

POU SHENG INTERNATIONAL (HOLDINGS) LIMITED

寶勝國際(控股)有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

(Stock Code 股份代號:3813)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

2024



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

1 ESG REPORTING FRAMEWORK

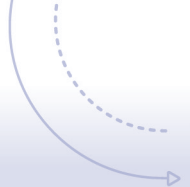
To inform all stakeholders about the environmental, social and governance (the “ESG”) policies, measures and performance of the Group, the Group has prepared this ESG report (the “Report”) pursuant to the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) as set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and have complied with the four reporting principles, namely “materiality”, “quantitative”, “balance” and “consistency”.

Reporting principles

Materiality	The ESG working task force of the Company (“ESG Working Task Force”) prioritised the key issues of concern to stakeholders by analysing their environmental, social and business operational impacts through stakeholder surveys, the results of which were reviewed by the board of directors of the Company (the “Board”) at meetings.
Quantitative	The Group established internal guidelines with reference to the guidelines of the Stock Exchange, industry practices and laws and regulations, collected relevant data and information in relation to environmental and social performance indicators from business units, and maintained relevant supporting documents, which were submitted to the Board for review after verification by the ESG liaison and the ESG Working Task Force. For the calculation criteria, methodologies and assumptions (if applicable) in the calculation of data relating to the performance indicators, please refer to relevant sections of the Report. Since the data relating to the performance indicators in the Report are rounded, the total number of percentages of individual data may not be equal to 100%.
Balance	All the data and information of the Group are disclosed in an objective manner, so that stakeholders are able to make an impartial and justifiable assessment of the overall ESG performance of the Group.
Consistency	The ESG Working Task Force continued to review the previous and existing statistical method and calculation to ensure that the relevant data disclosed in the Report followed a consistent statistical method, the same statistical and conversion approach, in order to allow stakeholders to make meaningful assessments.

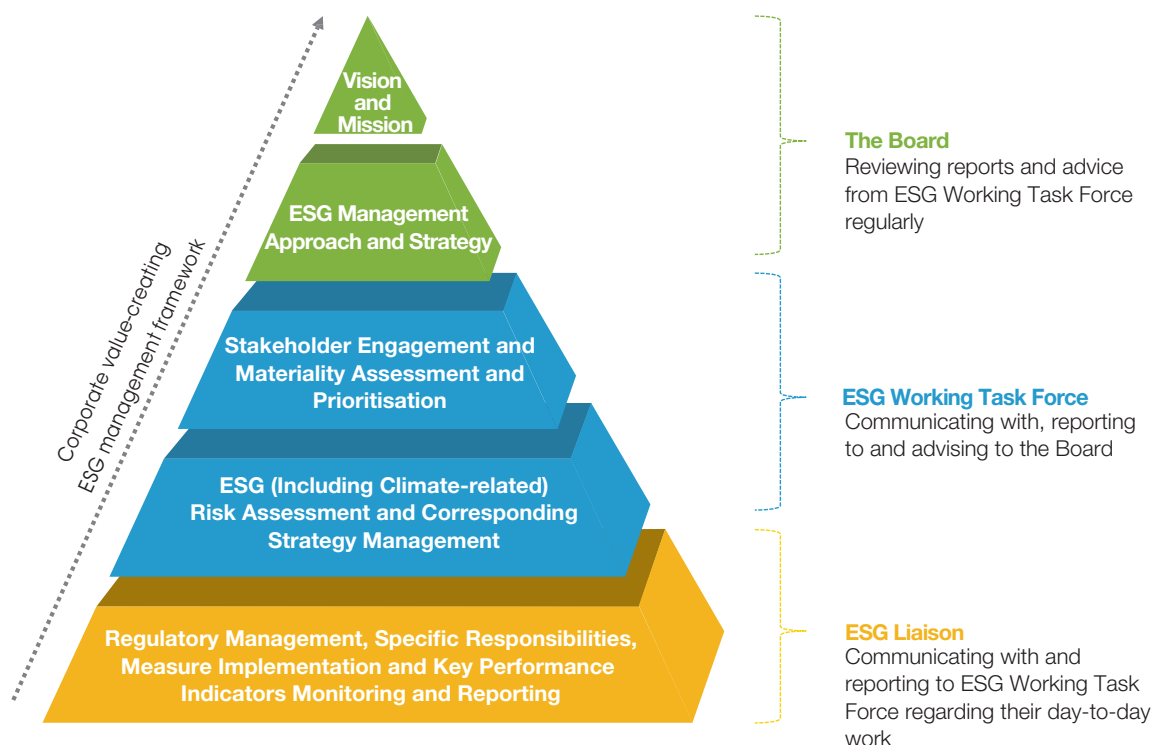
2 SCOPE OF ESG REPORTING

The Report covers the retail of sportswear and footwear products, distribution of licensed products and sports services businesses of the Group for the period commenced from January 1, 2024 and ended on December 31, 2024 (“the Reporting Period”), including the performance and specific practices of offices, directly operated stores, sports cities and department store counters in regions where the Group mainly operates to fulfil its environmental and social responsibilities, while joint ventures are excluded. When determining the scope of the Report, the Group takes into account the factors such as the level of impact of the ESG risks on the business, its vulnerability and the resources allocated in controlling the ESG risks. The scope of the Report is prepared by the ESG Working Task Force and then submitted to the Board for review.



3 ESG GOVERNANCE STRUCTURE

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



The functions of the Board, the ESG Working Task Force and ESG liaison are described as follows:

3.1 The Board of Directors

The Board takes a leadership role in setting the ESG (including climate-related) governance direction as well as in developing an effective and measurable vision for the ESG strategies. In addition, the Board will meet every six months to resolve ESG-related issues, including but not limited to:

- Assess the implementation of current ESG (including climate-related) targets and determine future ESG (including climate-related) targets;
- Review and monitor the implementation and results of the ESG governance strategies regularly and make appropriate adjustments based on the Group's performance and external environment; and
- Review ESG-related policies and reports.



