



Helen's

Helens International Holdings Company Limited

海倫司國際控股有限公司

(A company incorporated in the Cayman Islands with limited liability)

Stock code : 9869



**ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT**

2022



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Environmental, Social and Governance Report

ABOUT THIS REPORT

Introduction

The Environmental, Social and Governance (“**ESG**”) Report (the “**Report**”) is the second ESG report published by Helens International Holdings Limited (the “**Company**”, together with its subsidiaries collectively referred to as the “**Group**”, “**Helens**” or “**we**”) with an aim to fully illustrate the sustainable development-related strategies, policies, measures and achievements of Helens in FY-2022. For more business-related information and corporate governance practices of the Group, please refer to the 2022 Annual Report of Helens.

Reporting Scope

The content in this Report mostly covers a period from January 1, 2022, to December 31, 2022 (“**FY-2022**” or “**Reporting Period**”), but some of the report contents may go appropriately beyond the period for elaboration purposes.

Unless otherwise stated, the general disclosures and social key performance indicators (“**KPIs**”) in this Report relate to the entities covered by Helens’ listing, and the environmental KPIs cover over 500 bars that opened before the Reporting Period and were not closed during the Reporting Period, in order to more accurately exhibit the Group’s operational performance during the Reporting Period.

Reporting Basis

This Report has been prepared in accordance with the mandatory disclosure requirements and “comply or explain” provisions set out in the Environmental, Social and Governance Reporting Guide (“**ESG Guide**”) in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The index of subject areas, aspects, general disclosures and KPIs under the ESG Reporting Guide is set out in detail in “Appendix I: Content Index of the ESG Reporting Guide” of the Report for quick reference.

Reporting Principles

Reporting Principles	Definitions of Reporting Principles in the ESG Guide	Helens’ Responses
Materiality	The threshold at which ESG issues determined by the Board are sufficiently important to investors and other stakeholders to be reported.	This Report, through materiality assessment, focuses on the disclosure of relevant matters that may have a material impact on investors and other stakeholders.

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Reporting Principles	Definitions of Reporting Principles in the ESG Guide	Helens' Responses
Quantitative	KPIs in respect of historical data need to be measurable. The issuer should set targets (which may be actual numerical figures or directional, forward-looking statements) to reduce a particular impact. In this way, the effectiveness of ESG policies and management systems can be evaluated and validated. Quantitative information should be accompanied by a narrative, explaining its purpose, impacts, and giving comparative data where appropriate.	Where practicable, this Report provides quantitative information on KPIs and the standards, methods, assumptions and calculation tools used with accompanying explanations, so that readers can evaluate and verify the performance of the Group's ESG policies and management systems.
Consistency	The issuer should use consistent methodologies to allow for meaningful comparisons of ESG data over time.	This Report is the Group's second ESG report, which follows the previous reporting scope and reporting basis to allow year-on-year comparisons by readers.

Information of the Report

The information and data used in this Report are sourced from Helens' official documents and reports, internal statistical data and public information, etc. The board of directors ("**Board**") of Helens undertakes that there are no false records, misleading statements or major omissions in this Report and the Board is responsible for the authenticity, accuracy and completeness of the Report.

Access to the Report and Contact Methods

This Report is published in both Chinese and English, and the Chinese version shall prevail if there are any discrepancies between the two versions. The electronic version of this Report is available on the HKEXnews website (www.hkexnews.hk) or the Group's official website (www.helensbar.com). If you have any questions or comments about this Report and its content, please contact us through the following contact methods.

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CHAIRMAN'S MESSAGE

The FY2022 is a year for Helens to actively meet challenges, strive to surpass and achieve dreams. In the face of multiple pressures, such as the cold winter of the market and the covid-19, we have always adhered to the concept of "being customer-centric and striver-oriented, creating and sharing value with customers and partners". We have risen to the challenge, actively sought change and self-innovation in adversity, and deeply explored the transformation and optimization of business models, scale development, customer value, and internal management. In order to consolidate the foundation of sustainable development, we continue to focus on various fields such as operation management, employee management, environmental management and social responsibility, and explore stable, high-quality, efficient and low-carbon development paths and practices. On behalf of all members of Helens, I would like to express my appreciation to all shareholders, customers, suppliers and business partners who have long cared about Helens and demonstrate our determination to implement the principles of sustainable development throughout corporate development as well as our efforts to build sustainable competitiveness through this Report.

Bearing in mind the responsibilities and missions

In terms of operation management, we adhere to the business philosophy of "good music, good service, good environment and good taste", treat every customer with a responsible attitude, and are committed to providing them with a Helens' consumer experience under the concept of "first-tier styled environment, affordable product price, reliable service quality, and exemplary taste and atmosphere". We continuously upgrade the bar decoration style and constantly iterate the bar environment and atmosphere and our own product system, providing customers with high-quality and branded product portfolios to meet changing customer needs. We maintain communication with customers through diverse online and offline communication channels to listen attentively to their voices and sincerely respond to their demands. At the same time, we attach importance to the internal integrity construction of Helens and continue to invest in digital operations, customer legal rights protection, and actively promote compliant, transparent and responsible operation management.

Working Together for Mutual Development

In terms of employee management, we firmly believe that human resources are the driving force behind the continuous development of a company. We always uphold the spirit of "being striver-oriented" and build a harmonious, comfortable and healthy working environment for our employees. We value the rights and interests of our employees, care about their growth and safety, provide them with competitive remuneration and benefits, a comprehensive promotion mechanism, a diversified development and training platform, and a comprehensive occupational health and safety management system, so as to continuously empower our employees and nurture talents with leadership, so that we can work together with employees to create a bright future and share the success of Helens.

Environmental, Social and Governance Report

Pursuing Green and Low-carbon Development

Regarding environmental management, we have been practicing green development and responding to a national call for “carbon neutrality” and “carbon peak” with practical actions to reduce the negative impact of our operational activities on the environment. We are concerned about climate change, promote green operations, optimize and improve our environmental management system, and explore ways to save energy and reduce emissions. We incorporate the concept of green sustainability into the construction and operation of our bars to improve the efficiency of resource use and enhance our ability to cope with climate change. At the same time, we are vigorously promoting the design and application of sustainable packaging to reduce our environmental impact at source.

Adhering to Social Responsibility

As for social responsibility, we have always adhered to the corporate values of “love, responsibility and value” and insisted on social welfare, calling on more people to join us in giving back to the community and extending warmth. We have set up a public welfare activity implementation team to plan and co-ordinate a wide range of public welfare activities, including the delivery of epidemic prevention materials to the public, emotional relief, psychological stress relief and alcoholic beverages, in order to protect public health and reward our customers for their long-term support. In addition, we have worked with charitable organizations to promote biodiversity conservation as bar industry representatives and continue to contribute to public welfare.

Looking forward, Helens will continue to uphold the concept of sustainable development, further grasp the opportunities in the industry, closely follow the needs of users, optimize the product portfolio, strengthen brand building, enhance the consumer experience, and promote customer relation maintenance, employee management, green and low-carbon, social welfare and other efforts. We will fulfill our commitment to all groups in society with practical actions and create a sustainable future.

Xu Bingzhong

Chairman of the Board and Chief Executive Officer

March 24, 2023



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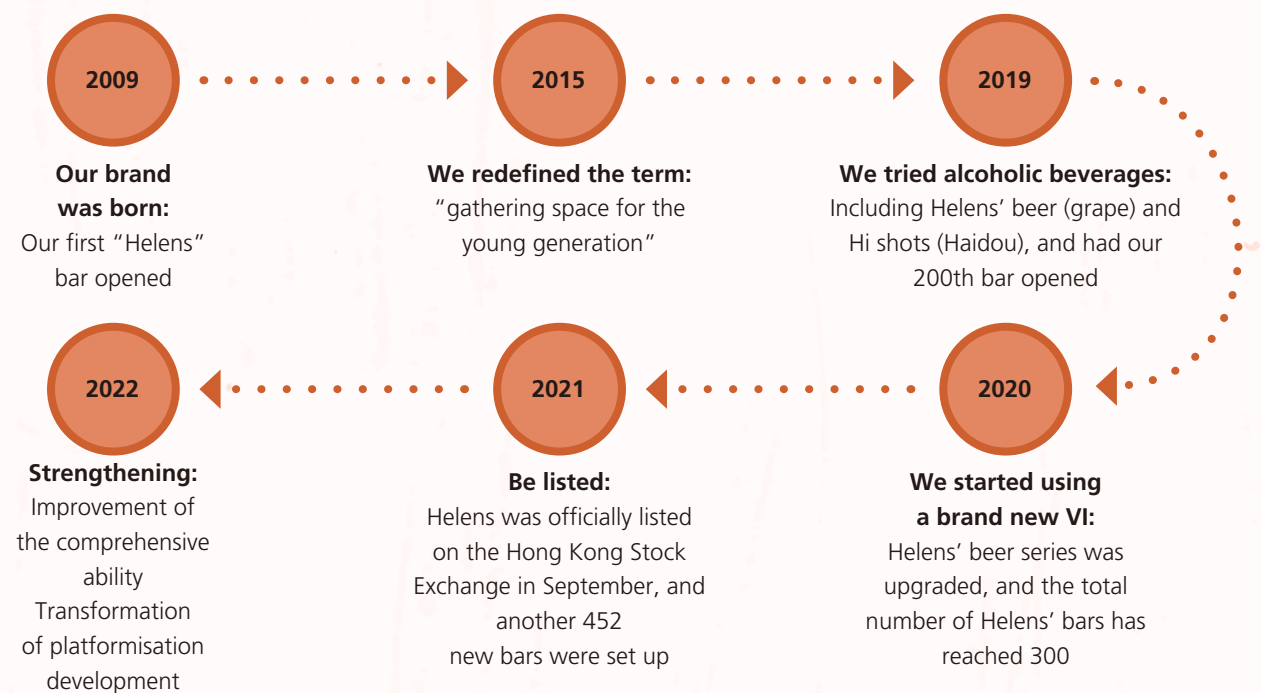
ABOUT US

Introduction to Helens

Helens boasts the largest bar chain network in China. Since establishing its first bar in Beijing in 2009, Helens has been committed to building an offline social platform for young people. On September 10, 2021, Helens was officially listed on the Main Board of the Stock Exchange under the stock code 9869. HK. At the end of the Reporting Period, we had 767 bars in over 160 cities, including Beijing, Shanghai, Guangzhou, Shenzhen, Wuhan and Chengdu.

Business Overview and Development

Since our inception, we have actively adjusted our development strategy, continued to expand our bar network, continuously optimized the operational and management efficiency of our bars, and insisted on creating value for consumers by providing them with a relaxed social space and a cost-effective product portfolio. After 13 years of rapid development, Helens has become a new way of nightlife for young people.



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- As for our social spaces, we have launched various interior decoration styles, such as Southeast Asian style, European style with indoor plants, magic wandering style, Edinburgh style and Italian Tuscan style, to provide the utmost experience in Helens' bars and bring customers a free, relaxed and happy nightlife through efficient and immediate service and uniform and trendy music;
- Concerning product portfolio, we focus on our own products, supplemented by external products. We are always determined to "launch our own brand of beer and be our own supplier" and strive to provide good and cheap products. With a forward-looking vision, we have developed innovative beverages with rich flavors and lower alcohol content to enrich our own product portfolio and provide customers with highly cost-effective and innovative products. From 2019 onwards, we have launched the fruit beer series, Hi shots (Haidou), milk beer and other alcoholic beverage products, and further developed two high-quality craft beers — Pilsen and German-style, to continuously optimize and iterate our own product portfolio. Our own products have been well received and supported by customers, with their sales accounting for 76.5% of our total revenue in FY-2022;
- In FY-2022, Helens proactively explored new modes of operation by launching the new "Helens • Yue", which incorporates the characteristics of night-time consumption such as sidewalk snack booths, bars and barbecue stalls, and adopts a new decorative design to provide customers with more diversified consumption choices and further broaden the consumer base.

