustainability governance



Structure

Group Sustainability is headed by the Group Sustainability Director reporting directly to the Group Chief Executive, setting targets and formulating sustainability strategies and direction of the group.

The Group Sustainability function is supported by the Sustainability Crew, which is formed by staff members from different functions across the five markets. These staff members are passionate in driving sustainability initiatives in our business. Sustainability initiatives under the three pillars are driven by the Group Sustainability function and also with the support from the crew members in the markets during the reporting period.

To ensure structured development and organized governance for the sustainability effort, a revised structure will be implemented from 1 January 2024 to embed sustainability as part of our business driving towards the mid-term and long-term goals.



Mid-term and long-term goals