3 ESG GOVERNANCE STRUCTURE (Continued)

3.1 The Board of Directors (Continued)

The Board also attaches importance to ESG (including climate-related) risk management and internal control measures, and delegates authority to the management of the Company (the “Management”) to identify and assess risks (including ESG risks), and to conduct ESG monitoring, details of which are set out in the section “Internal Control and Risk Management” in the Corporate Governance Report of the annual report of the Group (the “Annual Report”). The Board should lead the Management to continuously improve ESG risk management across business units and retail stores, and provide guidance on the identification, assessment and management of material risks so as to enhance the Group’s ability to predict and respond to ESG (including climate-related) risks.

The Group is particularly concerned with the internal control mechanism that is closely related to its daily operations. Therefore, the Board has delegated the authority to the Audit Committee to monitor the adequacy and effectiveness of the internal control system of the Group, and identify the weaknesses of internal control and propose remedial measures.

Also, the Board regularly assesses whether its members have the necessary skills and competencies to oversee climate-related matters at present and in the future, and strengthens their expertise through ongoing training. In overseeing the Group’s strategy, major transaction decisions and risk management procedures, the Board considers ESG (including climate-related) risks and opportunities in a holistic manner and assesses the relevant trade-offs.

3.2 ESG Working Task Force

The ESG Working Task Force was established under the leadership of the Board. It is primarily responsible for the implementation of the Group’s ESG strategies, identifying and evaluating ESG (including climate-related) risks and opportunities such as identifying the risks and opportunities brought by different types of climate to the Company’s operation, and analysing their financial impacts and corresponding implementation strategies in a timely manner. Members of the ESG Working Task Force are comprised of officers at managerial level or above from different functional departments to ensure the possession of cross-departmental expertise and the effective performance of its functions.

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

3.3 ESG liaison

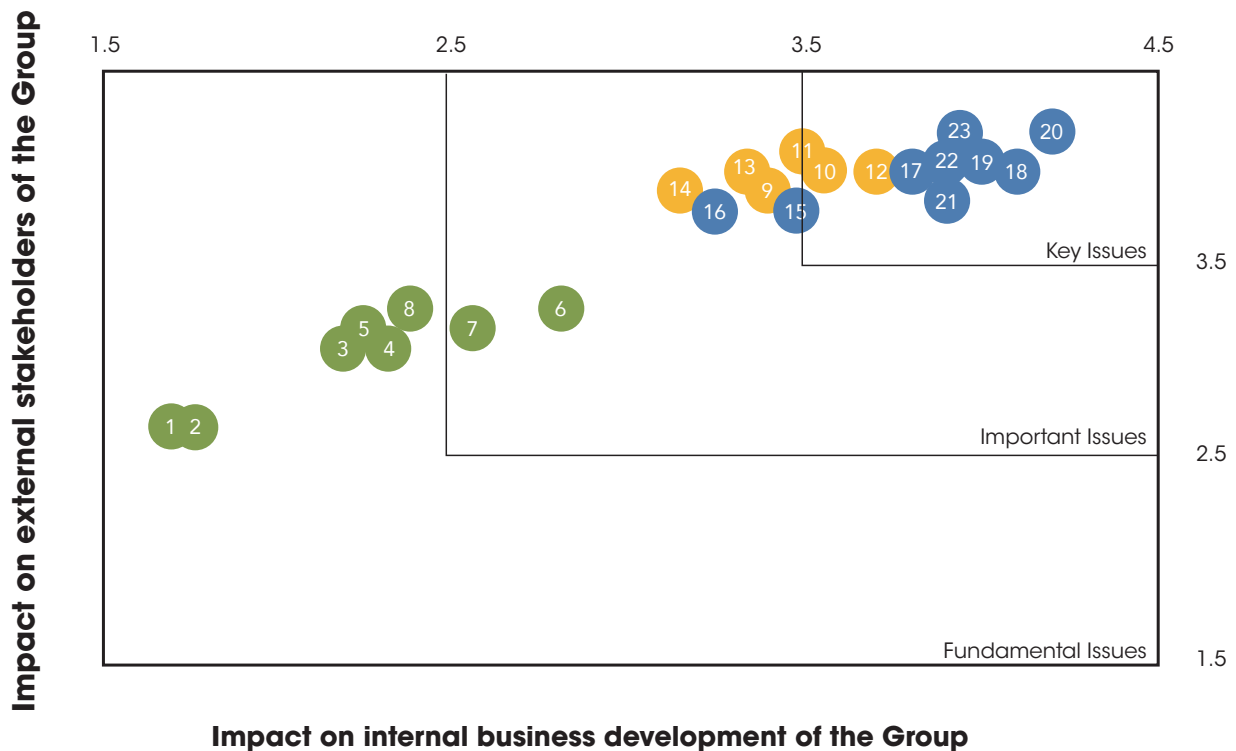
To manage the climate-related matters of the Group in a systematic manner, the Group has an ESG liaison responsible for promoting specific measures in each department and cultivating ESG culture. The ESG liaison is mainly responsible for formulating and implementing ESG management regulations for each department, clarifying specific responsibilities and initiatives, overseeing and guiding the implementation of ESG (including climate-related) policies of each department in daily operations and promoting the cultivation and activities of ESG culture. The ESG liaison is also responsible for setting measurement standards for ESG (including climate-related) performance, and reporting regularly to the ESG Working Task Force on the key performance indicators and the implementation of relevant initiatives. In addition, the ESG liaison integrates climate-related monitoring measures and procedures through collaboration with other internal functions to ensure that they are aligned with overall business objectives.