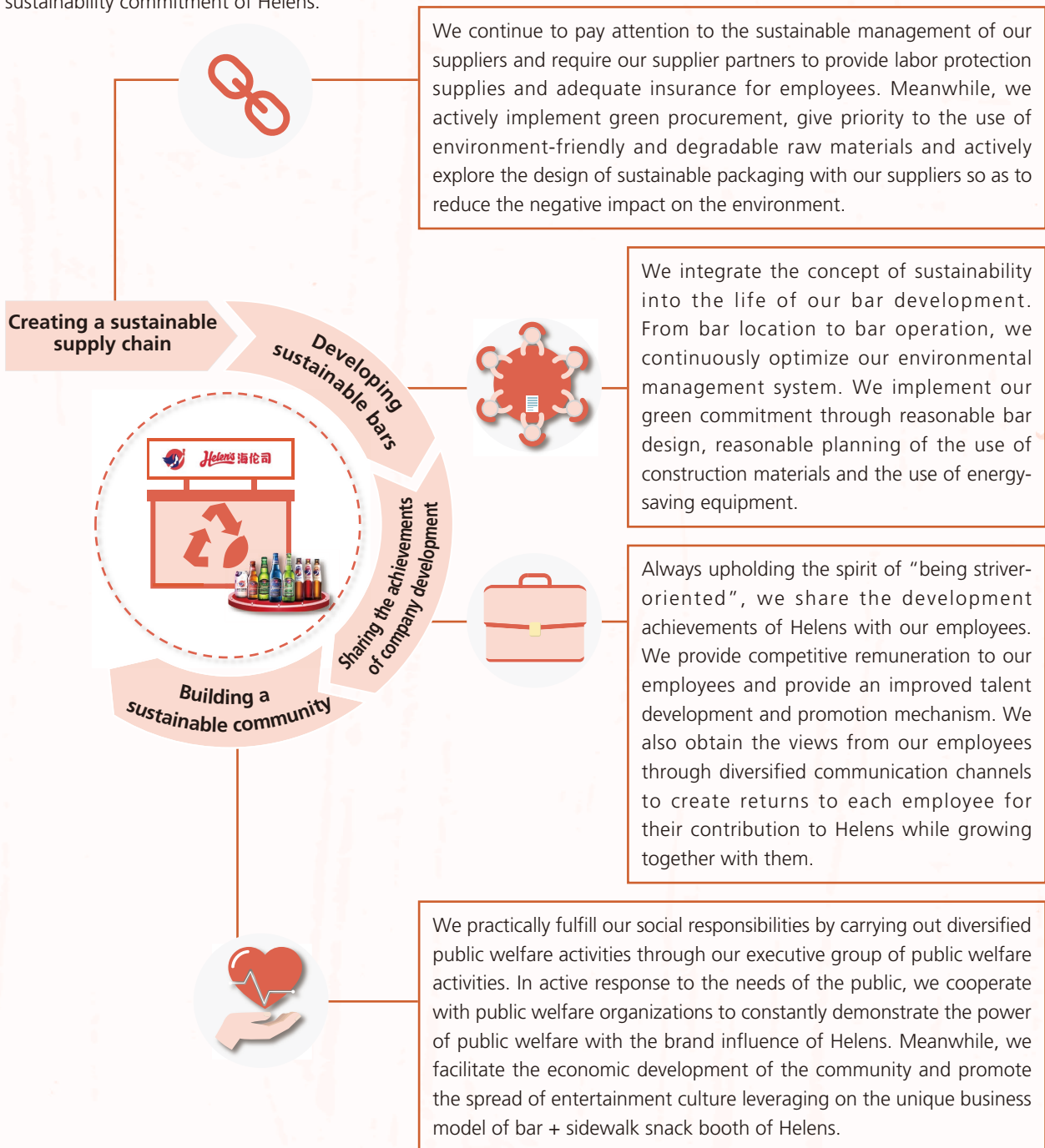
HELENS' OWN PRODUCT PORTFOLIO



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Special Topic: Business for Good — Building a Sustainable Bar Ecosystem

As of December 31, 2022, Helens had 5,666 employees in more than 160 cities, serving millions of customers. With the largest bar chain network in China, we are well aware of our responsibility to various stakeholder groups. While continuing to expand our bar network, we continue to deepen the Group’s concept of sustainable development, with a commitment to building a sustainable bar ecosystem covering key elements such as suppliers, customers, employees and communities. In the future, we will continue to cooperate with all stakeholders to create a sustainable supply chain, develop sustainable bars, share the achievements of company development and build a sustainable community, thereby fulfilling the sustainability commitment of Helens.



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SUSTAINABILITY MANAGEMENT

Helens actively fulfills its social responsibilities by making unremitting efforts to maximize the total value of the economy, society and environment based on ensuring that its daily operations satisfy the needs of consumers. We continue to optimize the management of our sustainable development, establish an ESG management mechanism at all levels, and formulate an ESG management system. We also continuously improve our communication with stakeholders to practically promote the sustainable development of the company and society.

Philosophy of Sustainability Management

By continuously integrating ESG elements into the Group's development strategy, we actively manage the environmental and social impact of our operations to effectively implement management initiatives at the environmental, employee, operational and community aspects.

ENVIRONMENTAL ASPECT

- Advocating ecological balance, Helens implements the concept of low-carbon and environmental protection throughout its operation process, with an aim to reduce the impact on the environment of its business operations and build an environment-friendly bar. We actively explore ways to save energy and reduce emissions by prioritizing sustainable packaging and actively improving our processes of waste management.

EMPLOYEE ASPECT

- Helens protects the legitimate rights and interests of employees, actively organizes and carries out training for employees, and provides them with a safe and equal working environment. We constantly focus on the growth and development of our employees, and are committed to building a diversified platform of growth and development as well as smooth paths of career promotion for our employees.

OPERATIONAL ASPECT

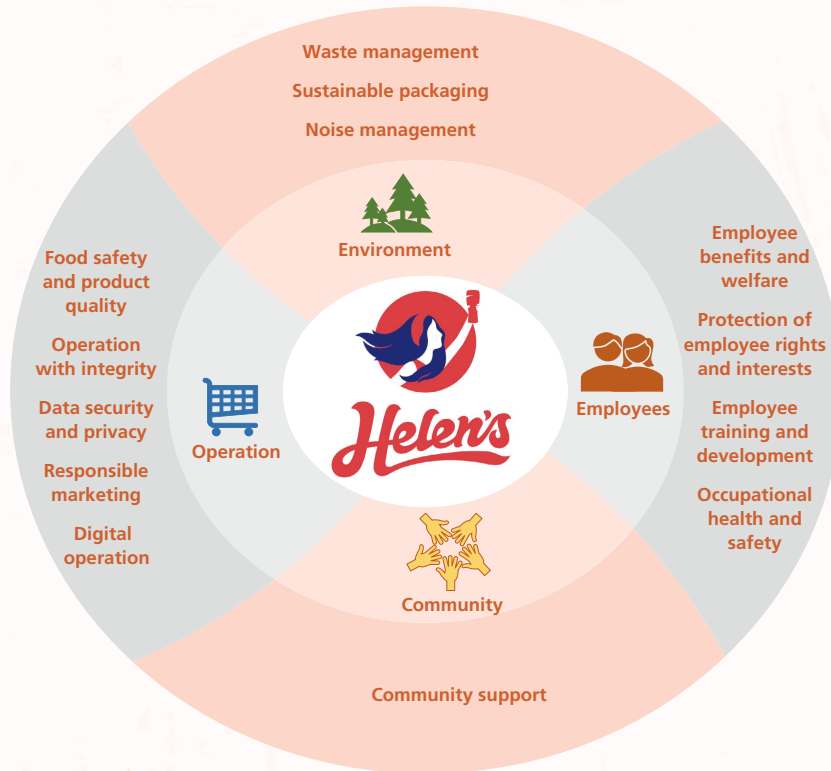
- With great importance to food safety and quality, Helens practices honest operation and continuously improves its internal management measures. Meanwhile, we are fully committed to fulfilling our responsibilities with our suppliers. We also insist on empowering our business operations through digitalization to build smart bars.

COMMUNITY ASPECT

- Helens brings returns to the community with its own strengths and facilitates the development of local community. Meanwhile, we encourage more employees to participate in the public welfare projects to enhance their social citizenship.

Environmental, Social and Governance Report

CORE ELEMENTS OF ESG CONCEPT



Sustainability Governance Structure

Regarding the ESG concept as the guarantee of the Group's long-term stable development, Helens incorporates ESG factors into its decision-making and daily operation to continuously improve the Group's ability to resist risks. As the highest decision-making and oversight body for ESG work, the Board comprehensively guides the Group's ESG management policies and strategies and continuously monitors ESG issues. In order to better enhance the decision-making efficiency and implementation of the ESG issues, the Group has improved its existing ESG governance structure during the Reporting Period. Leveraging on the current three-level structure, including "leader level — coordination level — execution level", Helens effectively facilitates and implements its sustainable development strategy to effectively integrate the fulfillment of environmental and social responsibilities into the management decision-making and daily operation.

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Roles and units	Members	Specific functions
Leader Level (the Board)	The Board of Helens	<ul style="list-style-type: none"> • Develop ESG strategies and goals, continuously review the progress towards achieving the ESG goals, and ensure that they are in line with the Group's business development strategy; • Assess, prioritize and determine the material ESG issues (including ESG risks); • Oversee the establishment and effectiveness of the internal ESG monitoring system.
Coordination Level (Sustainability Committee)	With the general manager of the Group as the group leader, it is composed of 5 directors and above-level managers from different functional departments as representative, including legal, operation, finance and other departments.	<ul style="list-style-type: none"> • Identify and analyze the connection and challenges between the material ESG issues and the Group's strategy; • Develop and regularly update the ESG management system; • Review the ESG report and conduct a quantitative analysis of the ESG issues; • Report to the Board directly.
Executive Level (Sustainability Executive Group)	It comprises of representatives from the operation center, legal supervision and audit department, training department, human resources department, logistics control center, marketing department, investor relations department, development department and other departments.	<ul style="list-style-type: none"> • Assess and monitor ESG-related issues, including food safety and quality management, anti-corruption and anti-fraud management, employment and labor standards, supply chain management, community investment, concerns about ESG of the investors, etc.; • Implement the strategies and management systems related to ESG to ensure the achievement of ESG goals; • Advise the Sustainability Committee on the difficulties in ESG work and report to the Sustainability Committee about the progress on ESG work and goals on time; • Pay attention to the market information related to the ESG issues of Helens.











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Stakeholder Communication

We have established a normalized mechanism to communicate with stakeholders, which aims to communicate with stakeholders on time and fully respond to their expectations and demands to provide specific references and guidance for the sustainable development of Helens.

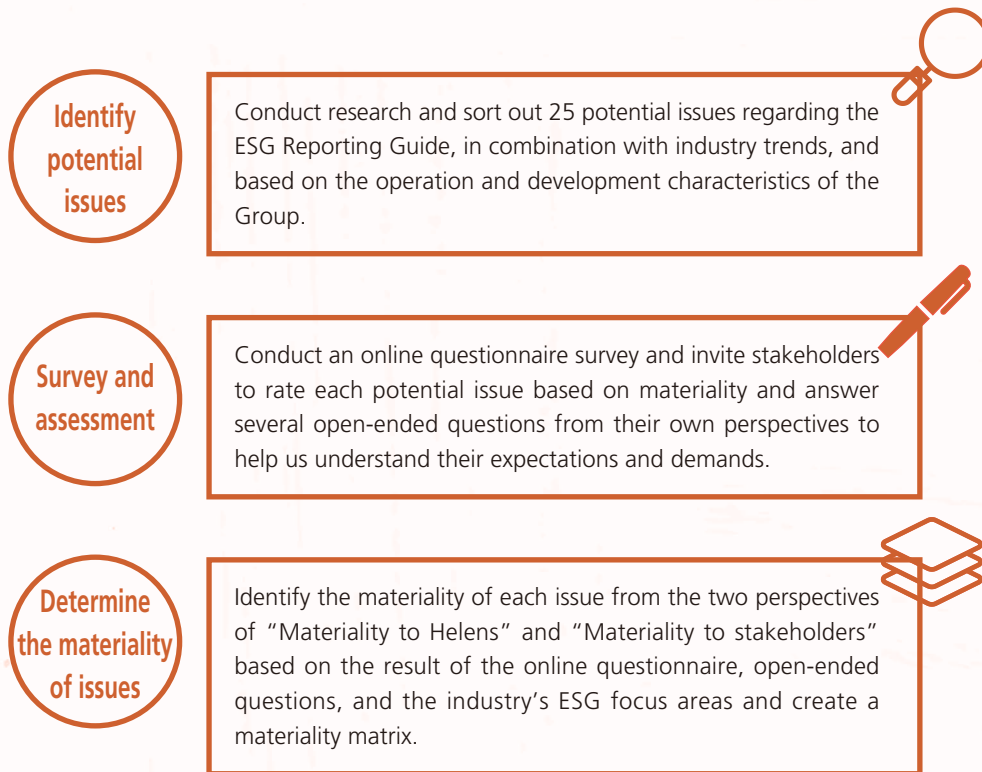
Stakeholders	Issues of Concern	Communication Methods	Response Measures
 Employees	Employee benefits and welfare Occupational health and safety Employee rights protection Employee training and development Employment and retention	Employee meeting Online and offline training and exchanges Complaint platform	Establish a salary management system Implement work safety guidelines Establish a talent development and training system Adhere to the principle of equal recruitment
 Customers	Food safety and product quality Customer relationship management Responsible marketing Data security and privacy Integrity management	Face-to-face communication at a bar Customer service hotline Complaint platform Company official website Official accounts and fan groups on various social platforms Customer satisfaction survey	Establish a quality control system Provide a variety of complaint channels Promote responsible drinking Implement information security management
 Suppliers/Partners	Fair sourcing Supply chain management Integrity management Long-term and stable partnership	Supplier evaluation Industry forum Customer satisfaction survey	Strengthen responsible sourcing supervision Strict and transparent supplier access, assessment and evaluation mechanism Tiered supplier management
 Shareholders/ Investors	Safeguard shareholders' rights and interests ESG governance Long-term stable return on investment Truthful and transparent public information	Supplier evaluation Industry forum Customer satisfaction survey	Investor relations management Strengthen internal control and risk management Public information disclosure
 Governments/ Regulators	Compliant operation Tax payment according to law Employment promotion Integrity building	Compliance reports Spot check on-site Policy implementation	Improve the internal management system Operate in compliance with laws and regulations Create job opportunities proactively Provide independent supervision and reporting channels Deliver anti-corruption training across the Group
 Community	Promotion of community development Social charity Building a harmonious community	Interviews and conferences Charitable activities	Drive local economic development in the community Give away drinks in the community Organize employees to participate in charitable activities

