



2022

**ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT**
環境、社會及管治報告

SPORTS

POU SHENG INTERNATIONAL (HOLDINGS) LIMITED
寶勝國際(控股)有限公司
(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)
(Stock Code 股份代號:3813)



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Upholding the core values of “professionalism, dedication, innovation and service”, Pou Sheng International (Holdings) Limited (the “Company”, and together with its subsidiaries, the “Group”) strives to create value for its shareholders as well as to satisfy and balance the expectations of all stakeholders. At the same time, we also wish to integrate sports into the daily lives of the general public. The Group will become a sustainable and joyful enterprise, through creating unique channels full of quality sports services and products, which will make it convenient and fun for people to enjoy sports everyday and inspire people to develop a persistent passion for sports, thereby promoting quality living and healthy lives.

ESG REPORTING FRAMEWORK

To inform all stakeholders about the environmental, social and governance (the “ESG”) policies, measures and performance of the Group, we have prepared this ESG report (the “Report”) pursuant to the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from January 1, 2022 and have complied with the four reporting principles, namely “materiality”, “quantitative”, “balance” and “consistency”.

Reporting principles

Materiality The ESG working task force prioritised the key issues of concern to stakeholders by analysing their environmental, social and business operational impacts through stakeholder surveys, the results of which were reviewed by the board of directors at meetings.

Quantitative The Group established internal guidelines with reference to the guidelines of the Stock Exchange, industry practices and laws and regulations, collected relevant data and information in relation to environmental and social performance indicators from business units, and maintained relevant supporting documents, which were submitted to the board of directors for review after verification by the ESG liaison and the ESG working task force. For the calculation criteria, methodologies and assumptions (if applicable) in the calculation of data relating to the performance indicators, please refer to relevant sections of the Report. Since the data relating to the performance indicators in this Report are rounded, the total number of percentages of individual data may not be equal to 100%.

ESG REPORTING FRAMEWORK (Continued)

Reporting principles (Continued)

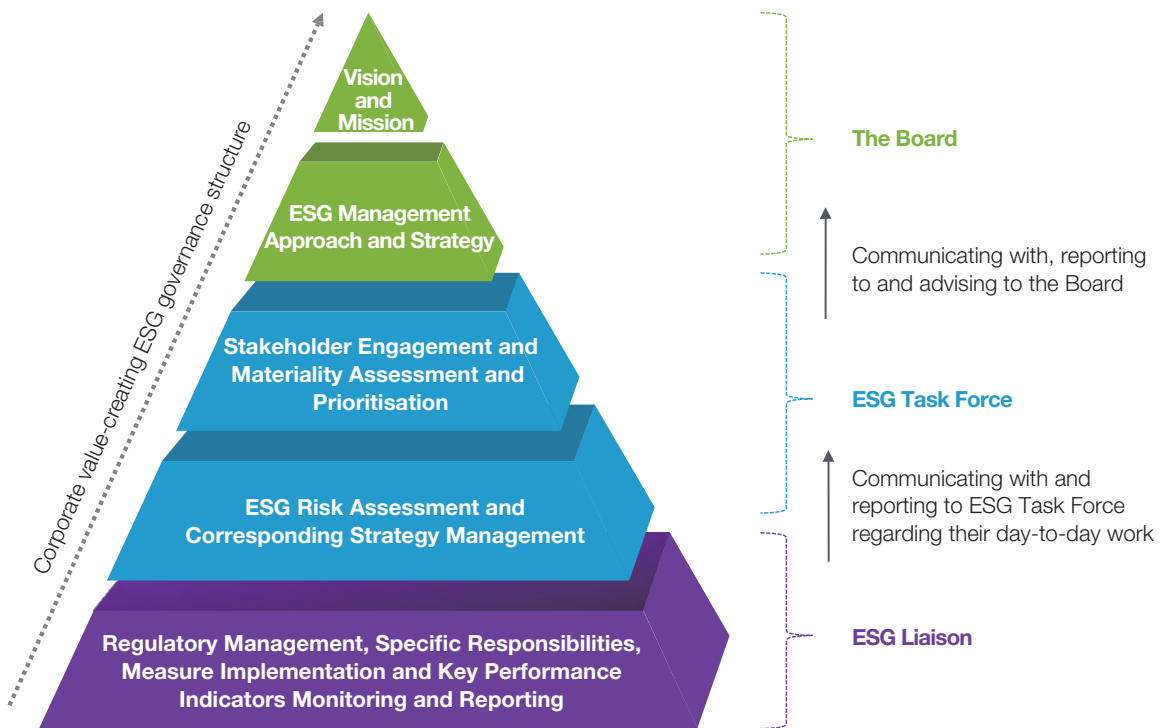
Balance	All the data and information of the Group are disclosed in an objective manner, so that stakeholders are able to make an impartial and justifiable assessment of the overall ESG performance.
Consistency	The ESG working task force continued to review the previous and existing statistical method and calculation to ensure that the relevant data disclosed in this Report followed a consistent statistical method, the same statistical and conversion approach, in order to allow stakeholders to make meaningful assessments.

SCOPE OF ESG REPORTING

This Report covers the retail of sportswear and footwear products, distribution of licensed products and sports services businesses of the Group for the period commenced from January 1, 2022 and ended on December 31, 2022 (“the Reporting Period”), including the performance and specific practices of offices, directly operated stores, sports cities and department store counters in regions where the Group mainly operates to fulfil its environmental and social responsibilities, while joint ventures are excluded. When determining the scope of the Report, the Group takes into account the factors such as the level of impact of the ESG risks on the business, its vulnerability and the resources allocated in controlling the ESG risks. The scope of the Report is prepared by the ESG working task force and then submitted to the board of directors for review.

ESG GOVERNANCE STRUCTURE

To realise its aspirations in ESG, the Group is committed to strengthen our ESG governance structure by integrating our commitment to the environment and society into our day-to-day decision making, corporate culture and future planning, etc. to ensure that the Group is able to create a positive impact to the industry as a whole and supply chain members.



ESG GOVERNANCE STRUCTURE (Continued)

The functions of the board of directors, the ESG working task force and ESG liaison are described as follows:

The Board of Directors

The board of directors of the Company (the "Board") takes a leadership role in setting the ESG governance direction as well as in developing an effective and measurable vision for the ESG strategies. In addition, the Board will meet regularly when necessary to resolve ESG-related issues, including but not limited to:

- determine future ESG objectives;
- review and monitor the implementation and results of the ESG governance strategies regularly and make appropriate adjustments based on the Group's performance and external environment; and
- review ESG-related policies and reports.

The Board also attaches importance to ESG risk management and internal control measures, and delegates authority to the management to conduct ESG monitoring. The Board should lead the management to continuously improve ESG risk management across business units and retail stores, and provide guidance on the identification, assessment and management of material risks so as to enhance the Group's overall risk prediction level and responsiveness. The Group is particularly concerned with the internal control mechanism that is closely related to our daily operations. Therefore, the Board has delegated the responsibility to the Audit Committee to monitor the adequacy and effectiveness of the internal control system of the Group, and identify the weaknesses of internal control and propose remedial measures.

ESG GOVERNANCE STRUCTURE (Continued)

ESG working task force

The ESG working task force of the Company (the “ESG Task Force”) was established under the leadership of the Board. It is primarily responsible for the implementation of the Group’s ESG strategies. Members of the ESG Task Force are comprised of officers at managerial level or above from different functional departments to ensure the effective performance of its functions.