4 STAKEHOLDER COMMUNICATION AND MATERIALITY ASSESSMENT

The Group identifies key stakeholder groups and material issues concerned through a consolidated view of the ESG Reporting Guide, the industry's characteristics and its own development aspects, and understands the stakeholders' views by means of exchanges and questionnaires through various communication channels. In order to respond to the expectations of all stakeholders in the business operation and sustainability aspects, the Group also assesses, analyses and prioritises the importance that the stakeholders attach to such issues, prepares a materiality matrix and establishes a reporting framework for the Report. Key stakeholder groups include shareholders and investors, directors, employees, brand partners and logistics suppliers, media, community group, consumers, as well as government and regulatory authorities. The Group believes that effective ESG management is an important part of the Group's sustainable development in economic, social and environmental aspects, which will help the Group improve its current performance and provide adjustment development strategies for various policies and measures. Impacts on the Group's internal business development and external stakeholders for the Reporting Period are as follows:

Distribution of internal and external impacts on the Group for the period



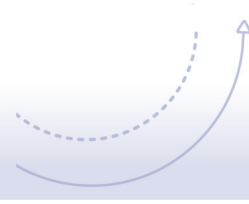
Note: "4.5" has the greatest impact, whereas "1.5" has the least impact.

4 STAKEHOLDER COMMUNICATION AND MATERIALITY ASSESSMENT (Continued)

Category			Key Issues			Category			Important Issues			Category			Fundamental Issues		
Governance	20	Compliant operation	Environment	6	Use of packaging materials	Environment	2	Carbon emissions from business operations									
	23	Marketing and promotion		7	Environmental impact management		1	Air pollutant emissions from business operations									
Social	19	Protection of consumer rights and interests		8	Climate-related disclosures (e.g.: adaptation to and management of extreme weather)												
	18	Customer service															
Governance	21	Data privacy		5	Water efficiency and conservation												
	24	Anti-bribery and anti-corruption		4	Energy consumption												
Social	12	Employee development and training		3	Non-hazardous waste (such as domestic waste and renovation waste) treatment												
	17	Product and service safety and quality															
Governance	22	Intellectual property rights															
Social	11	Occupational health and safety															
	10	Diversity and equal opportunity															
	13	Prevention of child labour or forced labour															
	9	Employee well-being															
	15	Supply chain management															
	14	Community charity															
	16	Environment-friendly products procurement															

Note:

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



5 GOVERNANCE

5.1 Intellectual property rights and marketing and promotion

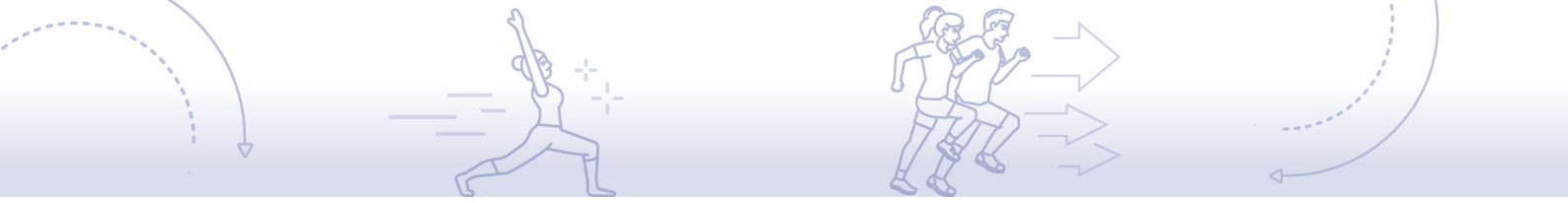
The Group has formulated the “Corporate Code of Conduct” and is committed to complying with anti-trust laws, maintaining a fair competition environment and strictly protecting intellectual property rights by prohibiting the unauthorised use of the Group’s or others’ intellectual property. In addition, the Group ensures transparency of information and prevents false or misleading statements. The Group ensures strict compliance with laws such as Law of the People’s Republic of China on the Protection of Intellectual Property Rights and Trademark Law of the People’s Republic of China in standardising the management of the acquisition, confidentiality and filing of intellectual property rights. Regarding the labels and advertisement messages of its products, the Group makes sure that it truly reflect its features, quality standards and authenticity. Besides, the Group has made its customer rights policy publicly available, and implemented it in the Group’s operation, to prevent its products or services from compromising consumers’ rights. At the same time, a review mechanism is also established. Apart from reviewing the compliance of individual cases, the Group will also remind the business units to obtain authorisations such as copyright and trademark before preparing any advertisements and promotional materials, and to comply with relevant agreements when using them to avoid infringement. In addition, the Group will also have a dedicated department for trademark registration applications, regularly update and track the progress of cases, and maintain the validity of existing trademarks. In terms of the infringement of the Group’s trademark or copyright, the Group will take legal proceedings against the infringer to safeguard the Company’s rights and interests and protect the intellectual property rights of the Group from infringement. During the Reporting Period, the Group found no significant violation of laws and regulations regarding intellectual property.

5.2 Data privacy

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

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

To further strengthen the Group’s data security management, the Group has been providing basic information security training and examinations for new employees through an e-learning platform named “Pou Sheng Academy” since 2022, and organised development and testing personnel to participate in offline development safety training. The Group also regularly reviews and improves the operation of the system and the achievement of objectives.



5 GOVERNANCE (CONTINUED)

5.2 Data privacy (Continued)

Brand partners

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

Consumers

The Group deeply believes that protecting the personal information of consumers is the key to establish a mutual trust relationship with consumers. The Group holds a vast group of members and their personal information. Therefore, safeguarding the privacy of its members is one of its most concerned issues. The information technology department of the Group has been adopting the comprehensive data security system and implementing standardised information security management in compliance with relevant national laws and regulations, regulatory requirements of the industry as well as relevant confidentiality provisions of the Company, ensuring that the data collected by the Group is well-protected and the privacy of its customers is respected and secured. As to the promotional and advertising messages of the Group, no commercial messages will be sent to its members without their consent or upon their refusal. The privacy information of its members is kept in strict confidence by the Group, and will not be disclosed, transferred, rented/sold to third parties without the consent of the members or otherwise prescribed by laws.