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Material Issue Management

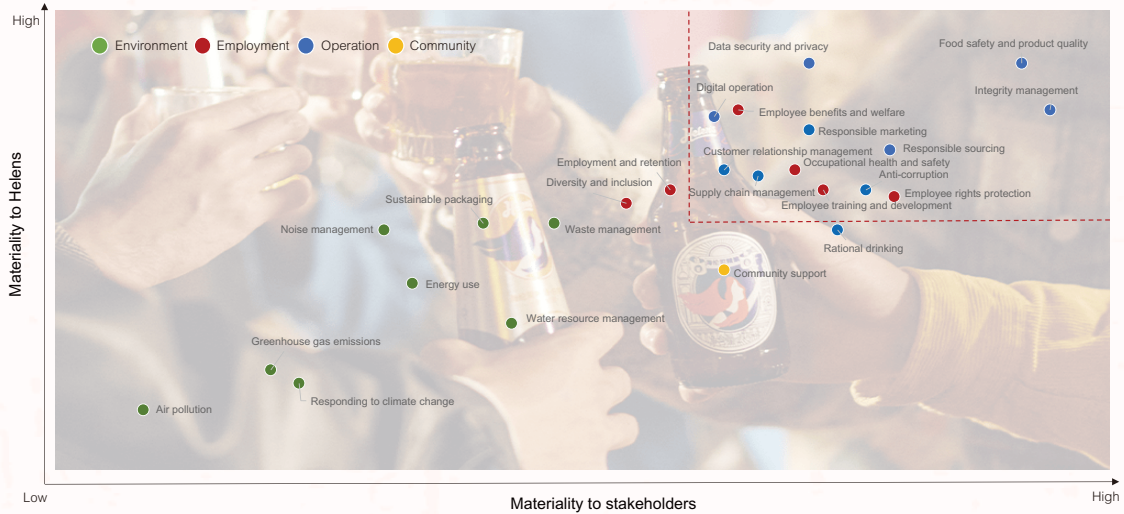
To ensure a timely response to stakeholders' concerns and rapid changes in the market, Helens reviewed ESG issues and conducted a materiality assessment during the Reporting Period. In FY-2022, through distributing online questionnaires to employees, customers, suppliers and other stakeholders, we obtained their concerns about ESG issues and determined the materiality ranking and matrix of ESG issues based on the analysis result of the questionnaires.

MATERIALITY ASSESSMENT PROCEDURES



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HELENS' MATERIALITY MATRIX



Ranking	Material Issue of ESG
Material Issues	
1	Food safety and product quality
2	Integrity management
3	Data security and privacy
4	Employee benefits and welfare
5	Responsible marketing
6	Digital operation
7	Responsible sourcing
8	Anti-corruption
9	Employee rights protection
10	Occupational health and safety
11	Employee training and development
12	Customer relationship management
13	Supply chain management

Ranking	Material Issue of ESG
Related issues	
14	Rational drinking
15	Employment and retention
16	Diversity and inclusion
17	Waste management
18	Community support
19	Sustainable packaging
20	Noise management
21	Energy use
22	Water resource management
23	Greenhouse gas emissions
24	Responding to climate change
25	Air pollution

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STEADY OPERATION

Helens will always regard providing customers with high-quality products and services as a top priority. We adhere to responsible management to ensure the compliance of our operations in all aspects. As a responsible bar, we strictly control every aspect of food safety management and do our best to build an advanced food safety system. As a leader in the pub industry, we strive to understand consumer demands comprehensively through various channels with an open attitude and continuously engage in food innovation and service optimization. At the same time, adhering to the philosophy of creating values together, we work with suppliers to achieve win-win cooperation and continuously manage supply chain ESG risks. As an industry model of bar chain, we insist on empowering with technology and comprehensively enhancing operation efficiency and sustainable development ability of Helens through refined and intelligent management.

Be a Leader in Customer Service

Protection of Food Safety

Helens has always been focused on customers and is committed to providing safe and quality food to customers. We actively abide by the Food Safety Law of the People's Republic of China and the Product Quality Law of the People's Republic of China and other laws and regulations and formulate and implement the Helens Food Safety Management System. We spare no efforts to build a food safety management system that applies to Helens, construct a food safety team to comprehensively manage food safety risks in all aspects, and contribute to ensuring food safety together with suppliers.

HELENS' FOOD SAFETY TEAM

Persons in charge of food safety management	Develop and improve the Group's food safety standards; supervise and make improvements or corrections in terms of food safety within the Group; review food safety courses and promote food safety training; communicate with suppliers continuously and audit and supervise suppliers, etc.
Regional food safety manager	Implement improved food safety management; supervise the recording of information related to disinfection and waste in each bar and related document management; organize and implement food safety training; cooperate with government departments in supervision and inspection, etc.
Store food safety manager	Check the acceptance and storage of food raw materials; inspect food safety records, date labels, etc.; check whether all kinds of equipment are operating properly and complying with hygienic standards; record bar food safety incidents, etc.

We promise never to sell expired food or food that does not meet the national food safety standards, strictly implement the purchase inspection records, and establish a food safety emergency plan. We require staff engaged in food-related operations (such as cleaning, preparing food, cleaning and sanitizing tableware, etc.) to undergo annual health exams and obtain health certificates, which will be posted on the bulletin board. In addition, we stipulate that the staff's clothing must be changed in time if it is contaminated and placed in a designated location.



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Meanwhile, we conduct refined food products management in various ways, including raw material management, warehouse management, food processing and preparation, cleaning and disinfection management, pest management, and food safety verification.

1

Raw Material Management

We conduct strict qualification reviews (including reviews on business licenses, production licenses, food operation licenses, etc.) and background investigations for suppliers. We carry out regular reviews on suppliers to ensure their sound management in hygiene, main raw materials, etc. Meanwhile, we conduct a second on-site audit on suppliers with a large purchase of snacks, drinks, food containers and other categories to check whether they have a well-established quality and safety system. If relevant problems are found, suppliers are required to make timely rectifications and will be subject to acceptance through on-site audits and other methods.

2

Warehouse Management

Our third-party warehousing and logistics service providers are responsible for delivering products to designated locations including Helens' bars. In order to ensure the safety and quality of products involved in warehousing and logistics, we designate special personnel to manage warehouses to ensure that the warehouses are well equipped and products are stored based on required temperature, humidity, and other standards. They are also required to control pests and fight against mold and pollution. In addition, we check the expiry dates of warehoused products every week and develop expiry date warnings based on product types. For products that reach warning limits, we conduct relevant assessments and determine handling methods to prevent such products from reaching consumers.

3

Food Processing Preparation

We ensure that there are no abnormal problems such as peculiar smells and leakage in packaging before food processing. During food preparation, we strictly abide by Helens safety and hygiene standards, classify and use cutting boards and other tools, and manage labels for unsealed and thawed food.

4

Cleaning and Sanitizing management

We use the sink strictly in accordance with the instructions, clean and sanitize all equipment, utensils, and kitchenware as directed. Sinks are not to be used in combination. Employees are required to store and use chemicals in accordance with standards and to ensure that all chemicals are within their expiration dates. In addition, chemical storage areas are required to post positioning labels, "Chemical Protection and First Aid Measures" and "Chemical Safety Technical Instructions". Meanwhile, we sort and dispose waste in a timely manner according to local waste sorting standards.

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5

Pest Management

We follow the principle that physical control (e.g. sticky boards, fly lights, etc.) has priority and chemical control (lingering spraying, etc.) is used conditionally to deal with pests to ensure food safety and personal safety. Also, each bar should ensure that staff and goods access is equipped with doors with a gap of less than 6mm, and that operating rooms and warehouses are closed at the end of the day, and that products such as pesticides are not stored in food handling areas and dining areas. In addition, we use digital and intelligent technology to detect food contaminated by rodent footprints even after the bars are closed.

6

Food Safety Verification

We adhere to food safety self-inspections, formulate a food safety inspection plan, and conduct continuous follow-up and spot checks on the applicability of food safety-related systems, implementation of food safety standards in bars, and special food risks. We also publish food safety self-inspection reports on a regular basis to strengthen public supervision and strictly control food safety management. In addition, we work with professional third-party audit institutions to conduct regular food safety audits and testing, sort out and identify food safety risks, and then develop targeted food safety management measures to effectively reduce food safety risks.

Helens is committed to enhancing the food safety awareness of our employees through food safety training. We provide pre-employment training and on-the-job training for our employees in all bars nationwide through seminars and on-site practical exercises, covering food safety-related laws and regulations, operational instructions for food safety management, case sharing on various food safety incidents in China, and food storage methods. We record the training time and content of each employee and set up a standardized food safety assessment to verify the effectiveness of the training courses.

In order to obtain timely feedback from consumers on food safety issues, Helens has set up a consumer satisfaction survey, sorted, tallied, summarized and analyzed the survey results by type of problem, formulated corresponding measures and implemented them according to the opinions and suggestions made. In addition, we display the complaint reporting telephone number in the dining area, and seriously deal with all kinds of food safety-related complaints and handle them promptly. To resolve food safety emergencies, we have set up an emergency response team to resolve specific complaints, including food poisoning or malicious poisoning.



Environmental, Social and Governance Report

COMPLAINT RESPONSE MEASURES

Problems with the quality of ingredients and raw materials: Such problems shall be fed back to the supplier in a timely manner, and relevant solutions shall be confirmed after the cause of complaint is determined by the relevant department.

Problems with the products sold in bars: If it is confirmed after investigation that the bar shall be responsible, the bar shall unconditionally return the product for exchange or refund; if it causes loss to the customer, the bar shall negotiate with the customer and pay compensation if necessary.

Problems with services: We will communicate with customers in a timely manner and solve the practical problems raised by customers.

Problems with food poisoning: The regional and bar management teams will conduct a coordinated investigation, and the bar management team will follow up on the health status of customers within 24 hours. Once the investigation is completed, we will inform customers of the findings and take preventive measures to prevent the recurrence of the incident.

Problems with malicious poisoning: We will immediately report the incident to the local medical rescue organization (120) or arrange for medical emergencies, then report to the operation center, and report to the local public security organs and the local health administration department according to the instructions of the relevant responsible person of the operation center. The emergency response team and relevant staff will cooperate with the administration of market regulation in the investigation and handling of food safety incidents, and truthfully reflect the situation of food safety incidents.

We have comprehensive food recall procedures in place to ensure that unqualified food products and those with safety problems can be withdrawn as soon as possible.

FOOD RECALL PROCEDURES

1

We determine the food that may have problems and confirm the name and quantity of the recalled food.

2

Track the food preparation process in a handling room, judge and evaluate the degree and scope of food contamination, notify the person in charge of the bar to immediately stop the sale of the affected food, and try to recover the food sold that may have problems.

3

Collect relevant food, store such food separately in a central location and fill in a food recall report.

4

When it is determined that there is only a quality problem with the food but no administrative complaint, the leader of the handling room is responsible for scrapping the recalled substandard food and filling in food scrapping records. If there is an administrative complaint, the food must be kept separately and sealed until the end of the investigation.

5

We organize all relevant personnel to verify the recalled food and recall information, analyze the causes of unsafety, and develop the corresponding corrective and preventive measures to prevent the recurrence of similar problems.

During the Reporting Period, we were unaware of any products sold or shipped that were recalled for safety, health or other reasons.

Environmental, Social and Governance Report

Brand Building and Product Innovation

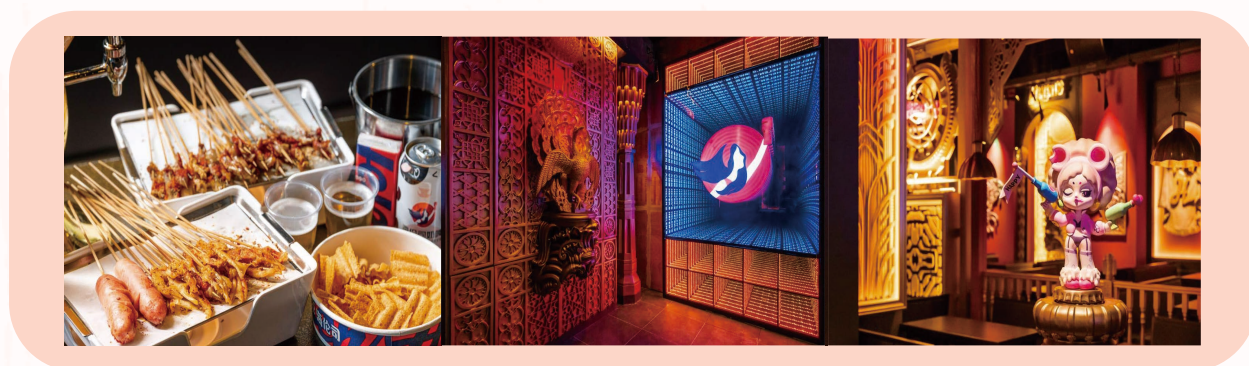
Helens sincerely manages its brand, continuously consolidates its brand assets, and is committed to creating a brand design that fits the tone of Helens. From the design point of view, we use red and blue colors to demonstrate the rational and emotional concept of Helens and create the image of "Helens Goddess". Based on the unified visual image, we have derived IP elements and launched a series of dynamic images to make the image of Goddess more vivid and become Helens' logo. At the same time, we have developed a series of merchandise, including canvas bags, laser bags, key chains, umbrellas, T-shirts and blind boxes garage kid, to strengthen the brand building.