To ensure the Group is able to receive the opinions of different stakeholders on the importance of sustainability development issues, the ESG Task Force communicates closely with stakeholders, actively collects their views and feedback, and identifies and responds to ESG key issues in a timely manner. The ESG Task Force is required to conduct a series of ESG risk assessments under the governance principles formulated by the Board. Following the identification and assessment, the ESG Task Force will develop an implementation strategy based on the Group’s own visions and missions and make recommendations to the Board on relevant issues, striving to create positive corporate social values for stakeholders and consumers.

ESG liaison

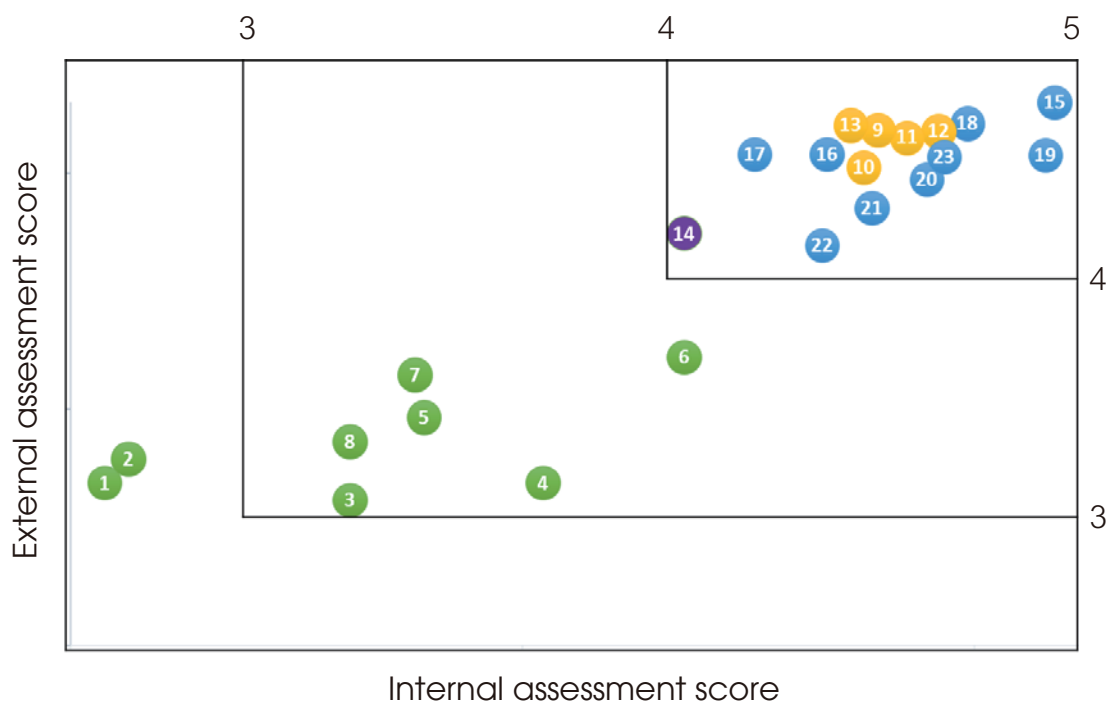
To manage ESG risks in the Group’s business operations in a more systematic manner, the Group also has an ESG liaison who is responsible for the proper implementation of ESG management regulations. The ESG liaison is responsible for formulating ESG-related management regulations for each department, setting specific ESG responsibilities and initiatives at the departmental level, overseeing and guiding the cultivation and activities of ESG culture between departments, and setting measurement standards for ESG performance and key performance indicators, etc. The ESG liaison reports regularly to the ESG Task Force on the implementation of ESG governance initiatives.

STAKEHOLDER COMMUNICATION AND MATERIALITY ASSESSMENT

The Group identifies key stakeholder groups and material issues concerned through a consolidated view of the ESG Guide, the industry's characteristics and its own development aspects, and understands the stakeholders' views by means of exchanges and questionnaires through various communication channels. In order to respond to the expectations of all stakeholders in the business operation and sustainability aspects, we also assesses, analyses and prioritises the importance that the stakeholders attach to such issues, prepares a materiality matrix and establishes a reporting framework for the Report. Key stakeholder groups include shareholders and investors, employees, brand partners and suppliers, media, consumers, as well as government and regulatory authorities.

The Group believes that effective ESG management is an important part of the Group's sustainable development in economic, social and environmental aspects, which will help the Group improve its current performance and provide adjustment development strategies for various policies and measures. The result of materiality assessment for the year is as follows:

Distribution of stakeholder materiality assessment result



Note: "5" is the most important/relevant; rather, "1" is the least important/relevant

STAKEHOLDER COMMUNICATION AND MATERIALITY ASSESSMENT (Continued)

Category	Key Issues		Category	Important Issues		Category	Fundamental Issues	
Governance	15	Compliant operation	Environment	6	Use of packaging materials	Environment	2	Greenhouse gas/ carbon emissions from business operations
	19	Customer service		4	Energy consumption		1	Air pollutant emissions from business operations
	18	Product and service safety and quality		5	Water efficiency and reduction			
Employee	12	Employee development and training		7	Environmental impact management			
Governance	23	Anti-bribery and anti-corruption		8	Adaptation to climate change			
	20	Data privacy		3	Non-hazardous waste treatment			
Employee	11	Occupational health and safety						
	9	Employee well-being						
	10	Diversity and equal opportunity						
Governance	21	Intellectual property rights						
Employee	13	Prevention of child labour or forced labour						
Governance	16	Supply chain management						
	22	Marketing and Promotion						
	17	Environment-friendly products procurement						
Community	14	Community charity						

Note:

According to the distribution of stakeholder assessment data, we classified and ranked each issue based on three levels, namely key issues, important issues and fundamental issues. In each level, the importance of each issue is ranked in the top-down sequence.

GOVERNANCE

Customer service

We adopt a business model centring on customers' needs and aspirations so as to provide products with the highest quality that satisfies their requirements. In pursuing the ultimate goal of providing the best services, the Group carries out inspection in line with its commitment. The Group operates 400 telephone professional customer service hotlines, through which customers can make various information and product enquiries and complaints. During the Reporting Period, 369 (2021: 305)¹ complaints were received, the majority of which were mainly related to the matters of repair as well as return and exchange of products. 100% of complaints received were handled properly and no complaint cases had to be referred to relevant government authorities. The Group will endeavour to negotiate with the customer on commercial terms and make every effort to reach an agreement.

¹ The number of complaints represents the total number of complaints made by customers through the hotlines. In 2022, there were 56,378 incoming calls to the hotlines and 33,254 calls were received, including 295 service attitude related complaints, 64 industrial and commercial complaints, 3 product sales liability dispute litigation and 7 complaints to the consumer association, for a total of 369 complaints and all of which have been closed. In 2021, 46,544 calls were received by the hotlines, including 187 service attitude related complaints (of which 1 was unresolved), 101 limited-edition products related complaints (belonging to store business complaints) and 17 invoices replacements related complaints, for a total of 305 complaints. The total number of complaints in 2022 increased by 21% when compared to that of 2021.

GOVERNANCE (Continued)

Product and service safety and quality

To provide better product warranty to our customers, the Group strictly controls the safety and quality of our products to ensure that they meet the requirements. The Group's products and services do not involve any form of unfair commercial practices. We are committed to provide high-quality products as well as all-rounded consumer experience and services to diverse consumers in the sports-inspired and lifestyle industry. To safeguard consumers' health and safety, the Group upholds its commitment to quality assurance and offers excellent and qualified products. As such, in order to become a sustainable and joyful enterprise, we are committed to protecting the environment and green living and carefully selecting the products and services we offer to improve people's quality living and healthy lives. Our procurement and service procedures also ensure the transparency of information and safety of products and services. In addition, we have formulated a customer rights policy and made it publicly available, which is also implemented in our operation, to prevent products or services from compromising consumers' rights, health and safety.