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

5.3 Anti-bribery and anti-corruption

"Dedication" is one of the Group's core values. The Group defines "honesty and integrity" as the commitment to follow the rules and regulations of the Group, dedication to do the right things, zero tolerance to corruption or any other misconduct that is against the Group's interest, and the Group resolutely combats all crimes of soliciting or accepting bribes and corruptions, etc. The Group has formulated the "Corporate Code of Conduct" to ensure that employees adhere to the principle of operating with integrity and maintain a high standard of professional ethics in business operations, strictly comply with legal compliance requirements including anti-fraud and anti-corruption. The Group has also established a stringent internal inspection mechanism and control system to ensure the accuracy and transparency of all financial reports, and adopts a zero-tolerance attitude against corruption and fraud.



5 GOVERNANCE (CONTINUED)

5.3 Anti-bribery and anti-corruption (Continued)

The Group always endeavours to uphold the core value of integrity. The Group requires all employees to observe personal and professional conduct. Apart from maintaining strict compliance with the laws and regulations (such as Criminal Law of the People's Republic of China, Anti-Money Laundering Law of the People's Republic of China, Interim Provisions on Banning Commercial Bribery and Regulations of the People's Republic of China for Suppression of Corruption and Regulation of the People's Republic of China on Punishment of Corruption) to prevent bribery, extortion, fraud and money laundering, the Group also has "Prevention of Bribery Policy" and "Whistleblowing Policy" (for details, please visit the "Corporate Governance" section of the Company's website), the Group has also set out anti-bribery and anti-corruption policies and penalties in its employee handbook, issued self-disciplinary requirements, established relevant reporting channels and procedures, and regularly reviewed the effectiveness of internal management. These all help to ensure that the Group can uphold its professional morality, abide by its operation integrity and maintain stable development. The Group encourages the employees to be self-disciplined and self-introspective, willing to come forward to admit their mistakes when there is wrong-doing, and correct the mistakes timely; to tell right from wrong, and not to have favouritism and defend others' shortcomings; to have occupational morality, literacy, and conduct that can stand all challenges; to commit, keep promises and able to develop trustworthy relationships with others. To ensure and regulate its employees to be honest and self-disciplined in external business interactions and internal business management activities, the Group also issues "Gift Giving/Receiving Measures" and require its employees to sign an "Employee Ethics Oath". Anti-corruption and business ethics was one of the topics in management training and the Management adopts a zero tolerance attitude to any deceptive business activity. In addition, the Group's contracts with partner suppliers (e.g. the Group's "Supplier Code of Conduct") contain anti-corruption terms that require both parties to perform in good faith to prevent either party from obtaining improper benefits.

During the Reporting Period, the Group is generally in compliance with the relevant laws and regulations that have a significant impact on the Group, and no concluded legal cases regarding corrupt practices against the Group or its employees had been reported.



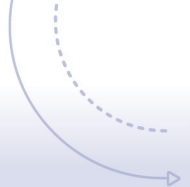
6 SOCIAL

6.1 EMPLOYEE

6.1.1 Employee development and training

To encourage and support its employees' personal development, the Group offers a career development platform and a variety of on-the-job training and course training to bring new exposures to the employees, so as to constantly enhance their capabilities and realise their own values. The Group also has formulated a diversified career development system and career development learning programmes for talents in key positions in its core business and for the development of its talent pipeline. Employees can gain exposure to different functions and business units through job rotation or projects in their personal development plans to broaden the horizons for personal development. In conjunction with talent succession planning, the Group formulates individual career development plans based on the employees' potential, tailoring different career options to enhance their ability to perform their duties, and pave way for their future growth to embark on their career development journeys.

The Group actively promotes continuous learning and professional development, and provide the employees with a wide range of training programmes. During the year, the Group has invested heavily in providing trainings to its employees in areas such as leadership management, strategic consensus building for senior management, retail operations, online operations skills, etc. These trainings not only help the employees to enhance their professional skills and knowledge, but also help them better adapt to the needs of the Company's strategic development and promote the overall performance of the organisation. Through its "Pou Sheng Academy", employees can have access to resources on various topics at anytime and anywhere, including middle and lower level management courses, professional courses on retailing, merchandising, branding and marketing, etc. In addition, based on the Company's management focus and key annual projects, courses on impact players in the workplace and office software are specially designed for employees to provide them with rich learning resources for self-improvement and to support the Group's long-term development. As a result of the focus on promoting the online learning platform of "Pou Sheng Academy" to a wider range of employees. During the year, the number of training hours for employees increased significantly as compared with the previous year.



6 SOCIAL (Continued)

6.1 EMPLOYEE (Continued)

6.1.1 Employee development and training (Continued)

The table below shows the percentage of the Group's employees trained and the average training hours¹ per employee in 2024 and 2023:

Categories		Percentage of employees trained ²		Average training hours per employee ³	
		2024	2023	2024	2023
All employees		134.5%	119.0%	27.5	10.1
By gender	Male	21.7%	21.0%	24.8	10.4
	Female	78.3%	79.0%	28.2	10.0
By employee category	Senior	0.5%	0.1%	8.8	0.3
	Middle-level	3.6%	1.4%	45.0	1.9
	Supervisory-level	8.8%	5.6%	10.2	3.3
	General	4.2%	3.2%	14.1	2.0
	Shop	83.0%	89.8%	29.4	12.0



¹ The statistics included all full-time, part-time and contract employees of the Group. Training only included training activities organised by the Group.

² Percentage of employees trained = Employees who took part in training/Number of employees × 100%; Percentage of employees trained by relevant category or gender = Number of employees who took part in training in relevant category or gender/Number of employees who took part in training × 100% (taking into account all employees who have participated in training in the year of 2024, including resigned personnel during the period (regardless of whether the employee is still an employee at the end of the Reporting Period), while the number of employees uses the end of the Reporting Period as the date of reference).