IMAGE OF "HELENS GODDESS"



In May 2022, Helens explored a new direction and launched "Helens · Yue", a double leap from traditional sidewalk snack booths and bars. With the promise of "good and cheap", we adopted a new decoration design to integrate the characteristics of night-time consumption, such as sidewalk snack booths, bars and barbecue stalls, to provide more diverse choices, continuously optimize customers' consumption experience and social atmosphere and further broaden the consumer base, thus making "Helens · Yue" a new brand label of Helens and a popular landmark in the region.

"HELENS • YUE"



While creating a deeply-rooted brand image, Helens has also been optimizing its product research & development process and continuing to explore innovative products to provide consumers with more choices and meet the needs and preferences of different groups. During the Reporting Period, we drove innovation in alcohol, beverages and snacks, with over 20 new products introduced and reserve solutions for 16 new products developed in FY-2022 to meet changing preferences of consumers.

We set up a Gantt chart for the whole process of product development to control the development process as a whole, efficiently manage the development progress, and ensure that the responsible departments and employees synchronize key information in a timely and accurate manner. At the same time, we set out our own management work through tool sheets and planning sheets in each process of product development. In order to better respond to consumer needs, we distribute snack and drink test sheets to consumers in the bar during the product prototype testing sessions and optimize and upgrade product tastes and categories according to customers' feedbacks.



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PRODUCT DEVELOPMENT PROCESS

Planning: Initiate creative product development proposals and prepare product feasibility analysis reports	
Approval: Discuss and approve product feasibility	Product prototype development: Initiate product prototype development, establish and improve the Gantt Chart for the Whole Process of Product Development
Product prototype tests: Organize internal and bar product prototype tests, and make appropriate corrections based on customers' feedbacks	Product development: Implement product development and follow up on development progress
Product pilot program: Determine the scope of the pilot (name and number of bars), and communicate on the requirements for shelves	Pilot review: Conduct pilot data review and develop the Product Review Analysis Form
Shelve plan: Implement the Product Shelve Plan after the product pilot was passed	Off-shelve plan: Determine and implement the product off-shelve plan (including the inventory clearance plan) if the product pilot fails

Environmental, Social and Governance Report

NEW PRODUCT RESEARCH AND DEVELOPMENT

- We added new ingredients to classic wines to enhance taste, and upgraded drinks to desserts to extend their popularity and bring more freshness to consumers.



Slightly Drunken Jelly



Vanilla Whisky
Coke Bucket

- We developed large-capacity drinks to match our customers' preference for large-capacity and shareable formats, and we also created a product that conveys a sense of sentiment through the product, creating an old popsicle tub full of memories.



Old Popsicle Bucket



Full-Of-Vitality Bucket

- To cater to the needs of non-drinking customers, we developed Hong Kong-style milk tea, and launched a low-alcohol product Baileys Naicha in response to the "Don't drink too much" initiative.



Hong Kong-Style Milk Tea



Baileys Naicha

- We tried to launch "Mini Style" imported wines and committed to lowering the threshold of consumers to try imported wines.



Mango Bomb



Absolut Vodka

- We enrich snack categories to provide consumers with more choices.



Lemon Hot and
Sour Boneless
Chicken Feet



Spicy
Whirlwind
Potatoes



Rattan Pepper
Chicken Wings

Environmental, Social and Governance Report

Responsible Marketing and Rational Drinking

Helens strictly abides by the Advertising Law of the People’s Republic of China and other laws and regulations and formulates the Helens Marketing Policy, an internal policy, to regulate its publicity activities, ensuring that neither promotional methods nor marketing content contain false information in any form nor misleading information to consumers. Meanwhile, we are committed to addressing controversial or inappropriate promotional information as quickly as possible.

Helens continuously regulates marketing and publicity activities, regularly rectifies marketing compliance, and modifies or removes non-compliance content according to the latest regulatory developments. All the publicity content shall be reviewed at least twice to confirm the content is free from any piracy, plagiarism, violation of laws, regulations and social ethics, discrimination or offence. In addition, we set up an evaluation mechanism to identify management loopholes through daily assessment and regular evaluation, and timely convene departmental meetings on group strategy to address inappropriate marketing content.

We promote moderate drinking and put the concept of rational drinking in place. The Helens Rational Drinking Marketing Management Policy clearly sets forth the marketing principles of alcoholic beverages and pub services, including not selling alcoholic beverage products to minors, not implying that alcoholic beverages can bring any physical and mental benefits, not blaming or criticizing any customer who chooses not to drink in any way, etc. Meanwhile, we have established various publicity channels to ensure the rational drinking concept is accurately conveyed to consumers, including marked the warning words “do not drink alcohol under 18” and “rational drinking” on promotional materials such as Helens’ WeChat tweets, electronic posters and menu, as well as marked with warning words such as “excessive drinking is harmful to health”, “pregnant women and children should not drink alcohol” and “do not drive after drinking” on our own brand alcoholic beverages with independent packaging. Besides, we have actively developed more soft drinks without alcohol to provide more options for non-drinking customers.

“Rational Drinking” Publicity Poster



Environmental, Social and Governance Report

Customer Relationship Maintenance

Helens regards the consumer's needs as the first criterion for improving its services. We have communicated with our customers in an active way by holding City Spokesperson, Campus Club, Fans' Roast and other activities on a regular basis so as to respond to customer's needs sincerely. During the Reporting Period, we launched Tianhui satisfaction program (天會滿意度項目) to respond positively to customer's needs and maintain communication with them via a third-party research and evaluation tool. Apart from these, customers can contact us through 400 hotlines, Tik Tok, fans groups, WeChat, Weibo and other channels.

CITY SPOKESPEOPLE

Core fans groups:
6

Cumulative
number of fans
recruited:
8,000+

Number of group
chat messages:
3,000+

City Spokespeople meet-and-greet is an interactive activity that closely connects Helens with loyal fans. We call on Helens' loyal fans to become city spokespeople, invite them to participate in offline meetings, product packaging research and other activities, and give Helens' benefits regularly.



CAMPUS CLUB

The Campus Club recruits campus ambassadors for universities nationwide to promote the Company's activities and brand and to timely collect opinions and suggestions from the school's fan base. In FY-2022, the number of Helens' campus ambassadors was approximately 1,000.



Environmental, Social and Governance Report

During the Reporting Period, in order to meet the diversified expectations of consumers continuously, Helens has been optimizing its operations and connecting deeply with a wide range of consumers. We continue to improve our service quality from four aspects, namely customer engagement, the Tianhui satisfaction program, smart bars construction and performance evaluation of employees, so as to further improve a "free, relaxed and happy" consumption experience for our customers in Helens.

CUSTOMER ENGAGEMENT

We arranged core customer involvement in the process of new product development, intellectual property (the "IP") development and packaging design processes, incorporating customer's suggestions into product output and enhancing their enjoyment of our products.

TIANHUI SATISFACTION PROGRAM

Customer satisfaction surveys are randomly distributed to consumers, and customer satisfaction is derived from third-party research and evaluation tools. In FY-2022, 96,247 customer feedbacks were received, with a cumulative annual dynamic satisfaction result of 82.36%.

SMART BAR CONSTRUCTION

We leverage digital means to continuously promote the building of smart bars in three directions: Customer experience, bar ambiance and standardized management. We use the artificial intelligence ("AI") visual platform to regulate the music in bars, improve the efficiency of production, and strengthen the environmental safety and food safety supervision in bars.

PERFORMANCE EVALUATION

In order to ensure that customer issues are effectively resolved, we also include customer satisfaction in the performance appraisal of our staff and strengthen the management of customer complaints to protect customer rights.

In addition, to ensure that our customers enjoy their time and drink at ease, we launched a new emergency assistance function during the Reporting Period, providing a discreet and convenient option for customers in our bars who are experiencing harassment, security threats or are unwell to seek help.

EMERGENCY ASSISTANCE FUNCTION

亲爱的海带们：

Helens一直以来致力于为大家提供安全舒适的聚会场所，我们希望每位海带在Helens聚会时都能喝得放心，玩得安心！

你是自由的：

如被索要微信号或其他个人信息，你可以自由选择接受或拒绝。

你的身后有我们：

如遇到骚扰或需要帮助，你可以第一时间前往吧台寻求帮助，我们会及时提供帮助。

你可以得到公正：

如遇纠纷，我们会积极配合警方和司法机关提供人证物证，同时保护客人隐私，全力支持大家讨回公道。

如果你不方便或者不能公开求助，可以使用「紧急求助」功能。

扫描店内点单二维码，在菜单栏最下方找到「紧急求助」并下单。不分性别、不论身份，我们会第一时间到你的桌前查看，并提供即时的协助。



*为保证求助海带获得即时帮助，非紧急情况请勿下单「紧急求助」。

隔离伤害，不隔离爱

在Helens尽全力保护每位海带的同时，也敬请大家礼貌搭讪、健康社交，共同创造更安全、更自由的社交环境。

Helens, 年轻人的线下社交平台




Environmental, Social and Governance Report

We actively communicate with consumers and also actively address all negative feedback, so we may continuously improve our management in such field and respond to all received complaints timely. In FY-2022, Helens received a total of 319 complaints, with 92.5% satisfaction in handling customer complaints.

PUBLIC OPINION MONITORING CHANNELS

We introduced the “public opinion monitoring system”, which can automatically identify customer opinions and classify them into neutral, positive and negative, and thus allow our customer service personnel to contact relevant customers proactively to make appeasement or compensation. Such an approach of complaint management in advance may allow us to respond more timely and accurately.

FANS’ ROAST

We hold “Fans’ Roast” on March 15 every year, inviting fans to participate in the activities through various media channels and releasing complaints and suggestions about Helens. According to the content of complaints and suggestions, we will conduct targeted discussions, and formulate relevant rectification plans and actions, and publicize the rectification process and results at the Roast in the following year.

ONLINE COMPLAINT CHANNELS

We have set up real-time complaint channels for customer service calls and online complaint channels such as WeChat and Weibo to centralised handle all online customer complaints on a weekly basis. For complaints that need to be followed up, the regional office personnel will follow up by telephone to track the progress of customer complaint handling and provide corresponding solutions.

STORE COMPLAINT CHANNELS

Customers can make immediate complaints about products and services through the bar channel, and the bar manager will deal with and follow up the customer feedback on time until the problem is finally solved.

Compliance Operating Practitioner

Business ethics

Helens insists on the concept of operating in good faith and strictly complies with the Company Law of the People’s Republic of China, the Criminal Law of the People’s Republic of China, the Criminal Procedure Law of the People’s Republic of China and the Anti-Money Laundering Law of the People’s Republic of China and other laws and regulations and implements its internal systems such as the Helens Supervision Work System. In addition, we had formulated and implemented Helens Administrative Measures for Anti-Fraud and Whistleblowing and Complaint during the Reporting Period to further strengthen internal supervision and management and optimize the complaint and whistleblowing procedure, and ultimately protect the Group from the harmfulness caused by various violations of laws and regulations such as damage to the interests of the Group, corruption, fraud, and bribery due to inadequate supervision. No corruption lawsuits relating to the Group filed or concluded in FY-2022.

Environmental, Social and Governance Report

We continued to optimize the anti-fraud management and supervision system. The legal supervision department is responsible for organizing and implementing anti-fraud related work, and regularly conducts risk assessment on fraud to evaluate the effectiveness of such work. It also carries out anti-fraud prevention publicity activities, and supervised all departments and operating regions of Helens' support center under the unified leadership of general manager office. At the same time, the support center and the operating regions continue to carry out internal supervision and form the two-level supervision system of Helens together with the legal supervision department. Through regular and irregular monitoring work, we find problems and clues, improve the management process, urge employees to abide by the relevant system, and observe the bottom line of discipline rules. During the Reporting Period, the legal supervision department carried out special inspections on the relevant departments and operating regions of Helens' support center, and had completed special inspections covering 3 operating areas and 6 cities, and no major problems related to fraud were found.

We have established a comprehensive fraud reporting and handling mechanism and set up independent supervision and reporting channels for our staff and external parties (including suppliers, customers, etc.). Informants were encouraged to report anonymously or in real names through e-mail, telephone, text messages, etc. Besides, we require the supervision and prosecution to be realistic, objective and fair. If the content of the report is verified and confirmed to be true, we will take actions in accordance with relevant laws. Those who make false reports, disinformation, or maliciously fabricate facts will be punished in accordance with the rules and regulations of the Group. In order to protect the rights and interests of whistleblowers, we strictly prohibit the disclosure of whistleblowers' information and retaliation against whistleblowers, and the details of whistleblower protection regulations have been stipulated in the Helens Administrative Measures for Anti-Fraud and Whistleblowing and Complaint.

In order to continuously improve the compliance awareness of all employees of Helens, we have established an anti-corruption compliance training system combining "on-site training + online courses" to help build a clean enterprise. We conducted special anti-corruption training for directors and management and have added anti-corruption training courses to our induction training, and conducted targeted training for all employees. At the same time, we required personnel responsible for anti-fraud investigation and management to actively accept relevant training on laws and regulations and codes of conduct to improve their anti-fraud work capabilities. During the Reporting Period, we conducted two anti-corruption training for new employees and formulated corresponding anti-corruption training courses by referring various anti-corruption cases, and organized employees from each department to participate in training through online learning platforms, involving over 7,000 participants.