The Group is in strict compliance with regulations and international standards relating to its products and services (such as Advertising Law of the People's Republic of China, Product Quality Law of the People's Republic of China and Law of the People's Republic of China on the Protection of Consumer Rights and Interests). Besides, it prohibits fraudulent, misleading, deceptive or any other behaviours that may undermine customers' confidence and their rights and interests. For products with defective quality, the Group will follow the relevant return and exchange process in accordance with internal guidelines and brand-related regulations to protect the interests of all customers from being compromised. During the Reporting Period, the Group has not received any complaints from regulatory authorities or consumers regarding product safety, nor has any product been recalled for product safety and health reasons.

GOVERNANCE (Continued)

Anti-bribery and anti-corruption

“Dedication” is one of the Group’s core values. We define “honesty and integrity” as the commitment to follow the rules and regulations of the Group, dedication to do the right things, zero tolerance to corruption or any other misconduct that is against the Group’s interest, and we resolutely combat all crimes of soliciting or accepting bribes and corruptions, etc.

We always endeavour to uphold the core value of integrity. The Group requires all employees to observe personal and professional conduct. Apart from maintaining strict compliance with the laws and regulations (such as Criminal Law of the People’s Republic of China, Anti-Money Laundering Law of the People’s Republic of China, Interim Provisions on Banning Commercial Bribery and Regulations of the People’s Republic of China for Suppression of Corruption) to prevent bribery, extortion, fraud and money laundering, we also have prevention of bribery policy and whistleblowing policy (for details, please visit the “Corporate Governance” section of the Company’s website). We issue employee self-disciplinary requirements and review the effectiveness of management of such aspect on a regular basis. These all help to ensure that the Group can uphold its professional morality, abide by its operation integrity and maintain stable development. We encourage our employees to be self-disciplined and self-introspective, willing to come forward to admit their mistakes when there is wrong-doing, and correct the mistakes timely; to tell right from wrong, and not to have favouritism and defend others’ shortcomings; to have occupational morality, literacy, and conduct that can stand all tests; to match words to deeds, keep promises and able to develop trustworthy relationships with others. To ensure and regulate our employees to be honest and self-disciplined in external business interactions and internal business management activities, the Group also issues regulation on the gift giving/receiving and require our employees to sign an “Employee Ethics Oath”. Anti-corruption and business ethics was one of the topics in management training and the management adopts a zero tolerance attitude to any improper business activity. In addition, the Group’s contracts with third parties contain anti-corruption terms that require both parties to perform in good faith to prevent either party from obtaining improper benefits.

During the Reporting Period, the Group is generally in compliance with the relevant laws and regulations that have a significant impact on the Group, and no legal cases of corruption were found.

GOVERNANCE (Continued)

Data privacy

It is our responsibility to protect the data of the Company and our customers. Comprehensive data management processes and systems help ensure data security. The Group has established ISMS information security management system based on ISO27001. The Group's information security management should cover 11 management matters to avoid improper use, leakage, tampering and destruction of information due to human negligence, intentional or natural disasters, which will in turn bring various risks and hazards to the operation.

In order to ensure the rationality and effectiveness of cyber security protection, our "Cyber Security Management Procedures" clearly defines the procedures for handling different types of information. It also stipulates the responsibilities of employees in protecting information, and has formulated the "Information Security Incident Reporting Flowsheet" to timely notify the information security emergency response implementation team and report to the head of the responsible unit or/and the head of the information department based on the level of event.

To further strengthen our data security management, we provided basic information security training and examinations for new employees through an e-learning platform named "Pou Sheng Academy" in 2022, and organized development and testing personnel to participate in offline development safety training. The Group also regularly reviews and improves the operation of the system and the achievement of objectives.

GOVERNANCE (Continued)

Data privacy (Continued)

Brand vendor

The Group ensures strict compliance with the laws in maintaining high level of security and privacy protection of all brand information (such as Contract Law of the People's Republic of China). We attach great importance to the privacy of such information, which includes all intellectual property rights and confidential information related to the brand, such as design layouts, information of the brand vendor, trademark information, development and production information, operation manual and inspection results, as well as confidential information of any form with implied property interests or economic value. We are dedicated to safeguarding and protecting such information. We also require suppliers and other partners who are working with us to execute relevant agreements for brand privacy protection. In addition, appropriate security system and measures are in place to prevent unauthorised use of such information. Once any suppliers or employees are found to be responsible for any leakage of information, we will strictly enforce the relevant provisions under the signed agreements or our internal regulations for reward and punishment.

Consumer

We deeply believe that protecting the personal information of consumers is the key to establish a mutual trust relationship with consumers. The Group holds a vast group of members and their personal information. Therefore, safeguarding the privacy of our members is one of our most concerned issues. The information technology department of the Group has been adopting the comprehensive data security system and implementing standardised information security management in compliance with relevant national laws and regulations, regulatory requirements of the industry as well as relevant confidentiality provisions of the Company, ensuring that the data collected by us is well-protected and the privacy of our customers is respected and secured.

As to the promotional and advertising messages of the Group, no commercial messages will be sent to our members without their consent or upon their refusal. The privacy information of our members is kept in strict confidence by the Group, and will not be disclosed, transferred, rented/sold to third parties without the consent of the members or otherwise prescribed by laws.

GOVERNANCE (Continued)

Data privacy (Continued)

Consumer (Continued)

During the Reporting Period, the Group found no significant violation of laws and regulations regarding product responsibility (such as Criminal Law of the People's Republic of China, Network Security Law of the People's Republic of China and Tort Law of the People's Republic of China).

Intellectual property rights and marketing and promotion

The Group ensures strict compliance with laws such as Law of the People's Republic of China on the Protection of Intellectual Property Rights and Trademark Law of the People's Republic of China in standardising the management of the acquisition, confidentiality and filing of intellectual property rights. Regarding the labels and advertisement messages of our products, we make sure that they truly reflect their features, quality standards and authenticity. Besides, we have made our customer rights policy publicly available, and implemented it in our operation, to prevent our products or services from compromising consumers' rights. At the same time, a review mechanism is also established. Apart from reviewing the compliance of individual cases, we will also remind our business units to obtain authorisations such as copyright and trademark before preparing any advertisements and promotional materials, and to comply with relevant agreements when using them to avoid infringement. In addition, the Group will also have a dedicated department for trademark registration applications, regularly update and track the progress of cases, and maintain the validity of existing trademarks. In terms of the infringement of the Group's trademark or copyright, we will take legal proceedings against the infringer to safeguard the Company's rights and interests and protect the intellectual property rights of the Group from infringement. During the Reporting Period, the Group found no significant violation of laws and regulations regarding intellectual property.

GOVERNANCE (Continued)

Supply chain management and environment-friendly products procurement

Upholding the concept of mutual development, the Group cooperates closely with international and domestic leading brands and adopts stringent criteria in selecting suppliers. Suppliers have to maintain high standards in terms of quality control, service quality and environmental policies. We implement stringent ecological quality and safety standards from materials to manufacturing processes of suppliers.