³ Average training hours per employee = Total number of training hours/Total number of employees; Average training hours for employees in relevant category or gender = Total training hours for employees in relevant category or gender/Total number of employees in that category or gender.



6 SOCIAL (Continued)

6.1 EMPLOYEE (Continued)

6.1.2 Occupational health and safety

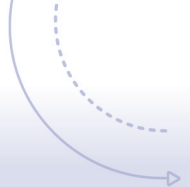
The Group has formulated an "Employee Rights And Benefit Policy" and is committed to providing and maintaining a safe and healthy working environment for employees to prevent accidents and injuries that are harmful to health during work or when using tools provided by the Group. The Group conducts regular safety training and body checks to ensure the mental and physical well-being of employees, and organises team-building activities to enhance the cohesion and happiness of employees.

In line with this philosophy, the Group implements appropriate measures such as regular body checks to protect the health and safety of employees. For employees who have to work under extreme temperature conditions such as warehouse, subsidies and supports (including offering cold drinks, warm clothes and reminding them to take rest) are provided in strict compliance with national regulations. All subsidiaries and retail stores are assigned with professional electricians and maintenance personnel who regularly inspect, repair and maintain the shops to prevent accidents from occurring to non-technical salespersons, therefore ensuring the safety of employees. All retail stores have passed fire safety inspections, and regular emergency drills and replacement of related equipment are carried out in conjunction with the shopping centres.

The Group is committed to helping employees achieve work-life balance. Therefore, the Group often organises outreach and team-building activities to promote employee cohesion and happiness. The human resources department of the Company ("Human Resources Department") will also pay attention to the implementation of employee assistance programme during store visits, including understanding the work adaptation, income and life, shift arrangement, rest and interpersonal relationship of each store employee, as well as the implementation of employee benefits. In order to further care for employees facing difficulties, the Group has formulated the "Employees' Urgent Aid Management Measures" to provide immediate support and assistance to ensure that employees can receive appropriate help during difficult times.

The Group attaches great importance to the day-to-day health management of office areas to ensure that the employees work in a safe, hygienic and healthy working environment. In addition to reminding employees to continue to maintain good hygiene practices, the Group has implemented the following safety measures on a regular basis:

- Perform daily cleaning and disinfection of public areas such as toilets and pantries in offices and stores, and provide these places with disinfectant hand sanitisers and disinfectant cabinets;
- Clean carpets and air conditioners in office areas regularly; and
- Regularly appoint professional pest control companies to carry out pest control work in office areas.



6 SOCIAL (Continued)

6.1 EMPLOYEE (Continued)

6.1.2 Occupational health and safety (Continued)

The Group focuses on enhancing employees' safety awareness, improving their capability to help each other and themselves, engaging professional safety and first aid teams and instructors, and organising safety training. The statistics on work-related injuries of the Group are as follows:

	2024	2023	2022
Number of work-related fatalities	0	0	0
Lost days due to work-related injuries	1,639	1,372	1,842

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



6 SOCIAL (Continued)

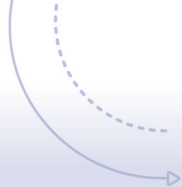
6.1 EMPLOYEE (Continued)

6.1.3 Diversity and equal opportunity

The Group has formulated the “Employee Rights And Benefit Policy”, and is committed to creating a workplace that is diverse, inclusive and free from discrimination. Also, the Group is committed to complying with international human rights standards such as the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the United Nations Convention on the Elimination of All Forms of Discrimination against Women and the Fundamental Principles of the International Labour Organisation. It expects its partners to work together to raise awareness of human rights management and ensure that business operations do not have a negative impact on human rights. The Group aims to treat all employees equally and respect their differences. In doing so, the Group does not discriminate its staff on the grounds of gender, race, ethnic origin, religion, political affiliation, disability or age. This covers all employment arrangements, such as employment, deployment, recruitment, training, promotion, conduct, rates of pay and benefits, so as to ensure all employees and job applicants are entitled to equal opportunities and fair treatment. In addition, the Group employs people with disabilities as appropriate pursuant to the Law of the People’s Republic of China on the Protection of Disabled Persons.

During the Reporting Period, the Group found no significant non-compliance with laws and regulations regarding human resources management (such as Trade Union Law of the People’s Republic of China, Social Insurance Law of the People’s Republic of China and Law of the People’s Republic of China on the Protection of Women’s Rights and Interests). As at December 31, 2024, the Group has a total of 19,964 employees. Below sets out the details of the Group’s employee distribution in 2024 and 2023:

Categories		2024		2023	
		Employee distribution		Employee distribution	
		Number	%	Number	%
By gender	Male	3,842	19.2%	4,402	19.9%
	Female	16,122	80.8%	17,708	80.1%
By employment type	Contract	16,960	85.0%	19,057	86.2%
	Permanent	3,004	15.1%	3,053	13.8%
By age group	Below 30	5,562	27.9%	6,885	31.1%
	30-39	9,926	49.7%	10,788	48.8%
	40-49	4,222	21.2%	4,161	18.8%
	50 and above	254	1.3%	276	1.3%
By region	Mainland China	19,778	99.1%	21,910	99.1%
	Taiwan	169	0.9%	183	0.8%
	Hong Kong	17	0.1%	17	0.1%



6 SOCIAL (Continued)

6.1 EMPLOYEE (Continued)

6.1.3 Diversity and equal opportunity (Continued)

Below sets out the turnover of the Group's employees by gender, age group and region in 2024 and 2023:

		2024	2023
By gender	Male	81.7%	92.8%
	Female	50.5%	61.4%
By age group	Below 30	120.8% ⁴	129.8%
	30-39	37.6%	44.5%
	40-49	16.7%	25.4%
	50 and above	48.8%	56.5%
By region	Mainland China	56.7%	67.6%
	Taiwan	34.3%	69.4%
	Hong Kong	23.5%	17.6%

6.1.4 Prevention of child labour or forced labour

All of the Group's subsidiaries, retail stores and offices are in strict compliance with the local statutory requirements (such as Provisions on the Prohibition of Using Child Labour and Underage Workers Special Protection Provisions) and a range of international human rights standards such as the United Nations Convention on the Rights of the Child to align with international requirements. The Group expressly prohibits any forced or child labour.