*"Be Honest and Persist"
Anti-fraud advertising training materials*

Environmental, Social and Governance Report

Sustainable Supply Chain

Helens has always adhered to the principle of “value procurement and sunshine procurement”, and strictly abides by the Civil Code of the People’s Republic of China, the Price Law of the People’s Republic of China and the Bidding Law of the People’s Republic of China and other laws and regulations, and formulates Helens Supplier Management Regulations and Helens Supplier Due Diligence and Supplier Capability Evaluation Management Measures and other management systems to strictly control potential risks in the supply chain through a comprehensive and improved supplier management mechanism and work with suppliers to achieve win-win cooperation. In FY-2022, the geographical distribution of the Group’s suppliers was as follows:

Key performance indicators		2022	
Number of suppliers by geographical region			
Region	Quantity	Region	Quantity
Anhui	5	Guizhou	1
Beijing	6	Liaoning	2
Fujian	5	Inner Mongolia	1
Guangdong	37	Shandong	16
Hainan	1	Shanghai	17
Hebei	2	Sichuan	5
Henan	5	Tianjin	1
Hubei	65	Zhejiang	28
Hunan	2	Chongqing	3
Jiangsu	6		

We require suppliers to strictly abide by relevant national laws and regulations. Beginning with the whole process management covering supplier sourcing, access, assessment and evaluation mechanism, we continue to hierarchical and classified management for suppliers to continuously improve supplier management efficiency.

Supplier Sourcing	Supplier Access	Supplier Assessment and Evaluation	Tiered and Classied Supplier Management
<ul style="list-style-type: none"> Actively develop new suppliers through commercial bidding and other methods Conduct qualification audits and background checks on suppliers’ business licenses and other qualification information to ensure that their qualifications and product quality comply our requirements 	<ul style="list-style-type: none"> Conduct assessment of supplier access from multiple dimensions, such as production capacity, environmental management, safety management, and cost control Test the samples provided by the suppliers, and the suppliers that pass the audit are included in the qualified supplier library 	<ul style="list-style-type: none"> Require the suppliers who have passed the audit to supply according to the test sample standards Comprehensively evaluate the suppliers in terms of cost control, product quality, delivery cycle, service efficiency, and integrity management, so as to timely provide feedback to the suppliers and urge them to improve their quality and service 	<ul style="list-style-type: none"> Classify and grade suppliers according to supplier category and purchase amount If the supplier’s performance assessment is poor, or there is a violation of the contract, product and service quality problems, etc., it will be requested to rectify within a time limit or directly eliminated and listed into the blacklist



Environmental, Social and Governance Report

We attach great importance to establishing long-term and in-depth relationships with our suppliers and maintaining communication with and interconnect with suppliers on issues such as orders, products and business cooperation through online communication, on-site meetings, peer exchanges, supplier visits and other forms. At the same time, we continue to strengthen supply chain risk management by purchasing products needed by the Group from a number of suppliers to reduce our dependence on specific suppliers in order to properly supply products.

We integrate the concept of sustainability throughout our supply chain, with a continuous focus on the environmental and social risks of our suppliers. In the bidding process, we control the qualification of suppliers through strict access evaluation to ensure that the production environment and quality control system of suppliers meets the relevant standard requirements. In addition, we actively pursue green procurement practices and give priority to suppliers with environmental concepts and concern for the rights and interests of employees. We require warehouse providers to use electric forklifts, give priority to the use of new energy trucks when distributing goods and use trucks that conform to National Vehicle Emission Standard and above during long-distance distribution to reduce pollutant emissions. We also require suppliers to provide their employees with labor insurance supplies and purchase full insurance to ensure that the basic rights and interests of their employees are protected.

In addition, we continue to pay attention to building a clean supply chain. Through various means, such as signing the Helens No-bribery Undertaking with all supplier partners and the Integrity Convention of Helens Logistics Control Center with internal employees, the Group's philosophy of integrity and compliance is promoted to prevent any form of bribery, public abuse, trade secret exchange and other illegal acts in the supply chain, and to protect the legitimate rights and interests of the Group and its suppliers and partners, thereby establishing long-term and stable cooperative relationships.

Environmental, Social and Governance Report

Digital Operation

Helens has embraced digital technology as a vital driver to achieve high quality development in response to the development of era. We are continuously promoting the in-depth integration of data technology and operation management and driving Helens' comprehensive, systematic automation and intelligent upgrade. To ensure the stable and efficient operation of the digital management system, we have developed and implemented the Digital Operation Management System. Through control measures in system access management, staff organisation management, maintenance management and file management, we continuously facilitate the scientific management of the existing information system. At the same time, we continue to advance the construction of smart bars by utilizing automated and intelligent equipment. The existing functions, including AI-powered automatic tuning, production efficiency monitoring, table cleaning efficiency monitoring, bar environmental safety and food safety monitoring, can effectively enhance the operational management efficiency of our bars and meet the diversified management needs of Helens. The application of Helens' core intelligent management tools are as follows:

We have developed our own enterprise resource planning ("ERP") system to realize the digital and visual management of the whole business process, such as queuing numbers, ordering and preparing meals, inventory logistics, etc., effectively improving the efficiency of bar management. We have also integrated our in-house ERP system with Kingdee Supply Chain System to achieve close integration of business and finance.

We have independently developed the intelligent bar visual AI platform system, and established a three-dimensional real-time monitoring system covering many aspects such as bar passenger flow and safety control. The system can automatically adjust the volume of songs according to the real-time passenger flow and intelligently adjust the song playing according to the customer excitement, so as to create the best atmosphere and experience for our customers.

Through the Internet of Things and intelligent, we have successfully automated the operation of our kitchen frying equipment, including order acceptance and distribution, automated batching of meal preparation, filtering and packaging of finished products, which has greatly enhanced the efficiency of our back kitchen.

We have developed an automatic beer draught machine and an automatic wine bucket machine that can take orders automatically, improving production efficiency and enhancing our customer service.

According to customers' behavioural preferences, we flexibly push various marketing to them and establish online and offline three-dimensional marketing networks.



Environmental, Social and Governance Report

We used digital technology to empower Helens' refined operation. Relying on machine learning, operation planning and other models, we significantly improved the estimated accuracy of bar procurement and realized accurate management of inventory to facilitate more refined business management with more efficient data analysis and provide favorable support for the Group's overall cost reduction and efficiency improvement. To strengthen the internal management of Helens, we upgraded the reimbursement system, which automatically generated reimbursement vouchers after the payment was completed. We also connected the personnel system with the financial system to automatically generate payroll vouchers and other work, significantly improving financial efficiency.

In addition, we have always put our customers' consumption experience first and mined customer feedback in the form of digital and visual through the customer evaluation system. At the same time, we have replaced traditional cash registers with cloud cash registers and introduced the micro-service development mode in the ordering system to enhance the stability of the ordering system and improve customer consumption experience. To ensure the normal operation of our bars, we have also introduced Bluetooth mobile printers to ensure normal order management in the event of network attacks, cloud platform maintenance, etc.

Environmental, Social and Governance Report

Information Security and Privacy

Helens firmly adheres to the bottom line of information security. We promise to protect customers' personal information from unauthorized access, use or disclosure through various security technologies, and will not sell or lend customers' personal information to anybody. In strict compliance with the Cybersecurity Law of the People's Republic of China and the Information Security Technology Personal Information Security Specification and other laws and regulations, we have formulated and implemented the Helens IT Information Security Management System, and continuously promote information security management through a sound internal information security management system focusing on network system maintenance, employee accounts, employee permissions, data backup, etc., to protect customers' personal information and private data security in all aspects. Details are as follows:

NETWORK SYSTEM MAINTENANCE

- Analyze and formulate timely solutions to system and network anomalies; file problem descriptions, analysis of causes, handling solutions and results for network problems pending resolution, etc.;
- Regular backup of server data;
- Regularly maintain the server, monitor external access and other situations, and handle any security problems in a timely manner.

ACCOUNT MANAGEMENT

- New employees need to apply for the use of computers, financial software, etc. before they can obtain the right to use them;
- When employees leave, they should submit their computer name, IP address, etc., to the network management personnel for registration and filing. The relevant information can only be deleted after the information of the leaving employees has been backed up.

LICENSING MANAGEMENT

- Strict licensing levels are set up for important systems, and mixed use of accounts of different licensing personnel is strictly prohibited;
- Set confidential registration (top secret, confidential, internal disclosure) for documents, and set the degree of openness according to the confidential registration;
- Modifications to important information are subject to authorization and approval, and then multi-party identification can take effect.

DATA BACKUP MANAGEMENT

- For important data, permanent backup and encrypted storage are required, and also a backup recovery system is established;
- For system operation data, regular backup is performed;
- For data backed up regularly, it is required to perform regular compression to reduce storage space, and delete data backed up regularly for an exceedingly long time.



Environmental, Social and Governance Report

Meanwhile, we carry out accurate control for bar clients, servers, computers, mobile offices and other data, and strengthen data security management by running cash register network and guest network respectively, restricting data usage rights, changing passwords regularly, etc. Furthermore, to ensure the effectiveness of data security management, we conduct data security management assessments in terms of data security management system construction, network structure and security devices, and server security configurations to identify data security vulnerabilities in a timely manner and deal with them effectively, so as to improve the overall data security management capability. We will also conduct regular information security spot checks to manage and optimize information and data that do not meet security standards in a timely manner. In FY2022, we masked sensitive fields to protect users' private data and strengthened the defense capability of our servers against network attacks by accessing high security servers to ensure information and data security. We continued to strengthen the construction of data and server infrastructure platform, built database query platform and server operation and maintenance management platform, set user privileges based on minimal principles, and monitored server status and server operation records to ensure data security.

To strengthen employees' awareness of their responsibility for information security protection, we clarify the responsibilities of employees for the security protection of customers' privacy information in the Group's confidentiality clauses and specify in the Helens' Employee Handbook that employees are prohibited from stealing or disclosing undisclosed documents or information of the Group, or otherwise they will be dismissed and investigated for legal responsibility. In addition, in order to implement the Group's requirements in data security management, we have formulated and implemented the Helens Data Security Reward and Punishment System, which stipulates violations of data security management policies and standards and related penalties for non-compliance, and incorporated data security assessment into performance assessment to effectively ensure data security.

Intellectual Property Protection

Helens also attach great importance to the protection of intellectual property rights. In strict compliance with the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China and the Copyright Law of the People's Republic of China and other laws and regulations, we carry out production and business activities in accordance with the law, so as not to infringe the intellectual property rights of others while fully protecting our own rights in accordance with the law. During the Reporting Period, we improved our intellectual property management system, formulated and published the "Rules on the Handling of Intellectual Property Rights of Hailun Group" to further strengthen the protection of our intellectual property rights in various areas such as trademarks, copyrights and patent rights.

In order to protect intellectual property rights from infringement, we continued to optimise our intellectual property protection mechanism and actively applied for registrations of intellectual property rights to ensure that they were clear and complete and of proper and lawful source. In FY2022, we applied for 213 trademark registrations and 16 registrations for copyright in works, and 5 core trademarks, including "Helens — Yue" to protect Helens' core brand in a practical and comprehensive manner. We filed 14 copyright registrations for the new look of our shops to protect our unique and commercially valuable shop decorations and styles.

Environmental, Social and Governance Report



Protection Measures of Intellectual Property Rights

- **Trademark Protection:** We reach cooperation with the intellectual property rights of third-party agencies to carry out domestic trademark searches, registration applications and other affairs, safeguard the legal trademark rights of the Group, and regularly apply for preventive objections to the same, similar and fake trademarks.
- **Copyright Protection:** We reach cooperation with the intellectual property rights of third-party agencies to carry out domestic copyright registration, inquiry, search and other affairs to safeguard the legal copyright of the Group.
- **Patent:** For the intellectual property rights of third parties involved in the operation of the digital management system, we actively communicate with the R&D team to obtain authorization to use intellectual property rights in a legal and compliant manner to protect the intellectual property rights of the Company and others.

During the Reporting Period, we established an internal channel for reporting infringements and continued to strengthen the monitoring and investigation of infringements. If employees become aware of any infringement of Helens' intellectual property rights, they may make report to Helens legal supervision and audit department by email or through our internal systems monitoring and reporting system to provide relevant information and evidence. If it is confirmed that an intellectual property right has been infringed, we will protect the Group's rights in accordance with the law through written correspondence, communication and complaints or legal proceedings, depending on the circumstances.



Environmental, Social and Governance Report

WORK TOGETHER

The growth of Helens cannot be achieved without the continuous efforts of every employee. We see our employees as partners in our progress. We are committed to creating a harmonious, congenial, comfortable and healthy working environment for all like-minded partners, and providing them with a diverse platform for development and equal opportunities. We are constantly exploring and optimizing our existing human resource management systems and processes in order to promote the growth of all our partners.

Safeguards Employee's Right

Compliance Employment

Helens strictly regulates various human resource management in accordance with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and the Provisions on Prohibition of Child Labor and other laws and regulations. We also further clarify the requirements on equal opportunities, diversity, anti-discrimination, remuneration and dismissal, recruitment and promotion, working hours and holiday in Helens Employee Handbook.

Employee under the legal working age is prohibited, and we rigorously check and confirm candidates' identity. We will strictly identify and prevent the use of child labour during the interview evaluation, entry report and entry file review. We respect the work intentions of our employees, follow the principle of voluntary overtime work, eliminate any form of forced labour, and regulate employees' working hours and rest periods in accordance with the law. Due to the particularity and business needs of the service industry, we have established relatively flexible working hours and make reasonable arrangements for the shift of our shop partners. If employees are required to work overtime on rest days or statutory holidays, we pay overtime in strict accordance with the statutory standards. During the Reporting Period, the Group did not find any child labor or forced labor-related violations.