The number of suppliers distributed by geographical region is as follows:

Region	Number
Taiwan	3
Mainland China	105

We implement an annual tender system, assess suppliers objectively based on their quality, price, delivery timeliness, environmental policies, status of compliance, overall capabilities and experience, and examine the qualification and social credit of all suppliers. We will not consider any suppliers with unsound qualification and social credit. We incorporated the assessment process of social responsibility, and formulated the code of conduct for suppliers, which put forward the requirements on the environmental and social management and performance of suppliers, and strictly complied with the national environmental standards. For example, the overall strength and experience of suppliers' relevant standards regarding social risks management, environmental protection policies and the configuration of new energy vehicles are taken into consideration. We also prioritise consumables and construction materials that apply green technology and produce less or contain less toxic substances during disposal to minimise the impact on the environment at source. In addition to acceptance and quality inspection, we also conduct spot checks on relevant products every quarter to ensure the effectiveness of green products.

In the meantime, the Group insists on offering equal opportunities to all potential partners, participates actively in market competition and complies with Anti-Unfair Competition Law of the People's Republic of China to fulfil the various needs of different stakeholders, which allow us to achieve the goal of improving service quality while reducing costs, and rapidly responding to customers' needs by providing customers with more options. The Group will continue to provide high quality products and omni-channel consumer experience to diverse consumers centring on the concept of innovation and service offering, so as to establish its leading position as the best retailer in the sports-inspired and lifestyle industry in the PRC.

EMPLOYEE

Employee development and training

We give priority to internal promotion and offer a platform for employees' career development. We provide specific on-the-job training, counselling and lectures to employees to facilitate their on-going personal development and fulfilment of potential, but also supports the long-term growth of the Group. With reference to the job nature and individual ambitions, ability and development needs, we offer different career development programs and plans for each employee. Meanwhile, employees of the finance department, human resources and administration department, information technology department and legal department are able to gain exposure to different business segments through job or project rotation, which allows them to broaden their horizons.



We encourage continuous learning and offer specific on-the-job training, counselling and lectures to employees to enhance their capacity, professional skills and knowledge as well as keeping abreast of the latest market developments and trends. This does not only facilitate their on-going personal development, work performance and fulfilment of potential, but also supports the long-term growth of the Group. Our training for employees covers corporate constitution, corporate culture, management capability, career planning, professional knowledge and skills, etc.

EMPLOYEE (Continued)

Employee development and training (Continued)

Besides, the "Pou Sheng Academy" has been set up, which allows employees to assess the platform via mobile communication devices and learn anywhere and anytime at their own pace and workload for self-improvement and learning different skills. At the same time, the platform can also increase the understanding and communication between employees. During the pandemic, "Pou Sheng Academy" even implemented push notifications for information about pandemic prevention.

The table below shows the percentage of employees trained and the average training hours per employee in 2022 and 2021²:

Categories		Percentage of employee trained ³		Average training hours per employee ⁴	
		2022	2021	2022	2021
All employees		124.0%	68.3%	22.1	40.6
By gender	Male	21.0%	16.9%	22.3	30.7
	Female	79.0%	83.1%	22.0	43.0
By employee category	Senior	0.1%	0.3%	0.6	11.1
	Middle-level	1.9%	3.0%	6.9	23.6
	Supervisory-level	6.9%	8.5%	12.8	33.3
	General	3.8%	4.3%	6.8	19.2
	Shop	87.3%	83.8%	25.0	43.4

² The statistics included all full-time, part-time and contract employees of the Group. Training only included training activities organised by the Group.

³ Percentage of employee trained = Employees who took part in training/Number of employees × 100%; Percentage of employee trained by relevant category or gender = Number of employees who took part in training in relevant category or gender/Number of employees who took part in training × 100% (taking into account all employees who have participated in training in the year of 2022, including resigned personnel during the period (regardless of whether the employee is still an employee at the end of the Reporting Period), while the number of employees uses the end of the Reporting Period as the date of reference).

⁴ Average training hours per employee = Total number of training hours/Total number of employees; Average training hours for employees in relevant category or gender = Total training hours for employees in relevant category or gender/Total number of employees in that category or gender.

EMPLOYEE (Continued)

Occupational health and safety

The Group recognises its employees as the most valuable assets, hence it is dedicated to provide a desirable and safe working environment by implementing appropriate measures, such as regular body checks and health counselling to ensure their health and safety. As to employees who need to work under unusual temperature conditions (for example, warehouse), the Group will provide subsidies and supports (offering cold drinks, warm clothes and reminding them to take rest) in strict compliance with relevant requirements. Dedicated electrical technicians and mechanics are assigned to each operation unit of the Group for periodic safety inspection and prompt rectification of potential safety risks, so as to prevent accidents and protect our employees. All of our operation units have passed fire inspection and we actively cooperate with the shopping malls in regular emergency drills and replacing relevant equipment. The administration department also formulates regulations governing safety and health, including regular safety inspection at offices and make improvements and recommendations when necessary.

The statistics on work-related injuries of the Group are as follows:

	2022	2021	2020
Number of work-related fatalities	0	0	0
Lost days due to work-related injuries	1,842 ⁵	1,636	572

The Group puts emphasis on employees' mental and physical well-being and wishes employees to achieve work-life balance. Therefore, we often organise outreach and team-building activities. The human resources department will also interview employees and check on their work and lives during regular store visits, including enquiring and understanding the work adaptation, income and life, shift arrangement, rest and interpersonal relationship of each store employee, as well as the implementation of employee benefits.

⁵ The increase in the data as compared with last year was mainly due to traffic accidents which were not the main responsibility of the employees. Under the active treatment of employees and the care of the Company, they have gradually returned to work. One of them was on leave for the whole year and has now returned to work.

EMPLOYEE (Continued)

Occupational health and safety (Continued)

The new normal under the COVID-19 pandemic

During the Reporting Period, in view of the normalisation of the COVID-19 pandemic, the Group still fulfils its social responsibilities and has actively followed the preventive control measures and guidelines issued by the governments of China and other countries to protect our employees' health, such as flexible working hours, work from home and advising staff to avoid gatherings. Meanwhile, we have taken precautionary measures in the workplace:

- Employees are required to perform body temperature measurements before going to work, wear face masks and wash their hands regularly during working hours;
- Employees are required to report their general health and the status of their close contacts daily by completing "Daily Self-Management Health Report";
- The public areas of the offices and stores are regularly disinfected everyday and hand sanitisers and face masks are provided to staff;
- Closely monitor the information from the Center for Disease Control and Prevention on a daily basis;
- Employees who have travelled to and from areas with serious pandemic outbreaks will not be allowed to return to workplace unless they have been quarantined for 14 days starting from the day of returning to the city where they work or have been tested negative for COVID-19; and
- Distribute material packages to those who were unable to purchase essential goods for living in different places due to quarantine conditions, so as to protect the lives of employees.

EMPLOYEE (Continued)

Occupational health and safety (Continued)

The new normal under the COVID-19 pandemic (Continued)

In line with our belief that our employees are valuable assets, the health of all employees and their families is our first priority when planning work arrangements during the pandemic, and employees are reminded to follow the guidelines on pandemic prevention and put their own health in the first place. For employees who are unfortunately infected by the COVID-19, the Group will arrange flexible leave and provide medical subsidies and condolence money as appropriate to help them and their families tide over the difficult period.

During the Reporting Period, the Group found no significant violation of laws and regulations regarding health and safety at workplace (such as Laws of the People's Republic of China on Prevention and Control of Occupational Diseases, Provisions on the Supervision and Administration of Occupational Health at Work Sites and Fire Protection Law of the People's Republic of China).