⁴ In recent years, the Group has been paying more attention to the career planning of junior employees and set appraisal targets for each stage within the probationary period. Some of the junior employees were unable to meet the appraisal targets during the probationary period and therefore resigned, resulting in an increase in employee turnover.



6 SOCIAL (Continued)

6.1 EMPLOYEE (Continued)

6.1.4 Prevention of child labour or forced labour (Continued)

The Group complies with the local labour laws and ensures that all employees must attain the local minimum legal working age. Job applicants are required to present identification documents at interviews for it to verify their ages. The Human Resources Department also carries out comprehensive recruitment screening procedures and conduct background checks to ensure the information provided by the applicants is accurate and correct. If an employee is found deliberately concealing the identification information after being employed, the related employee's employment will be terminated. The Group will hold the individual liable for any losses caused to the Group. On the contrary, if there is any violation due to work negligence by the Human Resources Department, the relevant officers will be punished and warned, and will even be dismissed from office in serious cases. The Group will take into account the ability and willingness of employees in work arrangement and will not require employees to provide guarantees to employers. Forced labour is strictly prohibited. Moreover, the Group will regularly review its business operation to check if any child or forced labour is employed. During the Reporting Period, the Group found no significant violation of laws and regulations regarding the prevention of child or forced labour.

6.1.5 Employee well-being

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

- Enhancing soft power: introduce and enhance its employees' recognition of the Group's core values, namely professionalism, dedication, innovation and service, and incorporate such values in the performance evaluation to set up standards for mind-sets and behaviours, so as to ensure that their attitudes and behaviours embody and conform to its corporate culture;
- Boosting hard power: establish the highly efficient organisational structure, talent evaluation system, recruitment platform and system, and formulate plans for the sustainable career development of employees based on the development strategies;
- Enhancing employees' knowledge and skills by on-going and well-planned talent nurturing system, so as to maximise efficiency and productivity;
- Incentive strategy characterised by high-compensation for talents with remarkable performance and high-contribution;
- Building of comprehensive employer brand; and
- Providing opportunities to achieve personal ambition to talents who share the same vision with the Group, making the Group the best and desirable employer.



6 SOCIAL (Continued)

6.1 EMPLOYEE (Continued)

6.1.5 Employee well-being (Continued)

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

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

6 SOCIAL (Continued)

6.1 EMPLOYEE (Continued)

6.1.5 Employee well-being (Continued)

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





6 SOCIAL (Continued)

6.2 CUSTOMER

6.2.1 Customer service

The Group adopts a business model centring on customers' needs and aspirations so as to provide products with the highest quality that satisfies their requirements. In pursuing the ultimate goal of providing the best services, the Group carries out inspection in line with its commitment. The Group operates 400 official YYsports customer service hotlines, through which customers can make various information and product enquiries and complaints. During the Reporting Period, 388⁵ (2023: 740) complaints were received, representing a significant decrease from the previous year, the majority of which were related to services and industrial and commercial matters. 100% of complaints received were handled properly and no complaint cases had to be referred to relevant government authorities. The Group will endeavour to negotiate with the customer on commercial terms and make every effort to reach an agreement.

6.2.2 Product and service safety and quality

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

⁵ The number of complaints represents the total number of complaints made by customers through the hotlines. In 2024, there were a total of 42,553 incoming calls to the hotlines, and a total of 24,649 calls were received, of which there were 170 service attitude related complaints, 124 industrial and commercial complaints, and 94 cases of complaints about unsuccessful attempts in drawing lots of limited edition items, making a total of 388 complaints and all of which have been closed. In 2023, there were 52,000 incoming calls to the hotlines and 30,357 calls were received, of which there were 222 service attitude related complaints, 57 industrial and commercial complaints, and 461 cases of complaints about unsuccessful attempts in drawing lots of limited edition items, making a total of 740 complaints and all of which have been closed.



6 SOCIAL (Continued)

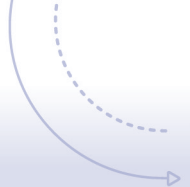
6.2 CUSTOMER (Continued)

6.2.2 Product and service safety and quality (Continued)

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

6.2.3 Supply chain management and environment-friendly products procurement

The Group has formulated the "Supplier Code of Conduct", which requires all partner suppliers to comply with a basic corporate social responsibility requirements to ensure that business cooperation is in compliance with ethical standards and laws and regulations. Suppliers must strictly abide by anti-fraud and anti-corruption regulations, prohibiting any form of fraud and corruption to ensure transparent and fair transactions. In addition, suppliers shall not use any form of forced labor, including indentured labor or other exploitation, and shall ensure that there is no discrimination on the basis of race, gender, age, religion, disability, etc. in the recruitment and employment process. Suppliers must also strictly abide by local laws, prohibit the employment of child labor, and ensure that their products and services meet industry standards and the Group's quality requirements. Suppliers are also required to arrange reasonable working hours, avoid excessive overtime, offer salaries in line with market rates so that employees can receive fair wages to have some disposable income, and provide necessary welfare benefits. In addition, suppliers must ensure a safe working environment and provide necessary safety training and protective measures to safeguard the health and occupational safety of employees.