Helens is committed to creating an equal and diverse work environment, and eliminating all discrimination or any differential treatment caused by gender, age, race, nationality, language, marital status, religious beliefs or other legally recognized characteristics of the place of business. A talented workforce is the driving force behind Helens' continued growth and we welcome all new blood who share our corporate culture and values. To this end, we have developed the Helens' Guideline for New Partner Interview and the and Helens' Operation Process for Internal Competition of Foremen and Store Managers to establish a more scientific and robust recruitment system.

Environmental, Social and Governance Report

As of December 31, 2022, the Group's breakdown by gender, type of employment, level of employees, age group and geographical region is as follows¹:

Key Performance Indicators		2022
Number of employees by gender, type of employment, level of employees, age group and geographical region		
Total number	Total	5,666
By gender	Male	4,033
	Female	1,633
By type of employment	In-house employees	1,637
	Outsourced personnel	4,029
By level of employees	Senior management	18
	Middle management	1,010
	Ordinary personnel	4,638
By age group	Under 30 years old	4,687
	30 to 50 years old	806
	Over 50 years old	173
By geographical region	Mainland China	5,661
	Hong Kong, PRC	5

We value all of our partners, but will not harbor or tolerate any employee who violates laws, regulations or the Group's rules and regulations or who has a negative work attitude. The Group strictly follows the Guidelines for Handling Departures to implement the departure process, and conducts pre-departure interviews with partners who resign on their own initiative, to understand their daily work and the real reasons for their departure, and provides a fixed length of the cooling-off period for outstanding talents, thus demonstrating the importance we attach to talents. In addition, we have an internal referral mechanism and a regular telephone survey mechanism for departing employees who are included in the Helens Talent Pool, and we welcome them back to Helens.

¹ Unless otherwise stated, employee information includes the Group's in-house employees and outsourced personnel.

Environmental, Social and Governance Report

The Group's employee turnover ratios² by gender, age group and geographical region are as follows:

Key Performance Indicators		2022
Employee turnover ratios by gender, age group and geographical region		
Employee Turnover Ratio		68.87%
By gender	Male	70.11%
	Female	65.32%
By age group	Under 30 years old	71.38%
	30 to 50 years old	48.13%
	Over 50 years old	36.63%
By geographical region	Mainland China	68.88%
	Hong Kong, PRC	44.44%

Rights Protection

We follow the basic principles of fairness, impartiality and openness, and have formulated and implemented the Helens Basic Law and the Helens Employee Handbook to fully protect the rights and interests of our employees. In addition to the basic rights of legal compliance, each employee of Helens also enjoys the right to consultation, the right to reserve opinions, the right to complain and criticize, the right to appeal and the right to report.

BASIC EMPLOYEE RIGHTS

Right to consult

While ensuring the smooth running of the work, the partners have the right to consult with their superiors, who have the responsibility to provide reasonable explanations and clarifications.

Right to reserve opinions

The partners have the right to keep their different opinions, which should not affect their work. Supervisors must not discriminate against subordinate partners for retaining their dissenting opinions.

Right to complain and criticize

The partners have the right to complain and criticize any management loopholes and unreasonable situations in the Company, and also have the right to make reasonable suggestions for improving the Company's operation and management.

Right to appeal

In response to the unjust treatment, the partners have the right to appeal to the immediate superior and sub-department, which shall pay great attention to and give a clear reply as soon as possible.

Right to report

We encourage our partners to report unreasonable matters, illegal and unlawful incidents, etc., in a factual manner through formal communication channels such as SOP, telephone and email.

² The employee turnover ratios are calculated by dividing the number of employee left during the year by the sum of the number of employee left during the end of Reporting Period and the number of employees.

Environmental, Social and Governance Report

We listen to our employees' voices and carefully deal with their suggestions, criticisms, reports and appeals in order to create an open and progressive working environment for our employees. We conduct regular employee satisfaction surveys to understand the opinions and views of our partners in terms of promotion mechanism, the degree of smooth interface with cross-departmental partners, team atmosphere, the management ability and methods of direct supervisors, and the efficiency of handling partners' opinions. The employee satisfaction survey covers all partners in the Operations Center. By regularly reviewing the results of the employee satisfaction survey and making improvements based on partners' opinions, the quarterly satisfaction rate has been improved during the Reporting Period. In addition, employees can provide feedback through other channels, including, but not limited to, anonymous feedback on the Ding Talk, sharing concerns at employee feedback events, and through family mailboxes or phone number 400.

Helens insists on gender equality and respects female employees, providing them with maternity protection and welfare care during pregnancy in accordance with the law, as well as providing them with equal employment and promotion opportunities.



CARE FOR FEMALE

We implement maternity leave policies in accordance with relevant national laws. At the same time, we extend leave for female employees based on their individual special circumstances, including but not limited to difficult deliveries, multiple births, and miscarriages. In order to balance the work-life of our employees, we provide parental leave for employees who have young children under the age of three.



VOCATIONAL DEVELOPMENT FOR FEMALE

We firmly follow equal employment and equal pay for equal work, and provide an equal platform for career development for female employees. In the past two years, the number of females in top management has also been increasing.

Compensation and benefits

Helens upholds the spirit of "being striver-oriented" and is committed to providing a workplace with "well fed, well paid and positive atmosphere" for our partners. We are thankful to our partners for their perseverance and dedication, offering competitive remuneration packages and continuously upgrading our welfare protection, and caring for the life of each and every one of them with sincerity.

Helens provides its employees with five social insurances and one housing fund in accordance with the law, and on top of this, we take out commercial insurance for them. We have developed a sound and reasonable remuneration system which strictly adheres to the principles of competitiveness and fairness, value based and performance based. With reference to the salary and benefit levels in our industry and regional talent market, we offer reasonable and competitive salary and benefits packages to our employees. At the same time, we adopt internationally accepted scientific position evaluation methods and democratic group decision-making to determine the salary levels of different positions. We have implemented a performance-based bonus system that incentivizes our employees to improve their work output. These bonuses serve as additional rewards on top of their basic salary.



Environmental, Social and Governance Report

To alleviate the burden of our employees in hardship, we set up a charity fund and distributed various subsidies. At the same time, Helens also creates a rich daily life and a happy and harmonious working environment for its employees through various team building activities, birthday celebrations and holiday benefits. During special times such as epidemics, we are mindful of the physical and mental health and well-being of our employees and continually protect their diverse welfare packages.



LOVE FUND

We have established a Love Fund to provide assistance to our partners facing special difficulties and with urgent needs. In FY-2022, the Group provided a Caring Fund of \$175,000 to support 98 partners.

PARTNER BENEFITS



We offer various allowances such as a new bar opening red packets, dormitory manager allowance, catering allowance, meal allowance, and other related allowances to employees who attend the opening day of a new bar, depending on the nature of their job. Helens offers its partners and their immediate family members discounts on in-bar purchases. Employees can receive a 50% discount on in-bar purchases in person, a 20% discount on in-bar purchases for invited guests, and immediate family members can also enjoy a free bill once a month.

TEAM BUILDING ACTIVITIES



To promote communication among staff, we provide funds for team building activities across bars, regional offices and head office functions, and encourage staff to organise innovative and fun team building activities with practical actions.

HOLIDAY CARES



We provide our partners with more generous meals on statutory holidays (an increase of RMB20 per person/day on top of the original meal rate) to improve the quality of meals. We also provide benefits to our partners on special holidays, with festive wishes and festive gifts.

Environmental, Social and Governance Report

Be a Promoter of Talents Growth

Employee Training

Helens places great importance on the development of its employees and is committed to developing their potential and cultivating more talented people. We consistently offer a diverse learning platform and establish an extensive range of training programs for our employees. In order to optimise the effectiveness of our training, we conducted employee satisfaction surveys, supervisory acceptance surveys and post-training visits to determine the level of employee satisfaction and mastery of the courses. As of the end of the Reporting Period, Helens' existing employee training system and training effectiveness are as follows:

THE EXISTING EMPLOYEE TRAINING SYSTEM IN THE HELENS

Training programs	Training groups	Training content and format	Training effectiveness
Helens' Talent Scheme Training Sessions	Junior employees	<ul style="list-style-type: none"> The Helens' Talent Scheme Training Sessions help junior partners enhance their basic business knowledge and clarify their job competencies through online courses and networking sessions. 	<ul style="list-style-type: none"> The Helens' Talent Scheme Training Sessions conducted 57 sessions with 1,108 participants, 948 passed, achieving a pass rate of 85.6% and a ratio of 6.58 Helens' Talent Scheme Training Sessions trainees/new bars opened.
Store Manager Competency Enhancement Training	Store managers at all levels	<ul style="list-style-type: none"> The Store Manager Competency Enhancement Training focuses on the development of managers' mindset and mentality in the form of live online courses, aiming to help shop managers at all levels clarify their responsibilities. 	<ul style="list-style-type: none"> 14 training sessions for junior bar managers were conducted, with 293 participants completed and a ratio of 2.03 bar managers trained/new bars opened. 4 training sessions for middle-level bar managers were conducted, with 88 participants completed. 3 training sessions for senior bar managers were conducted, with 33 participants completed.
Bright Sword Training Camp	Senior bar manager and above	<ul style="list-style-type: none"> The Bright Sword Training Camp focuses on offline case studies and book readings. The camp is geared towards broadening the mindset and vision of managers and strengthening their overall capabilities. 	<ul style="list-style-type: none"> 1 Bright Sword Training Camp was conducted, with 26 participants completed.

Environmental, Social and Governance Report

In 2022, we introduced a communication section on our online learning and growth platform, “Cloud Academy”, and actively incorporated marketing courses and curated online learning content such as corporate partnership design and user experience map case studies to inspire and engage our staff. Also, we have introduced the “Shanghai Bookstore” reading club to create a learning organisation and encourage our partners to develop good study habits.

“SHANHAI BOOKSTORE” READING CLUB



The “Shanghai Bookstore” reading club has been successfully conducted for a total of two sessions, with a total of 150 partners from different regions and levels participating. The reading club involves a daily reading schedule where partners can share their reading experiences, raise questions related to work scenarios, and receive answers from other partners. We also motivate partners to actively participate in the book club by offering in-kind rewards.

During the Reporting Period, we replaced the traditional “once a problem is identified, the whole team learns” format with customized learning activities. By making reference to store supervisory scores, customer complaint rate, food safety results, partner growth and other data analysis, we can efficiently and accurately organize customized training for specific employees. After the training, we measure the effectiveness by analyzing the customer complaint rate, store supervisory performance, partner awareness of conservation, food safety rating and partner satisfaction.

CUSTOMIZED LEARNING ACTIVITIES

As of December 2022, a total of 98 customized learning activities have been carried out in 15 regions across the country, including 74 foreman-level activities and 24 bar manager-level activities, with a total of approximately 30 people per activity. We carried out training for partners in the form of case analysis, experience sharing, team PK, etc., covering corporate culture, talent training, team atmosphere building, cadre discipline, cost reduction and efficiency enhancement, standardization, improvement of customer satisfaction, food safety, effective communication, etc.



Environmental, Social and Governance Report

As of December 31, 2022, the percentage of the Group's trainees by gender and employee category and the average number of training hours completed by each personnel were as follows³:

Key Performance Indicators		2022
Percentage of trainees by gender and employee level		
Percentage of trainees	Total	100%
By gender	Male	71.30%
	Female	28.70%
By employee level	Senior management	0.18%
	Middle management	15.65%
	Ordinary employees	84.17%
Average number of training hours by gender and employee level (unit: hours)		
Average number of training hours	Total	63.02
By gender	Male	64.33
	Female	59.74
By level	Senior management	4.28
	Middle management	28.10
	Ordinary employees	69.64

Performance Evaluation

Helens has established a Target Performance Management System in compliance with the principles of "matching strategy, target traction, focusing on growth, fairness and openness". We have established a target performance management system and conducted quarterly performance appraisals for all our employees, with an aim to guide the work behavior of our partners by setting performance goals. We also encourage management to communicate with partners in the process of target performance management, so as to encourage partners to further improve their own working capabilities. Meanwhile, we attach importance to the opinions of our employees on the formulation of performance goals, result evaluation, etc., and put forward suggestions for handling according to the specific content. In addition, we organize meetings for review of target performance management to review the achievement of performance goals by partners in each department on a monthly basis, so as to correct and solve problems in a timely manner, thereby helping partners make progress.

³ The training data includes all employees of the Group.



Environmental, Social and Governance Report

Talent Promotion

With a focus on talent echelon construction, Helens helps outstanding talents with ability and potential to stand out through the “Horse Racing Mechanism” of ability to go up and down. We implement dynamic planning to adjust the Group’s strategy of talent echelon construction to achieve rational flow and rational allocation of talents. Meanwhile, we are committed to creating a clear career development path for our employees. In order to demonstrate the personal value of each employee, we have set up a dual-channel career development. Pursuant to which, employees can choose either management channel or professional channel based on their own advantages.

Helens gives priority to talents who meet the “Seven Priority Principles”, and has two major methods for selection and promotion in place: departmental nomination and internal competition. Strictly following the principles of openness and transparency, smooth channels and decision-making in groups, we ensure the openness of various working processes such as selection and promotion, make fair evaluations for each partner, and provide fair development opportunities.

SEVEN PRIORITY PRINCIPLES



- 1 Priority is given to the selection of people who do it from the front line;
- 2 Priority is given to the selection of people from high-performance teams;
- 3 Priority is given to the selection of people who obey the deployment, take the initiative to go to difficult markets or new markets and make contributions;
- 4 Priority is given to the selection of people who are brave enough to successfully complete the challenge;
- 5 Priority is given to the selection of people who are good at cultivating talents;
- 6 Priority is given to the selection of people who have potential and love to think;
- 7 Priority is given to the selection of people who dare to criticize and self-criticize.