Employee well-being

Talents are the Group's most valuable assets, hence nurturing them has become one of our major development goals. The philosophies of our talent development strategies are as follows:

- Enhancing soft power: introduce and enhance our employees' recognition of the Group's core values, namely professionalism, dedication, innovation and service, and incorporate such values in the performance evaluation to set up standards for mind-sets and behaviours, so as to ensure that their attitudes and behaviours embody and conform to our corporate culture;
- Boosting hard power: establish the highly efficient organisational structure, staff evaluation system, recruitment platform and system, and formulate plans for the sustainable career development of employees based on the development strategies;

EMPLOYEE (Continued)

Employee well-being (Continued)

- Enhancing employees' knowledge and skills by on-going and well-planned talent nurturing system, so as to maximise efficiency and productivity;
- Incentive strategy characterised by high-compensation for talents with remarkable performance and high-contribution;
- Building of comprehensive employer brand; and
- Providing opportunities to achieve personal ambition to talents who share the same vision with the Group, making the Group the best and desirable employer.

The Group has a sound employment system in place, which is designed for systematic management of staff recruitment, remuneration and benefits, promotion, termination and dismissal, etc. We conduct open recruitment online and recruit employees that meet the position requirements and our corporate culture based on the business nature and employment criteria of such positions. Furthermore, we sign, renew, terminate or dismiss labour contracts with employees in accordance with the relevant national and local laws and regulations (such as Labour Law of the People's Republic of China, Labour Contract Law of the People's Republic of China and Employment Ordinance of Hong Kong). We also fulfil our obligations as agreed in the labour contracts.

EMPLOYEE (Continued)

Employee well-being (Continued)

The Group offers competitive and fair remuneration and benefits. We conduct salary market research annually, for the purpose of maintaining the competitiveness of the overall remuneration package, which is also the cornerstone of talent attraction and retention. We also review staff remuneration annually based on individual performance and the remuneration system of the Group. To share our success with staff, attract talents and retain employees, the Group has adopted a share-based incentive scheme, namely the Share Award Scheme, details of which are set out in the section "Share Award Scheme" in the Directors' Report of the Annual Report of the Group. The Group not only maintains social insurance as required by the labour laws, but also purchases commercial medical insurance and provides optional family medical insurance plan at competitive prices to provide comprehensive medical coverage. The employees also have various benefits and allowances, such as provident fund and staff discounts.

Furthermore, we believe a healthy working environment that emphasises on work-life balance can enhance employees' belongingness to the Group and bring us more vitality and growth. Thus, the Group offers reasonable work hours and paid leaves to employees. Apart from maternity leaves and paternity leaves as required by local laws, employees are also entitled to marriage leaves, bereavement leaves, examination leaves and charitable leaves, etc. We organise a wide range of relaxing and socialising activities for our employees on a regular basis, which include sports and recreation events, health, staff caring and community service activities.

EMPLOYEE (Continued)

Diversity and equal opportunity

With equal opportunities in mind, the Group is committed to create a workplace that is diverse, inclusive and free from discrimination. It aims to treat all employees equally and respect their differences. In doing so, we do not discriminate our staff on the grounds of gender, race, ethnic origin, religion, political affiliation, disability or age. This covers all employment arrangements, such as employment, deployment, recruitment, training, promotion, conduct, rates of pay and benefits, so as to ensure all employees and job applicants are entitled to equal opportunities and fair treatment. In addition, the Group employs people with disabilities as appropriate pursuant to the Law of the People's Republic of China on the Protection of Disabled Persons.

During the Reporting Period, the Group found no significant non-compliance with laws and regulations regarding human resources management (such as Trade Union Law of the People's Republic of China, Social Insurance Law of the People's Republic of China and Law of the People's Republic of China on the Protection of Women's Rights and Interests). As at December 31, 2022, the Group has a total of approximately 25,844 employees. Below sets out the details of our employee distribution in 2022 and 2021:

Categories		2022		2021	
		Number	%	Number	%
By gender	Male	5,014	19.4%	5,707	19.3%
	Female	20,830 ⁶	80.6%	23,859	80.7%
By employment type	Contract	22,885	88.6%	27,754	93.9%
	Permanent	2,959	11.4%	1,812	6.1%
By age group	Below 30	8,970	34.7%	11,104	37.6%
	30-39	12,290	47.6%	13,979	47.3%
	40-49	4,297	16.6%	4,179	14.1%
	50 and above	287	1.1%	304	1.0%
By region	Mainland China	25,600	99.0%	29,247	98.9%
	Taiwan	226	0.9%	301	1.0%
	Hong Kong	18	0.1%	18	0.1%

⁶ The principal business of the Group is retail business, so the employees are mainly shop staff. In contrast, women are more receptive to shopping guides in stores than men, and there are generally more women in the retail industry.

POU SHENG INTERNATIONAL (HOLDINGS) LIMITED

EMPLOYEE (Continued)

Diversity and equal opportunity (Continued)

Below sets out the turnover of our employees by gender, age group and region in 2022 and 2021:

Categories		2022	2021
By gender	Male	82.2%	90.4%
	Female	55.5%	58.5%
By age group	Below 30	100.6% ⁷	101.6%
	30-39	43.4%	47.0%
	40-49	27.9%	28.1%
	50 and above	46.3%	32.6%
By region	Mainland China	61.0%	33.3%
	Taiwan	21.7%	49.2%
	Hong Kong	27.8%	64.9%

⁷ The reason for the turnover of this employee category is higher than 100% is that the income of terminal retail personnel has been reduced due to the intensified pandemic in 2022 and the frequent occurrence of lockdown and control across the country. At the same time, such employees also left due to family care needs, self-risk consideration, salary, stress and other reasons, with 72.8% of the departing employees seeking personal development and 27.2% leaving due to family, health, salary, stress and other reasons. The Group's countermeasures and remedial measures include the adoption of competitive incentive programs to motivate employees to create incremental sales to increase their income and improvement of employee benefits.

EMPLOYEE (Continued)

Prevention of child labour or forced labour

All of our subsidiaries, stores and offices are in strict compliance with the local statutory requirements (such as Provisions on the Prohibition of Using Child Labour and Underage Workers Special Protection Provisions), and expressly prohibit any forced or child labour.

The Group complies with the local labour laws and ensures that all employees must attain the local minimum legal working age. Job applicants are required to present identification documents at interviews for us to verify their ages. The human resources department also carries out comprehensive recruitment screening procedures and conduct background checks to ensure the information provided by the applicants is accurate and correct. If an employee is found deliberately concealing the identification information after being employed, the related employee's employment will be terminated. If damages are caused to the Group, we will hold the individual responsible for any damages caused to the Group. On the contrary, if there is any violation due to work negligence by the human resources department, the relevant officers will be punished and warned, and will even be dismissed from office in serious cases. We will take into account the ability and willingness of employees in work arrangement and will not require employees to provide guarantees to employers. Forced labour is strictly prohibited.

Moreover, the Group will regularly review its business operation to check if any child or forced labour is employed. During the Reporting Period, the Group found no significant violation of laws and regulations regarding the prevention of child or forced labour.

COMMUNITY

Community charity

Society is an integral part of corporate development, and giving back to the society is the social responsibility that enterprises should assume. As a member of the society, enterprises have the obligation to fulfil their social responsibilities. Enterprises should bear the responsibilities of society, environment, consumers and other aspects while pursuing the best possible profitability. Therefore, the Group is committed to promoting the development of social welfare and philanthropy. The business activities undertaken by the Group gave priority to the interests of the community and the Group attaches great importance to community charity, with the aims of better serving the community and giving back to society at various levels. We also strive to carry out charity events effectively, so as to boost community engagement and gain public recognition. For years, the Group has been actively participating in community events such as promoting sports development, disaster relief, poverty alleviation and donation for school establishment and operation.

