

A message from Group Chief Executive



Scott Price
GROUP CHIEF EXECUTIVE
DFI Retail Group

“As a leading pan-Asian retailer, we have a unique opportunity to contribute to and be a part of the solution to achieving a sustainable future for all our customers, communities, and businesses. We take this responsibility very seriously, and being part of the solution is essential to our Customer First, People Led and Shareholder Driven strategic framework.”

The growing awareness of the impact from climate change has sparked a global movement towards sustainable practices and environmental responsibility.

Our deep commitment to sustainability is reflected in our three strategic sustainability pillars: Sustaining the Planet, Sourcing Responsibly and Serving Communities across the markets in which we operate.

Through the dedication of our team members, DFI has passed significant milestones on our sustainability journey to reduce our Scope 1 and Scope 2 carbon and other greenhouse gas (GHG) emissions by 50% by 2030, and to achieve net zero by 2050.

We are proud to announce that we have successfully reduced our Scope 1 and Scope 2 GHG emissions by 19% in 2023 compared to our 2021 levels. This achievement reflects our continued efforts to minimise refrigerant gas emissions and enhance energy consumption efficiency.

Additionally, the Science Based Targets initiative (SBTi) validated our Scope 1, 2, and 3 emissions reduction targets, which is a confirmation that our targets are meaningful and contribute to the global transition to a low-carbon economy.

The Group is keenly aware of the critical importance of setting and navigating an achievable path to our Scope 3 emission reduction targets by 2030 and beyond. While some of our larger global suppliers have already embedded sustainability into their businesses, there remain considerable challenges to address within our supplier network in Asia for some of our major product categories: daily food staples such as rice, poultry, beef and dairy products. We will continue to initiate and participate in research projects, such as our pilot to grow sustainable rice with the Alternate Wetting and Drying (AWD) method for rice farming rather than continuous flooding. AWD uses less water and promises to reduce methane emissions by up to 50%, but it is not suitable for all geographies and climates.

Reducing Scope 3 emissions from rice and other categories to achieve our sustainability targets has to be a collaborative effort. DFI will continue to identify and implement measures to reduce our Scope 3 emissions and work closely with all our suppliers to help them reduce their carbon footprint.

We also achieved other significant sustainability milestones in 2023. After being rated by Morningstar Sustainalytics for the first time in 2022, our 2023 environmental social and governance (ESG) risk rating has improved. As a result, we have moved from the top 50% to the top 29% in the Global Food Retail sub-industry rankings.

Sustainalytics gave our overall ESG management a "Strong" rating, despite the above-average risk exposure for our sub-industry.

As a multi-format retailer operating in multiple Asian markets, there are unique complexities to serving millions of customers daily and providing the value they trust us to deliver when they walk into one of our stores. To realise significant reductions in Scope 3 emissions across operations in 13 Asian markets with various regulatory frameworks, geographies, cultures and economies requires commitments and innovation that we alone cannot achieve.

Daunting as these ambitions might seem at times, reducing Scope 3 emissions is a challenge for all businesses worldwide. We must collaborate with our peers in the retail industry, trade bodies, regulators, government and non-governmental agencies, share best practices, streamline processes and advocate for policies that support sustainable development.

Although achieving our emissions reduction targets and managing environmental risks and opportunities is a core focus of our leadership team, we are equally committed to achieving all our ESG objectives. We have also demonstrated proactive climate risk management in accordance with Task Force on Climate-related Financial Disclosures (TCFD) recommendations and conducted supply chain audits against ethical standards. Across the Group, we will strengthen our efforts to reduce waste and plastic. We are intensifying efforts to increase waste diversion, targeting to increase our waste diversion to 80% by 2030. We are also committed to the challenge of

making the plastic packaging of our own brand products 100% recyclable, wherever possible, by 2030.

Our commitment to our communities and people is reflected throughout our daily operations. We encourage team members to actively engage with our communities through volunteer programmes and fundraising campaigns. We strive to create a safe and inclusive workplace where everyone has an equal opportunity to grow and thrive, and we invest in talent development and training to equip team members for the evolving retail workplace. We also regularly monitor gender pay equity and attempt to bridge any observed pay gap. DFI has taken steps to establish goals, monitor key indicators, and share best practices with our teams and suppliers, which supports us in identifying areas for improvement and rectifying any practices that may be detrimental to human rights in our business operations and value chain.

The governance portion of ESG underpins all our sustainability commitments, providing the infrastructure to ensure product quality and safety. It enables us to conduct our business with ethical responsibility and adherence to laws and regulations in all the markets where we operate. This also extends to compliance with anti-corruption and bribery laws at the same time, and maintaining a robust Group Privacy Policy and cyber security programme to protect our customers, team members and suppliers privacy and data.

I believe 2024 will be a pivotal year for DFI and our ESG reporting as we refresh our sustainability framework. To this end, in 2024, we are introducing sustainability-related KPIs for the leadership team and providing training and resources for team members to take ownership of our sustainability initiatives and continuously improve our sustainability performance. Our journey will not be easy, but it is essential, and we are dedicated to leading positive change in the markets and communities we serve.