6 SOCIAL (Continued)

6.2 CUSTOMER (Continued)

6.2.3 Supply chain management and environment-friendly products procurement (Continued)

Major partner suppliers are required to sign the “Integrity Commitment” to ensure that the cooperation is in line with principle of operating in good faith and avoid improper business practices. The Group also requires partner suppliers to fulfill their environmental responsibilities and minimise the impact of their business activities on the environment, and sets various environmental protection requirements according to the type of suppliers. Brand companies are required to comply with responsible procurement standards for major raw materials and implement factory energy saving and emission reduction management. Third-party logistics and transportation companies are required to adopt energy saving and emission reduction measures in transportation, such as optimisation of transportation routes or use of low-emission transportation. Engineering outsourcing companies must ensure that the engineering materials procured comply with environmental standards and implement environmental management during construction. Suppliers of administrative supplies must ensure that the source of raw materials meets responsible procurement standards and implement energy saving and emission reduction management during production. To ensure the fulfilment of environmental responsibilities, the Group will require the above-mentioned major partner suppliers to provide relevant environmental information to evaluate the effectiveness of their environmental management measures and ensure sustainable development of the supply chain.

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

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

Region	Number
Mainland China	98
Taiwan	3



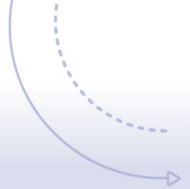
6 SOCIAL (Continued)

6.2 CUSTOMER (Continued)

6.2.3 Supply chain management and environment-friendly products procurement (Continued)

The Group implements an annual tender system, assess suppliers objectively based on their quality, price, delivery timeliness, environmental policies, system integration capability, status of compliance, overall capabilities and experience, and examine the qualification and social credit of all suppliers. When selecting suppliers, the Group adopts a strategic supplier strategy to control the number of suppliers and reduce management costs. The Group will not consider any suppliers with unsound qualification and social credit. The Group incorporated the assessment process of social responsibility, and formulated the "Supplier Code of Conduct", which put forward the requirements on the environmental and social management and performance of suppliers, and strictly complied with the national environmental standards. For example, the overall strength and experience of suppliers' relevant standards regarding social risks management, environmental protection policies and the configuration of new energy vehicles are taken into consideration. The Group also prioritises consumables and construction materials that apply green technology and produce less or contain less toxic substances during disposal to minimise the impact on the environment at source. In addition to acceptance and quality inspection, the Group also adopts a centralised procurement model and conducts spot checks on relevant products every quarter to ensure the effectiveness of green products and effective supervision.

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



6 SOCIAL (Continued)

6.3 COMMUNITY

6.3.1 Social charity

Support of the society is essential for corporate development, and being thankful and giving back to the society is the social responsibility that an excellent enterprise should assume. As a member of the society, the Group has the obligation to fulfil their social responsibilities. It should bear the responsibilities of society, environment and other aspects while pursuing the best possible profitability. Therefore, the business activities undertaken by the Group gave priority to the interests of the community and the Group attaches great importance to community charity, with the aims of better serving the community and giving back to society at various levels. The Group also strives to carry out charity events effectively, so as to boost community engagement and gain public recognition. For years, the Group has been actively participating in community events such as disaster relief and poverty alleviation.

While actively participating in public welfare activities, the Group also pays close attention to employees in difficulties. The "Employees' Urgent Aid Management Measures" was formulated within the enterprise with the purpose of caring the internal employees, and has successfully aided a number of employees who have difficulties in life caused by severe illnesses and unexpected disasters. The aim is to provide them with financial and especially spiritual support, and demonstrate the Company's spirit of caring for its employees and solving their difficulties.

In 2024, echoing the Chinese government's initiatives, the Group organised and participated in various community events, such as charity running group, charity yoga class, donating clothes and money to impoverished areas, and providing food for the elderly in the community.

6 SOCIAL (Continued)

6.3 COMMUNITY (Continued)

6.3.1 Social charity (Continued)

To conclude, during the Reporting Period, the headquarters and regional offices of the Group organised and participated in a wide range of charity events, with approximately 1,000 employees participating, including but not limited to the following activities:

- Pou Chen Corporation and the Group together sponsored the Nanchang Marathon and the “Eagle Sports Day” (雛鷹運動會);



- Pou Chen Corporation and the Group together sponsored the volleyball event of the “100 Cities, 100 Games in 2024” (2024年百城百場計劃). The renovation of the infrastructure of two rural elementary schools in Yangxin County, Hubei Province and Daqing City, Heilongjiang Province provided the children with better sports facilities. Professional volleyball players were invited to conduct trainings so that more children and residents in remote areas could have the opportunity to engage and participate in volleyball. In addition, the organisation and implementation of daily volleyball trainings and rural volleyball tournaments further enhanced the level of volleyball play in local schools and rural areas. The programme helped promote the development of sports education in remote areas and build a professional platform for cultivating volleyball talents in rural areas;



6 SOCIAL (Continued)

6.3 COMMUNITY (Continued)

6.3.1 Social charity (Continued)

- Hebei regional branch organised a number of sports activities with event costs of approximately RMB145,000 to promote healthy lifestyles and enhance brand influence, including (1) the "Adidas x Les Mills Workout" held in Shijiazhuang's MixC, which allowed members to experience Les Mills training and boosted store exposure; (2) the "YYSports Yutong Cup – Running Event" (勝道裕彤杯—踏青跑) held at the Yutong International Sports Centre, which was aimed at encouraging the public to take part in running sports and attracted a total of 600 runners to take part in the race; and (3) the "YYSports People Again in Tianhong Square – Tianhong Rainbow Run 2024" (勝道人·又見彩'鴻'—2024天鴻彩虹跑) held at Tianhong Square, Handan, which was a 9km Rainbow Run to promote national fitness and community interaction; (4) the "YYSports People Trampoline Party" held at Tianhong Square, which attracted a total of 300 participants to the trampoline activities and brought a unique sports experiences to the public;



"Adidas x Les Mills Workout"



"YYSports People Again in Tianhong Square – Tianhong Rainbow Run 2024"



"YYSports Yutong Cup – Running Event"



"YYSports People Trampoline Party"