"Fulfilling the Tiny Wishes" activity



Over the years, the Group has been enthusiastically participating in the Chinese government's rural poverty alleviation initiatives, so as to jointly drive poverty alleviation to leap forward. During the Reporting Period, the Group has actively responded to the call of the Chinese government to make donations, such as the education aid project in the poverty-stricken areas in Longnan and the 99 Public Welfare Day Sichuan-Tibet Poverty Alleviation Project. In addition, the Shandong regional office of the Group and Ciming Foundation (慈明基金會) donated more than 100 pieces of clothing to three schools in Shangluokema, Luhuo County, Ganzi Prefecture, Sichuan Province, including two primary schools and a secondary school. Due to their remote location and perennial cold and hypoxia, residents mainly live a nomadic lifestyle. The donation activity assisted them in staying warm during the winter while heating is not available. At the same time, the Group and Weichen Foundation (微塵基金) jointly launched the "Fulfilling the Tiny Wishes" activity to help poor children in Pingdu, Qingdao to realize their dreams, enabled them to reap the joy of the festival, and cultivated their sympathy.

COMMUNITY (Continued)

Community charity (Continued)

In order to help children with difficulties and disabilities in life, the Shaanxi regional office of the Group launched a public welfare activity called "With Spring Flowers Blossoming, Love Heals the Future" (春暖花開，愛愈未來), visiting four poverty-stricken schools around Xi'an, Shaanxi, setting up a charity donation corner in the district office, initiating a charity donation, and donating more than 4,000 pieces of work clothing. The Group also successively carried out activities such as the charity tour "Guardian Angel, Porridge Warms the Heart" (守護天使、粥暖人心), charity donation on 99 Charity Day, and charity donation by the Chuanbei Labor Union (川北工會), sending greetings and warmth to the vulnerable groups, which reflected the Group's humanistic care and social responsibility for the vulnerable groups. In addition, the Group pays attention to community construction. The Henan regional office and the community jointly participated in the "Long March of the New Era" (新時代長征路) project, and donated to the health footpath project located in the community of Building 8, Duling Street, Jinshui District, Henan, to jointly build a happy community of co-construction, co-governance and sharing.



"With Spring Flowers Blossoming, Love Heals the Future" charity tour



"Guardian Angel, Porridge Warms the Heart" charity tour



COMMUNITY (Continued)

Community charity (Continued)

In 2022, the pandemic outbreak spread quickly across the country. Due to the rapid development of the pandemic, there was a shortage of supplies in various cities. As a caring enterprise, the Group actively responded to the government's call, of which the Fujian regional office donated 300 jackets to a medical team from other places to support Fujian Province; the Shandong regional office donated RMB30,000 to Qingdao Red Cross Blue Sky Search and Rescue Team for the procurement of protective clothing, protective head covers, foot covers, protective masks, disinfection equipment and other supplies, and donated RMB20,000 to 600 medical staff of Pingdu Affiliated Hospital of Qingdao University for the procurement of daily necessities such as mineral water and instant noodles; and the Henan regional office actively organized employees to participate in community pandemic prevention activities as volunteers, and set up stores to provide drinking water for pandemic prevention workers.

Shandong regional office donated to Qingdao Red Cross Blue Sky Search and Rescue Team



Henan regional office actively organised employees to serve as volunteers



COMMUNITY (Continued)

Community charity (Continued)

While actively participating in public welfare activities, the Group also pays close attention to employees within the enterprise in difficulties. The “Employees’ Urgent Aid Management Measures”(《員工急難救助管理辦法》) was formulated with the purpose of caring for the employees, with an aim to provide financial support, especially spiritual support to employees, and reflects the Company’s spirit of caring for employees and solving difficulties. During the year, the Group has successfully aided a number of employees who have difficulties in life caused by severe illnesses and unexpected disasters.

Caring for employees



COMMUNITY (Continued)

Community charity (Continued)

To conclude, during this financial year, the headquarter and regional offices organised and participated in a wide range of charity events, with more than 2,400 employees participating, including but not limited to the following activities:

Anti-pandemic supplies donation activity & Fujian regional office donated 300 jackets



- Education aid projects in poverty-stricken areas in Longnan;
- Anti-pandemic supplies donation activities;
- Clothing donation to primary and middle schools in Shangluokema, Luhuo County, Sichuan Province;
- Clothing donation activity of the Salvation Army Recycling Program;
- “With Spring Flowers Blossoming, Love Heals the Future” charity tour; and
- “Fulfilling the Tiny Wishes” activities.

ENVIRONMENT

The Group is always dedicated to protecting the environment and promoting green living. Thus, we select the product mix very carefully and exercise strict control over the safety and eco-quality of products, thereby assuring our nature-loving stakeholders that no harm will be done to the Earth and to stick up for a healthy green Earth together. As a retailer of sportswear and distributor of licensed products, the Group does not engage in business operation that directly generates hazardous wastes as well as water and land pollution⁸, which are usually regulated under the relevant environmental laws and regulations. During the Reporting Period, the Group found no significant violation of relevant environmental laws and regulations (such as Environmental Protection Law of the People's Republic of China, Water Pollution Prevention and Control Law of the People's Republic of China, Atmospheric Pollution and Control Law of the People's Republic of China and Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste).

As a retailer of sportswear and distributor of licensed products, we have actively coordinated with suppliers and implemented a number of carbon reduction measures to enhance the Group's energy efficiency and reduce carbon emissions. We hope to reduce the greenhouse effect by setting and implementing medium and long term greenhouse gas emissions and waste reduction targets, as well as regularly monitoring and reviewing the progress of the Group's carbon emissions management targets. Measures include tracking and monitoring the resource usage of the Group's stores, warehouses, fleets and offices, adjusting the carbon emissions management plan, and establishing corresponding measures to improve the resource efficiency of business operation, encouraging employees and suppliers to reduce carbon emissions in their daily business activities, including actively promoting resource recycling and increasing their awareness of environmental protection, considering ESG factor in the procurement process, giving priority to suppliers with a sustainable development approach, as well as increasing the use of video-conferencing to reduce the need for business trips, so as to comprehensively reduce other indirect greenhouse gas emissions.

⁸ As retailer of sportswear services and distributor of licensed products, the Group has no significant hazardous waste produced during the Reporting Period. Hence, the relevant disclosure requirement under the ESG Guide (key performance indicator A1.3) is not applicable to the Group.

ENVIRONMENT (Continued)

To reduce the environmental burden caused by operation, the Group has set targets and implemented plans to reduce waste and gas emission as well as to conserve resources, thereby enhancing sustainable development performance.

Environmental Management Targets

Emission reduction - Carbon emissions	Embedding the notion of "Carbon Reduction" into its business strategies and daily operations to gradually lower the carbon emission intensity on yearly basis.
Waste reduction - Shopping bags	Maintain or lower the intensity of shopping bags used in 2023 than that in 2020.
Energy conservation - Electricity	Reduce the electricity consumption intensity by 5% by 2023 using 2020 as the base year.
Water conservation - Drinking water	We continue to promote the concept of "Water Conservation" to our employees and customers, and are committed to promoting the concept of water conservation to all employees and reachable customers by 2023.