Ensuring the Safety of Partners

We regard it as our responsibility to provide a safe working environment for our partners, and strictly abide by relevant laws and regulations such as the Code of Occupational Disease Prevention of the People’s Republic of China, the Safety Production Law of the People’s Republic of China and the Fire Protection Law of the People’s Republic of China to ensure comprehensive compliance. We attach importance to the personal safety awareness of our employees, and distribute Employee Safety Notice to remind our employees to integrate safety concepts into their daily work and life from multiple dimensions, such as fire safety, standardized electricity use, and driving safety.

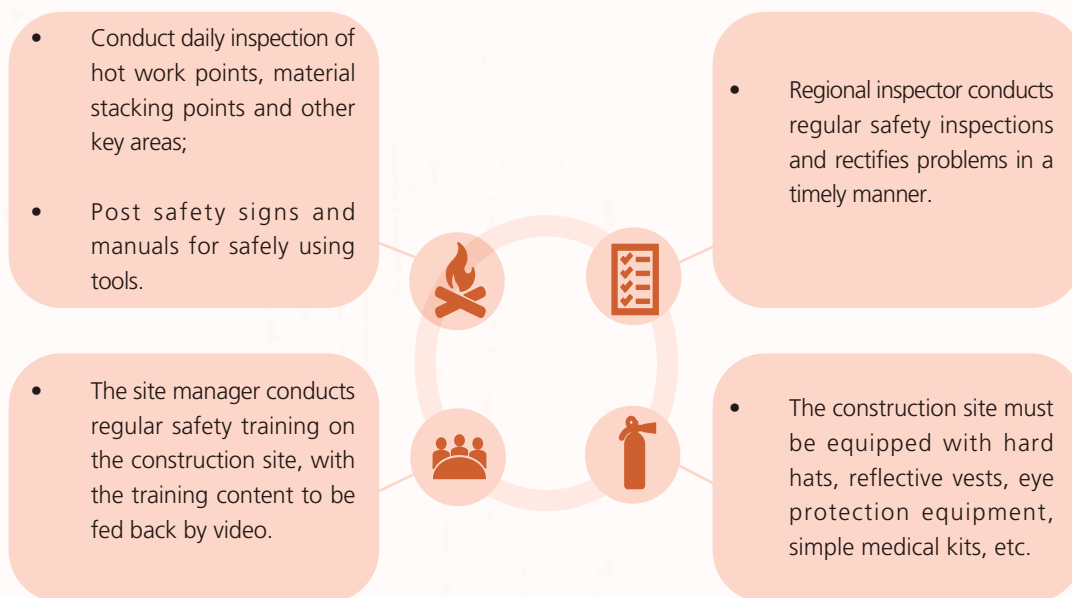
Construction Safety Management

With a focus on safety management at the construction site, we have formulated the Safety Code for Construction Personnel at Helens Site and the Code for Safety Management at Site to strictly implement the regulations of safety management at the construction site. Meanwhile, we strengthen the management of outsourced contractors by explicitly requiring them to purchase insurance for each construction worker during the construction process. We also cooperate with partners to pay attention to the safety of the construction site. At the early stage of construction, the on-site

Environmental, Social and Governance Report

supervision committee organizes an overall meeting to emphasize the project’s construction period, quality standards, safety, handling of emergency response plans and other requirements. During the construction, the regional manager organizes meetings of safety training with the regional supervisor and outsourcing manager on a monthly basis, so as to study and strengthen the construction standards, details to be noticed during construction, as well as safety issues.

SAFETY MEASURES ON CONSTRUCTION SITE



Details of work-related injuries and fatalities of Helens’ employees in the past three years are as follows:

Number and Rate of Work-related Fatalities	Number of work-related fatalities (Unit: person)	Ratio of work-related fatalities
2022	0	0.00
2021	0	0.00
2020	0	0.00
Day Lost Due to Work-related Injury (Unit: day)		
2022		2,092

Environmental, Social and Governance Report

Store Safety Management

Helens attaches great importance to the safety management of bars and is committed to creating a safe and comfortable working environment for employees. We carry out the configuration and maintenance of bar safety facilities according to national standards such as GB50016–2014 Code for Fire Protection Design of Buildings, GB51309–2018 Technical Standard for Fire Emergency Lighting and Evacuation Indication System and GB/T29639–2013 Guidelines for Enterprises to Develop Emergency Response Plan for Work Place Accidents, and ensure adequate equipping of facilities. We have formulated the Helens Fire Safety Responsibility System to set up fire safety responsible persons and fire safety managers to clarify the responsibilities of each position. We also provide safety training for all our employees, including how to use fire equipment, to ensure that our employees fully understand the skills to use fire equipment.

CONSTRUCTION OF FIRE SAFETY CULTURE



- Ensure that all fire exits are clear and electrical equipment that has not been used for a long time were switched off on time;
- All employees must know how to use fire extinguishers, fire blankets, gas masks, etc.;
- Partners working in the operating room should be familiar with the steps to extinguish a kitchen boiler fire, and there will be quarterly drills for them;
- The kitchen is equipped with one 1.5 – 2kg water-based fire extinguisher, one 1.5 – 2kg dry powder fire extinguisher, two 1.5m x 1.5m fire blankets and two gas masks;
- Conduct monthly fire safety inspections and complete the “List of Fire Equipment for Each Building in the Support Center”.

Employee Health Management

Paying great attention to employees’ mental and physical health, and advocating the combination of labor and rest, Helens regularly organized employees to participate in rich sports activities to adjust their working status and release their pressure at work.

CONCERN FOR EMPLOYEES’ PHYSICAL AND MENTAL HEALTH “HI! DO SPORTS IN SUMMER”



During the Year, Helens organized Summer Sports Meeting, including rope skipping, running in bound group, hula-hoop relay, and tug-of-war, which enriched employees’ spiritual life, and built a harmonious and friendly enterprise atmosphere.



During the COVID-19, Helens always kept up with the COVID-19 prevention policies issued by local government departments, actively organized bar disinfection, and shared COVID-19 prevention knowledge with working partners, required working partners on duty to wear masks and change them in time according to regulations, effectively protecting the health of every working partner.

Environmental, Social and Governance Report

GREEN COMMITMENT

Fully aware of its environmental impacts from operations, Helens actively implements the sustainable operation concept. We focus on climate changes and continue to optimize our environmental management system to enhance our ability to cope with climate changes; we advocate green operations, continuously improve our environmental management system, and explore ways to save energy and reduce emissions, in order to improve the efficiency of resource use; we also vigorously promote the design and application of sustainable packaging to reduce environmental impact from the source.

Carrying Out Green Operations

Always taking “energy saving, consumption reduction, and sustainable operation” as the development goal, Helens has constantly improved the energy and water usage management in bars, and ensured the reasonable utilization of energy and water resources. We are committed to continuously reducing wastes and emission of greenhouse gas and waste gas in response to the risks and opportunities brought forth by climate changes, in order to build a green and low-carbon enterprise environment.

Energy Efficiency and Emission Management

Helens strictly abides by the Energy Conservation Law of the People’s Republic of China, actively explores the usage of energy-saving equipment, standardizes the allocation and layout of equipment in bars, comprehensively strengthens energy management, and effectively reduces the emission of greenhouse gas.

ENERGY-SAVING EQUIPMENT

- **Lighting equipment:** All the lights in bars shall adopt LED lights, in order to reduce the power consumption while ensuring that the illuminance meets the requirement;
- **Air conditioning:** Apply low-energy air conditioning in bars, in order to improve energy efficiency while ensuring the same output effect.

ALLOCATION AND LAYOUT

- **Use of bar signs:** Use timing switches to control the use of bar signs to ensure that they are turned off during non-business hours and reduce power consumption;
- **Set separate switches at different areas:** According to the actual work requirements of each area of bars, equip them with energy-saving lamps and set separate switches at different areas to reduce power consumption in the process of bar sanitation and cleaning;
- **Install smart meters:** Equip with smart meters in bars nationwide to collect monthly electricity consumption data of bars, and analyze large data of back-office smart meters to ensure reasonable electricity consumption and help energy management;
- **Optimize ventilation equipment in bars:** Optimize the exhaust layout and channel layout, and adopt low-power and large ventilation equipment to reduce power consumption, and reduce noise generation.



Environmental, Social and Governance Report

EXHAUST GAS MANAGEMENT

- We constantly update the kitchen smoke exhaust system of the bar, and install a high-efficiency lampblack purifier, which greatly reduces the emission of lampblack;
- We choose environmentally-friendly wall coating during the bar construction process to reduce the generation of harmful gases and ensure the air quality in the bar.

Water Use Efficiency and Waste Water Management

Helens' water source comes from the municipal pipe network, and there is no problem in sourcing water. We always pay attention to the efficiency of water resources use in the operation process and carry the concept of water conservation through all aspects of operation. In our daily life, we promote water conservation to avoid unnecessary water wastage. We also treat kitchen wastewater properly to ensure the compliance of our bars with sewage regulations.

SEWAGE MANAGEMENT



- The sewage generated during the operation of Helens is mainly kitchen sewage. We use an oil-water separator to separate the oil-polluted sewage, discharge the separated sewage to the municipal sewage website for treatment, and carry out special treatment of the separated waste oil residue. We regularly clean the oil-water separator by removing the oil and residues, and prevent the direct discharge externally.

WATER MANAGEMENT



- We standardized the reuse of disinfectant fluid in the Standard Training Card for Cleaning and Disinfection of Equipment and Items, requiring that the used disinfectant water should be reused for mopping, sink or floor drain disinfection to reduce waste;
- In FY-2022, more than 400 bars were equipped with pipeline machines or water purifiers to reduce water yield and consumption.

Environmental, Social and Governance Report

Noise Management

Helens attaches great importance to noise management during bar construction and operation. In order to reduce noise pollution, we have effectively strengthened the noise management in terms of the selection of bar location, daily noise management and selection of sound-proof materials.

SELECTION OF SITE LOCATION

- Avoid residential areas during the selection of bar location;
- Choose to conduct construction during the period with the lowest impact on others according to the surrounding situations of the bars under construction;
- Construction with noisy tools shall be conducted beyond the business hours of malls.

DAILY NOISE MANAGEMENT

- Noise reduction tools such as silent air pumps are used during construction;
- We set a sound insulation and shock-absorbing ceiling to prevent the noise from spreading in the form of vibration;
- Effectively choose customized low-noise sound insulation fans;
- Install sound elimination boxes at the end of the pipeline;
- External air conditioners close to residents or with noises are equipped with noise barriers, and fully enclosed construction is conducted.

SELECTION OF SOUND-PROOF MATERIALS

- The wall masonry adopts sound insulation cotton layer to reduce noise transmission, and the building blocks are sound-proof, which can block the noise transmission together with the sound insulation cotton;
- Use sound-proof glass and aluminum trusses in the facade partitions which externally display the interior effects of the bar;
- Two doors with sound-proof materials are required in some specially required malls to prevent the direct transmission of noise when the door is opened.



Environmental, Social and Governance Report

Waste Management

Helens pays close attention to the generation and treatment of waste in the operation process, with kitchen waste and construction waste being the two major sources of waste. We strictly follow the Solid Waste Pollution Prevention and Control Law of the People's Republic of China and other relevant laws and regulations to dispose of waste, and implement waste classification work in bars across the country to improve the efficiency of waste classification management.

In view of the waste grease and other kitchen waste generated during the operation of the bar, we entrust qualified third-party recycling companies to properly handle it, and regularly supervise and review the handling to ensure that the kitchen waste is properly handled. We entrust professional garbage removal agencies to deal with construction waste and classify construction waste to improve the utilization efficiency of resources. In addition, we actively explore waste recycling and secondary utilization of waste. Waste paper will be sent directly to paper mills to produce recycled paper. Beverage bottles, cans, and other plastic items will be sent to relevant factories to form renewable resources. Home appliances will be sent to specialized manufacturers for decomposition and recycling to improve the reuse rate of resources.

At the same time, in order to further improve the reuse rate of building materials and reduce the generation of waste materials, we continue to implement the following measures:

ENVIRONMENTALLY-FRIENDLY BUILDING MATERIALS

- Almost all red bricks in the bars have been changed into cement bricks, significantly reducing the use of red bricks;
- The modern design and seats use iron crafts instead of wood to reduce the use of wood;
- The decoration of bars completes without using varnish as before.

USE OF BUILDING MATERIALS

- We rationally plan the use of building materials and require construction workers to maximize the use of building materials and reduce the generation of construction waste;
- We will arrange special personnel to recycle the decoration materials of the closed bars and use the recyclable parts for the construction of new bars.

Be an Innovator in Low-carbon Transformation

Sustainable Tableware and Packaging

Helens firmly believes that a leader of the bar industry should also be an innovator in environmental measures. We strengthen source management and prioritize the use of environmentally friendly and degradable raw materials to reduce the impact of plastic products on the environment. Meanwhile, we actively respond to the call of "reducing waste and reducing plastic", work together with suppliers to proactively explore environmental design, and are committed to providing customers with 100% degradable tableware and packaging.