Use of packaging materials

The Group strives to reduce the use of packaging materials. Since 2013, we have replaced paper bags with eco-shopping bags at most of our stores. In 2022, our consumption of packaging materials mainly comprised shopping bags offered to customers, which included plastic bags, eco-bags and paper bags. Total consumption and intensity of packaging materials used by the Group during the Reporting Period are as follows:

Packaging materials	2022	2021
Shopping bags		
Consumption (tonnes)	699.7	1,064.3
Intensity (tonnes/revenue in RMB million)	0.038	0.046
Plastic wrap		
Consumption (tonnes)	113.0	161.7
Intensity (tonnes/revenue in RMB million)	0.006	0.006

ENVIRONMENT (Continued)

Use of packaging materials (Continued)

We instill the concept of “environmental protection” to consumers by encouraging consumers to bring their own shopping bags and considering giving certain incentives to consumers who bring their own shopping bags. We will replace plastic bags with degradable non-woven bags or paper bags, and provide shopping bags with appropriate size based on the actual needs of consumers, so to minimise the use of plastic bags to achieve the waste reduction target by 2023.

Energy consumption

Total energy consumption and intensity⁹ of the Group during the Reporting Period are as follows:

Energy type	2022	2021
Electricity		
Consumption (kWh)	90,889,531.9	105,844,817.1
Intensity (kWh/revenue in RMB million)	4,876.6	4,533.0
Gasoline		
Consumption (litre)	122,784.1	146,074.5
Intensity (litre/revenue in RMB million)	6.6	6.3
Diesel		
Consumption (litre)	41,601.7	33,466.1
Intensity (litre/revenue in RMB million)	2.2	1.4
Natural gas		
Consumption (m ³)	1,631.0	2,097.0
Intensity (m ³ /revenue in RMB million)	0.1	0.1

⁹ The statistics included major energy consumption by various operating units of the Group (including directly operated stores, department store counters, sports cities and offices), but excluded those energy consumption which the Group had no direct control.

ENVIRONMENT (Continued)

Energy consumption (Continued)

The main power consumption equipment of the Group is mainly commercial lighting and air conditioning in stores. We are committed to energy-saving and power-saving technological innovation and strive for new breakthroughs. Thus, commercial lighting will be gradually replaced with LED energy-saving lighting, with an aim that LED energy-saving lighting will be used in more than 80% of newly opened stores; stipulate that newly installed air conditioners must be energy-saving air conditioners; carry out technical upgrading for existing power facilities and install intelligent energy-saving equipment; and improve operating efficiency at business level to reduce the power consumption of revenue units, so as to achieve the power-saving target by 2023.

Furthermore, the Group implemented the following energy saving measures during the Reporting Period:

- Adopted outdoor lightboxes made of LED resin and other energy-saving materials;
- Adjusted the demand in different districts for lighting and air conditioning in offices, warehouses and shops according to different time periods and footfall;
- Installed energy-saving lightings and equipment as much as possible when renovating operation units and adopted space planning that reduce energy consumption;
- Adopted video conferencing and multi-party teleconferencing for communication with clients, brand vendors and subsidiaries, which reduced business trips by approximately 20%;
- Reasonably allocating the use of commercial vehicles and encourage rail transit, which reduced fuel consumption;

ENVIRONMENT (Continued)

Energy consumption (Continued)

- Meetings of the Board, its committees and the annual general meeting of the Company are substantially conducted by means of video, telephone or hybrid conferencing;
- Unplugged electrical appliances that were fully charged to reduce power wastage and reserve battery life, which saved electricity consumption by approximately 1-2%;
- Increased natural lighting in the office area and reduced electricity consumption;
- Included the power-saving policy in the list of retail supervisors to visit the store to enhance the awareness of power-saving control among all employees; and
- Conducted regular maintenance of air conditioning equipment to reduce energy waste caused by air conditioning equipment problems.

ENVIRONMENT (Continued)

Water efficiency and reduction

The main water consumption of the Group is for staff's domestic utilisation. To support environmental protection, the Group provides direct drinking water instead of bottled water for most offices, so as to reduce secondary contamination and environmental impact. Total water consumption and intensity of the Group during the Reporting Period are as follows:

Water ^{10, 11}	2022	2021
Consumption (m ³)	121,109.0	143,148.0
Intensity (m ³ /revenue in RMB million)	6.5	6.1

During the Reporting Period, the Group had no issue in sourcing water that is fit for purpose and implemented the following measures to reduce water consumption and achieve water-saving targets:

- Promoted and strengthened the concept of "water saving" through offices and online platforms, such as posting signs and notices nearby the washbasins to raise awareness towards water conservation, and organising water conservation related activities with charity organisations;

¹⁰ The statistics included water consumption of various operating units of the Group (including directly operated stores, department store counters, sports cities and offices). Water consumption is estimated or calculated based on the water bills provided by the water department or the property management company, but the calculation of some bills may not be based on actual water consumption.

¹¹ The difference of -15.4% between the water consumption of the Reporting Period and that of 2021 reflects the actual consumption of the Group. We adjusted the statistical calibres and will only record the actual consumption measured from this Reporting Period. The water consumption for counters and some directly operated stores will be temporarily removed from the reporting scope, but we will continue to communicate with relevant groups and hope to present a more complete data in the future.

ENVIRONMENT (Continued)

Water efficiency and reduction (Continued)

- Turned off the water supply system to a limited extent during non-office hours, which mainly consisted the toilet flushing system of the office area, as well as all non-emergency water usage; during office hours, the domestic water supply system in the dormitory area was turned off to a limited extent, which avoided the waste of water resources caused by cracking of water pipes;
- Used water-saving equipment such as water-saving faucets and water-saving toilets, and installed sensors at water taps to control water consumption, which reduced water consumption by approximately 5%; and
- Carried out inspection by dedicated staff to check whether there was any leakage in water pipes and water tanks, which reduced water consumption by approximately 5%.

Environmental impact management

The Group closely monitors the potential environmental impacts caused by its subsidiaries and stores, with the aim of minimising the damages to the environment as a result of our operation. During the Reporting Period, the Group took actions to manage other significant environmental impacts caused by our operation as well, including dusts, odours and noises from store renovation works. Meanwhile, the lightboxes installed outside street shops and sports cities are mainly in two forms: (1) lightboxes made of LED resin for signboards displaying brand names and logos; and (2) spotlights used to illuminate the billboards and signboards at nights.

To better control and reduce the environmental impacts, the Group has adopted the following principal measures:

Construction materials: we follow stringent criteria in selecting construction materials and contractors, so as to protect employees and customers from the harmful effects of odour and toxic substances after renovation.

ENVIRONMENT (Continued)

Environmental impact management (Continued)

Dusts and odours: we erect site hoardings around the worksites and reduce airborne dusts and odours by water sprays.

Noises: we erect site hoardings with rock wools around the worksites to reduce noises.

Lightboxes: the Group regularly reviews and considers shortening the operating hours of the lightboxes at night to reduce light pollution and energy consumption.

In pursuit of green operation, the Group has always been monitoring resources consumption of its subsidiaries and stores, and in compliance with Energy Conservation Law of the People's Republic of China. We are dedicated to energy efficiency enhancement and wastage reduction, so as to achieve the best use of resources. We encourage employees to switch off the lighting system, computers and electronic equipment in idle to save energy, minimise the use of paper, adopt video conferencing or other means to communicate and hold meetings instead of organising business trips to reduce business flights.

The Group not only promoted energy saving initiatives to employees, but also established a variety of energy consumption indicators for all subsidiaries and retail stores, which were under regular monitoring to ensure efficient use of energy. At the same time, the Group organised promotion, education and training for employees in this regard. Apart from raising employees' green awareness, the Group is dedicated to promoting green awareness of customers as well, such as using less packaging materials and encouraging consumers to bring their own eco-bags.

ENVIRONMENT (Continued)

Adaptation to climate change

Extreme weather such as strong typhoons, hail, rainstorms, flooding and heat waves can pose challenges to retail stores, supply chains and customer safety. The Group is committed to gradually building the Group's resilience under climate change by assessing, identifying and managing potential risks and opportunities associated with climate change, with a view to taking appropriate measures and establishing effective coordination mechanisms through climate change policies to mitigate the direct or indirect impact of climate change on business operations. We will review climate change policies on a regular basis or as necessary to ensure their relevance and effectiveness.

In view of the characteristics of the distribution and retail industry, the Group will continue to assess the impact and business opportunities of risks associated with climate change, and formulate appropriate operational procedures and measures to prevent or reduce the damage and loss that climate change may cause to the Group's existing assets or business operations, as well as to actively seize the opportunities brought by climate change and adapt the impact of climate change.

In addition, in order to enhance its resilience to climate change, the Group will allocate sufficient resources to strengthen the Group's adaptability and monitor the impact of climate change on its business, including the transportation of goods, warehouse storage and store operation, providing feedback on a regular basis. We have integrated climate change management procedures and mechanisms into the overall risk management mechanism and integrated them into the Group's risk management system to identify the vulnerability and impact of potential risks. Through internal and/or external communication platforms, trainings and other means, we can communicate and contact with stakeholders (such as landlords and suppliers) to pass on information related to the impact of climate change as well as the Group's climate change strategy, so as to jointly enhance our climate change resilience. We will disclose the principal risks associated with climate change and their mitigation measures in the annual report.

ENVIRONMENT (Continued)

Climate change adaptation (Continued)

The Company is currently a low-carbon enterprise. In the future, through the continuous monitoring by the Company's headquarter, all operating units will implement relevant measures to reduce their emission density to maintain the continuous reduction of carbon emission density, so as to maintain the continuous trust of customers and investors in the Company.

Non-hazardous waste treatment

The Group actively implements green measures to reduce waste in the course of daily operations and business activities. In recent years, Chinese government has been actively promoting the separation of domestic waste in key cities and establishing a domestic waste separation and disposal system. The Group's subsidiaries and retail stores are strictly complying with and enforcing the waste management systems, management practices and regulations (such as Shanghai Domestic Waste Management Regulations and Shanghai Domestic Waste Separation and Disposal Guidelines) stipulated by the respective regions. We separate waste strictly, dry waste, wet waste, hazardous waste and recyclable waste, etc. are effectively separated. We are committed to enhancing the awareness on waste separation of our staff from time to time. Upon separation, the waste is handed over to qualified treatment companies for processing and recycling. Non-hazardous waste produced by the Group mainly comprised of renovation waste and domestic waste, which included paper, carton, ink cartridges, toner cartridges, plastic bottles, paper cups and ink ribbons for printers. Total amount and intensity of non-hazardous waste produced by the Group during the Reporting Period are as follows:

Non-hazardous waste ¹²	2022	2021
Domestic waste		
Total amount (tonnes)	215.1	189.2
Intensity (tonnes/revenue in RMB million)	0.012	0.008
Renovation waste¹³		
Total amount (tonnes)	1,308.7	3,397.3
Intensity (tonnes/revenue in RMB million)	0.07	0.15

¹² The statistics included non-hazardous waste produced in the course of operation by various operating units of the Group (including directly operated stores, department store counters, sports cities and offices) located in mainland China, Taiwan and Hong Kong, but excluded those produced by customers or from other sources over which the Group had no direct control. Among which, total amount of renovation waste included the renovation waste passed to the renovation contractor by the Group for centralised disposal.

¹³ We engage contractors to collect and transport renovation waste to the disposal sites as designated by the municipal construction waste office, and such renovation waste will be disposed by renovation contractor. To improve the data quality, renovation waste will be shown in actual amount from this Reporting Period.

ENVIRONMENT (Continued)

Non-hazardous waste treatment (Continued)

In term of waste reduction, we mainly exercise control at the source, i.e. minimise resources consumption and wastage, thereby reducing waste production. To this end, the Group implemented the following initiatives during the Reporting Period:

- Adopted electronic office platform for paperless operation, so as to reduce daily paper consumption and the use of ink cartridges and carbon cartridges, controlled paper usage by setting an expected paper usage by department and promote the reuse of used paper to save approximately 0.5% of the paper usage;
- Replaced bottled water and disposable cups with eco-friendly cups at most of our conferences and receptions. By not using disposable paper cups, approximately 8,000 paper cups were saved per year, which is the equivalent of one big tree;
- Collected and stored usable materials and equipment (such as shelves, props, air conditioners and televisions) when stores shut down or underwent renovation at our regional warehouses for reuse at next store opening and such reusable materials and equipment amounted to approximately 30 tonnes;
- Centralised treatment of office solid waste, used paper, toner cartridges and used cardboard boxes, and handed over to professional institutes or sanitation departments for recycling or disposal; and
- Cardboard boxes used for logistics will be recycled, saving approximately 1,000 kilograms of cardboard boxes usage per year.

ENVIRONMENT (Continued)

Emissions from business operations

As the Group is principally engaged in the retail business, our gas emissions are primarily greenhouse gases (including carbon dioxide, methane and nitrous oxide) emitted from the use and purchase of electricity, gasoline, diesel and natural gas. We will continue to monitor the environmental impacts of our business operation and implement a wide range of conservation measures, such as:

- Collecting the environmental improvement suggestions put forward by employees in the course of operation through various means (e-mail, suggestion box, questionnaire) within the Group and implement appropriate and feasible suggestions;
- Setting up low-carbon knowledge contest through “YY King of Knowledge” activity on the ExP platform to promote the knowledge of environmental protection to employees and consumers;
- Regularly tracking the fuel consumption of vehicles. Vehicles with high fuel consumption will be examined in a timely manner, and vehicles with continuous high fuel consumption will be replaced in due course. During the Reporting Period, we have replaced fuel-powered hybrid new energy vehicles in Hainan, Shanghai and Qingdao. The fuel consumption rate was controlled at 7%, which was about 40% lower than the previous fuel consumption rate of commercial vehicles;
- During the year, the Group introduced a new paper box manufacturer, which mainly used recycled paper to make cartons. The carbon emission per 1 kg of low-carbon paper decreased by 5.3 kg as compared with traditional paper making. The actual purchase of cartons in 2022 was 170 tons, reducing carbon emissions by 901 tons; and
- Optimising and implementing power saving plans in business places such as relevant offices and shops,

ENVIRONMENT (Continued)

Emissions from business operations (Continued)

In hopes of reducing greenhouse gas carbon emissions and achieving the targets we set. Greenhouse gas carbon emissions resulting from our business operation during the Reporting Period is as follows:

Greenhouse gas carbon dioxide equivalent ¹⁴	2022	2021
Direct (Scope 1) greenhouse gas emissions (tonnes) ¹⁵	450.2	487.3
Indirect (Scope 2) greenhouse gas emissions (tonnes) ¹⁶	57,193.5	66,050.7
Intensity (tonnes/revenue in RMB million)	3.1	2.8

¹⁴ Carbon dioxide emission equivalent is calculated based on the Greenhouse Gas Protocol published by the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI), the Reporting Guidance on Environmental KPIs issued by the Stock Exchange and the Baseline Emission Factors for Regional Power Grids in China promulgated by the Department of Climate Change under the National Development and Reform Commission of the PRC and the electricity emission factors by the Bureau of Energy under the Ministry of Economic Affairs of Taiwan.

¹⁵ Scope 1 covers greenhouse gas emissions directly produced by businesses owned or controlled by the Group including gasoline, diesel and natural gas consumption.

¹⁶ Scope 2 covers greenhouse gas emissions indirectly produced by businesses owned or controlled by the Group (i.e. electricity consumption).

MAKE SPORTS YOUR LIFE