Environmental, Social and Governance Report

Sustainable Tableware and Packaging



Fully degradable salad cartons



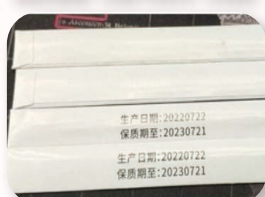
Fully degradable salad carton lids



Coffee sticks



Degradable bamboo forks



Degradable bamboo skewers



Nine-inch dish made of sugarcane pulp



Fully degradable garbage bags



PLA straws

Sustainable Packaging Usage in National Stores (Partial)

Types of sustainable packaging	Coverage area	Coverage rate
Fully degradable salad cartons and lids	Hainan, Shanghai	100%
Fully degradable garbage bags	Hainan	100%
Nine-inch dish made of sugarcane pulp	Hubei, Chongqing, Sichuan	100%



Environmental, Social and Governance Report

Responding to Climate Change

Climate change has become a common challenge for all humanity, and Helens concerns about the actual or potential impacts of climate change on current business, operations, and financial conditions. In order to comprehensively understand and evaluate the challenges and opportunities of climate change, the Group conducted climate risk identification and assessment during the Reporting Period, and identified 2 significant physical risks, 2 significant transition risks, and 3 significant opportunities. We closely monitor the identified risks and opportunities and have developed relevant policies and a series of response measures to enhance our climate risk resilience.

CLIMATE CHANGE RISKS

Type of Risk	Risk Description	Impact Dimension	Response
Physical risk	Impact of extreme weather	Affecting the personal and property safety of internal and external stakeholders, as well as the business continuity	In extreme weather conditions, product packaging may break, or products may deteriorate during transportation. We will communicate with suppliers based on the actual situation, adjust logistics delivery time and quantity in a timely manner, and require suppliers to take heatstroke prevention measures at any time
	Impact of climate pattern changes	Increased operating costs (such as increased bar rental costs due to the power rationing policy)	Always pay attention to changes in electricity policies, continue to promote the work of "reducing costs and increasing efficiency", and carry out relevant risk identification and assessment in advance
Transition risk	Reputation impact	Change in consumer preferences	Prioritize the use of sustainable packaging
	Impact of material price changes	Affecting the stable supply of the supply chain	Long-term strategic partnerships with suppliers

Environmental, Social and Governance Report

CLIMATE CHANGE OPPORTUNITIES

Opportunity Description	Impact Dimension	Response	
Climate Opportunities	Opportunities for improving resource efficiency	Realizing operating cost savings through the digital operation	Strengthen the construction of smart bars and implement the concept of intelligent operation
	Opportunities for products and services	Replacing existing products and services with low-carbon digital products and services to increase revenue or reduce expenses	Widely use low-carbon digital products and services
	Diversified business development Opportunities	Deploying green and low-carbon products and businesses in line with national industrial development strategies in a timely manner	Continuously pay attention to low-carbon and emission reduction technologies and services, and explore low-carbon products and sustainable packaging

Environmental, Social and Governance Report

ENVIRONMENTAL KEY PERFORMANCE INDICATORS⁴

Key Performance Indicators ⁵	Unit	2022
A1.2 Greenhouse Gas Emissions		
Total greenhouse gas emissions ⁶	Tons of carbon dioxide equivalent	18,462.27
Intensity of total greenhouse gas emissions	Tons of carbon dioxide equivalent/RMB million	16.20
Indirect greenhouse gas emissions (Scope 2) ⁷	Tons of carbon dioxide equivalent	18,462.27
A1.4 Waste		
Weight of non-hazardous waste production ⁸	Tons	34.03
Intensity of non-hazardous waste production	Tons/RMB million	0.03
Weight of discarded glass bottles	Tons	28.48
Weight of discarded packing cartons	Tons	5.54
A2.1 Use of Resources		
Total energy consumption	Thousand kWh	31,789.03
Intensity of total energy consumption	Thousand kWh/RMB million	27.90
Electricity consumption	Thousand kWh	31,789.03
A2.2 Water Consumption		
Total water consumption	Cubic meters	519,914.43
Water consumption intensity	Cubic meters/RMB million	456.33

⁴ Unless otherwise stated, the Group's environmental performance indicators cover over 500 bars that opened and were not closed operated by Helens International Holdings Company Limited and its subsidiaries during the Reporting Period from January 1 to December 31, 2022.

⁵ The intensity of environmental data is calculated by taking the operating income of over 500 bars that are covered in the environmental performance indicators (RMB million) during the Reporting Period as the denominator.

⁶ Total greenhouse gas emissions include data on indirect greenhouse gas emissions (Scope 2). According to the Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions from Public Building Operating Units (Enterprises) (Trial) issued by the National Development and Reform Commission in 2015, the emission of refrigerators and air-conditioning refrigerants in Helens bars as fugitive emission sources is too small, which is not significant for the Group's environmental impact assessment, so it is not disclosed. During the Reporting Period, as the Group used its own business vehicles less frequently and the environmental impact of the associated emissions was not significant, the direct greenhouse gas emissions (Scope 1) is not disclosed.

⁷ Indirect greenhouse gas emissions (Scope 2) come from the consumption of purchased electricity. According to Appendix II: Environmental Key Performance Indicators Reporting Guidelines to How to Prepare Environmental, Social and Governance Report? updated by the Stock Exchange in May 2021, Helens' indirect greenhouse gas emission factor refers to the Notice on Doing a Good Job in the Management of Enterprise Greenhouse Gas Emission Reports in 2022 issued by the Ministry of Ecology and Environment of the People's Republic of China on March 15, 2022.

⁸ The total amount of non-hazardous waste from Helens comes from the use of packaging cartons and glass bottles. During the Reporting Period, the Group optimised its statistical methods and standards for non-hazardous waste, and compiled statistics based on the purchase records of cartons, glass bottles, etc. and the recycling records of non-hazardous waste to further refine the data management.

Environmental, Social and Governance Report

SOCIAL RESPONSIBILITY

Over years, Helens has fulfilled its social responsibility with practical actions and actively responded to the demands of the public, with a commitment to creating a harmonious and warm community atmosphere for and providing strong support and assistance to the public. We will continue to leverage on our strengths and specialties to promote public welfare, and encourage our employees and drive consumers to participate in charity activities to build a harmonious and friendly society.

Be a Demonstrator of Corporate Citizenship

During the Reporting Period, we set up a public welfare activity implementation team, which is responsible for the planning and overall management of various activities, while also carries out several public welfare themes with “branding”, “serialization”, and “visualization”. We plan to liaise and communicate with more well-known public welfare organizations to continuously fulfill our corporate social responsibility.

Implementation of Public Welfare Activities

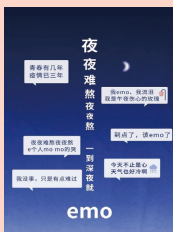
Protecting public health: We actively monitor the development of the epidemic and gave away smiling masks customized by Helens to the public. In the meantime, we are also care about the mental health of youngsters, and launch public welfare activities to relieve catharsis and psychological pressure.

Public service campaign: In order to thank our customers for their support, we continue to carry out free drinks and public welfare activities.

Protecting biodiversity: We value biodiversity and have made a strong appeal to protect Amur tigers.

PROTECTING PUBLIC HEALTH

Free mask activity: In May 2022, we launched a public welfare activity to give away masks for preventing and controlling the epidemic by joining hands with various platforms and channels, accumulating more than 2 million exposures, in order to call on the public to pay attention to health. About tens of thousands of medical masks were given away for free to more than 80,000 customers in all bars of Helens, including 100,000 smiling masks customised by Helens.

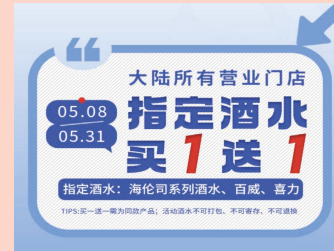


Curing emotional anxiety: We pay attention to youngsters' mental health issues and encourage participants to express negative emotions bravely. In April 2022, Helens launched a public welfare activity for releasing emotions and curing anxiety. We released a home-made public service healing video called “The Sea of Life” (人生海海) and launched an online document called “Emotional Shelter” (情緒收容所) for customers to leave messages and express their feelings. As of the end of the Reporting Period, the “Emotion Shelter” online document had been viewed for approximately 100,000 times, with over 3,000 edited entries.

Environmental, Social and Governance Report

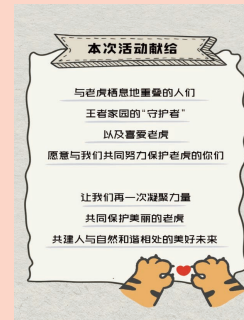
PUBLIC SERVICE CAMPAIGN

During the Reporting Period, we launched a 24-day rewards activity with buy one get one free on selected drinks at all our business outlets in Mainland China, in order to give back to our customers for their long-term support with practical actions.



PROTECTING BIODIVERSITY

On Global Tiger Day in this year, Helens was co-sponsored a campaign with CMchuanbo.org (CM公益傳播) to call for public participation in protecting Amur tigers. In order to encourage more citizens participating in the campaign, Helens launched the topic of "Help Tigers Occupying the Hilltop"(幫老虎佔山頭). Customers who interacted with Helens and the topic on Weibo will be given the chance to get a no-threshold drink voucher. As a representative of the bar industry, Helens continues to make efforts to actively participate in the conservation of biodiversity and protect our beautiful homeland together.



Environmental, Social and Governance Report

APPENDIX: CONTENT INDEX OF SEHK'S ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDELINES

ESG indicators		Disclosure	Corresponding section
Subject Area: Environmental			
A1: Emissions			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Disclosed	Carrying Out Green Operations
A1.1	The types of emissions and respective emissions data.	N/A ⁹	
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and, where appropriate, intensity.	Disclosed	Environmental Key Performance Indicators
A1.3	Total hazardous waste produced and, where appropriate, intensity.	N/A ¹⁰	
A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	Disclosed	Environmental Key Performance Indicators
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Disclosed	Carrying Out Green Operations
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Disclosed	Carrying Out Green Operations
A2: Use of Resources			
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Disclosed	Carrying Out Green Operations
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity.	Disclosed	Environmental Key Performance Indicators
A2.2	Water consumption in total and intensity.	Disclosed	Environmental Key Performance Indicators
A2.3	Description of energy use efficiency target(s) set and the steps taken to achieve them.	Disclosed	Carrying Out Green Operations

⁹ Only few official vehicles of the Group was in use during the Reporting Period and was not disclosed because its emission value was too small to be material to the Group's environmental impact assessment.

¹⁰ The Group only produces a small amount of hazardous waste during the operation of the bar, which is not disclosed because it is too small to be material to the Group's environmental impact assessment.

Environmental, Social and Governance Report

ESG indicators		Disclosure	Corresponding section
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Disclosed	Carrying Out Green Operations
A2.5	The total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A ¹¹	

A3: The Environment and Natural Resources

General disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Disclosed	Carrying Out Green Operations
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions are taken to manage them.	Disclosed	Carrying Out Green Operations

A4: Climate Change

General disclosure	Policies on identification and mitigation of significant climate related issues which have impacted, and those which may impact, the issuer.	Disclosed	Be an Innovator in Low-carbon Transformation
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Disclosed	Be an Innovator in Low-carbon Transformation

Subject Area: Social

B1: Employment

General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Disclosed	Safeguards Employee's right
B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Disclosed	Safeguards Employee's right
B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	Safeguards Employee's right

¹¹ As the Group's own products are manufactured by manufacturing service providers and suppliers do not have a statistical mechanism for relevant information, we plan to drive suppliers to establish a mechanism for the effective disclosure of relevant information in the coming fiscal years.

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ESG indicators		Disclosure	Corresponding section
B2: Health and Safety			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Disclosed	Ensuring the Safety of Partners
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Disclosed	Ensuring the Safety of Partners
B2.2	Lost days due to work injury.	Disclosed	Ensuring the Safety of Partners
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Disclosed	Ensuring the Safety of Partners
B3: Development and Training			
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	Be a good enabler of talent growth
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	Be a good enabler of talent growth
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	Be a good enabler of talent growth
B4: Labor Standards			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Disclosed	Safeguards Employee's right
B4.1	Description of measures to review employment practices to avoid child labor and forced labor.	Disclosed	Safeguards Employee's right
B4.2	Description of the steps taken to eliminate such practices when discovered.	Disclosed	Safeguards Employee's right

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ESG indicators		Disclosure	Corresponding section
B5: Supply Chain Management			
General disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	Compliance Operating Practitioner
B5.1	Number of suppliers by geographical region.	Disclosed	Compliance Operating Practitioner
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Disclosed	Compliance Operating Practitioner
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed	Compliance Operating Practitioner
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	Compliance Operating Practitioner
B6: Product Responsibility			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	Disclosed	Be a Leader in Customer Service
B6.1	Percentage of the total products sold or shipped subject to recalls for safety and health reasons.	Disclosed	Be a Leader in Customer Service
B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	Be a Leader in Customer Service
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	Compliance Operating Practitioner
B6.4	Description of the quality assurance process and recall procedures.	Disclosed	Be a Leader in Customer Service
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Disclosed	Compliance Operating Practitioner

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ESG indicators		Disclosure	Corresponding section
B7: Anti-Corruption			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Disclosed	Compliance Operating Practitioner
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Disclosed	Compliance Operating Practitioner
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Disclosed	Compliance Operating Practitioner
B7.3	Description of the anti-corruption training provided to directors and staff.	Disclosed	Compliance Operating Practitioner
B8: Community Investment			
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Disclosed	Be a demonstrator of corporate citizenship
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Disclosed	Be a demonstrator of corporate citizenship
B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	Be a demonstrator of corporate citizenship