6 SOCIAL (Continued)

6.3 COMMUNITY (Continued)

6.3.1 Social charity (Continued)

- Tianjin regional branch organised the “Never Let Old Clothes Idle” (衣舊守護·愛不閒置) second-hand clothing recycling and donation charity event and was awarded a certificate of honor by the Beijing Le Share Foundation as a token of appreciation, and held monthly activities such as the Charity Running Group and the Charity Yoga Class, with event costs of approximately RMB30,000;



- Dalian regional branch established the Dalian YYSports Charity Running Group with a total of approximately 1,500 registered members for the year, making it one of the largest charity running service platforms in Dalian, which aims to provide support and social interaction in sports for the general public. The Charity Running Group organised regular charity running activities every year with event costs of approximately RMB30,000. Leveraging on the large member base of the platform, the Dalian regional branch has been trying to carry out more diversified public welfare activities, including environmental waste removal and first aid training in order to enhance the sense of social responsibility of participants and expand the scope of social welfare;





6 SOCIAL (Continued)

6.3 COMMUNITY (Continued)

6.3.1 Social charity (Continued)

- Beijing regional branch regularly organised running groups activities, which not only enhanced interaction and communication between employees and community residents, but also disseminated health knowledge and enhanced public awareness of and participation in sports. In addition, these activities promoted the concept of sports for the good of society, encouraged more people to develop a healthy lifestyle and spread positive energy; and



- Henan region branch organised the “Steamed Buns with Love” (蒸蒸日上爱心馒头) volunteer activity, which provided the community with ingredients for steaming buns including flour and brown sugar, as well as mineral water and other supplies for volunteers. The buns were delivered to the homes of the elderly to express care and concern.



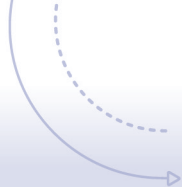


7 ENVIRONMENT

The Group is always dedicated to protecting the environment and promoting green living. Thus, the Group selects the product mix very carefully and exercises strict control over the safety and eco-quality of products, thereby assuring the nature-loving stakeholders that no harm will be done to the Planet Earth and that together, we all support a healthy, green and environmental friendly Earth. As a retailer of sportswear and distributor of licensed products, the Group does not engage in business operation that directly generates hazardous wastes as well as water and land pollution⁶, which are usually regulated under the relevant environmental laws and regulations. During the Reporting Period, the Group found no significant violation of relevant environmental laws and regulations (such as Environmental Protection Law of the People's Republic of China, Water Pollution Prevention and Control Law of the People's Republic of China, Atmospheric Pollution Prevention and Control Law of the People's Republic of China and Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste).

As a member of the retail industry, the Group actively promotes environmental protection and energy-saving measures despite the fact that it has limited impact on the environment and natural resources in its daily operations. The Group is committed to managing its carbon emissions, continuously optimising its energy-saving and consumption-reduction system, and striving to reduce exhaust emissions and other factors that may cause environmental pollution such as light pollution and noise pollution. In addition, the Group also promotes the concept of green operation and actively learns from the benchmark companies in the industry, drawing on their excellent practices to enhance its environmental performance and business competitiveness.

⁶ During the Reporting Period, the Group did not generated significant hazardous waste as a retailer and distributor of sportswear and footwear products. Hence, the relevant disclosure requirement under the ESG Reporting Guide (key performance indicator A1.3) is not applicable to the Group.



7 ENVIRONMENT (Continued)

As a retailer of sportswear and distributor of licensed products, the Group not only commits itself to upholding the environmental protection concept of energy conservation and emission reduction, but also expects core suppliers to actively respond to this call. The Group encourages suppliers to continuously promote energy conservation and emission reduction measures to implement green supply chain management and work together towards the goals of environmental protection and sustainable development. The Group also actively coordinates with partner suppliers and implemented a number of carbon reduction measures to enhance the Group's energy efficiency and reduce carbon emissions. The Group hopes to reduce the greenhouse effect by setting and implementing medium and long term greenhouse gas emissions and waste reduction targets, as well as regularly monitoring and reviewing the progress of the Group's carbon emissions management targets. Measures include tracking and monitoring the resource usage of the Group's stores, warehouses, fleets and offices, adjusting the carbon emissions management plan, and establishing corresponding measures to improve the resource efficiency of business operation, encouraging employees and suppliers to reduce carbon emissions in their daily business activities, including actively promoting resource recycling and increasing their awareness of environmental protection, considering ESG factor in the procurement process, giving priority to suppliers with a sustainable development approach, as well as increasing the use of video-conferencing to reduce the need for business trips, so as to comprehensively reduce other indirect greenhouse gas emissions.

The Group set short-term environmental management targets as early as in 2021, mainly covering the period up to 2023. Up till now, the overall consumption and emissions of the four environmental management targets, namely, emissions reduction, waste reduction, energy conservation and water conservation, have been reduced, but there are still deficiencies. In response to the achievement of environmental management targets, the Group has actively communicated in early 2023, and has set targets for the period from 2023 to 2030 and implemented plans to reduce waste and emission as well as to conserve resources to reflect the Group's focus on sustainable development and further reduce the burden caused by its operations on the environment.

Environmental Management Targets

Emission reduction – Carbon emission	Embedding the notion of “Carbon Reduction” into its business strategies and daily operations to gradually lower the carbon emission intensity on yearly basis.
Waste reduction – Packaging material consumption	Taking 2023 as the base year, maintain the same level of packaging material consumption starting from now until 2030.
Energy conservation – Electricity consumption	Taking 2023 as the base year, gradually reach a total of 5% reduction starting from now until 2030.
Water conservation – Water consumption	Taking 2023 as the base year, maintain the same level of water consumption starting from now until 2030.

7 ENVIRONMENT (Continued)

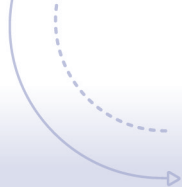
7.1 Use of packaging materials

The Group strives to minimise the use of packaging materials. The packaging materials used by the Group are mainly logistics cartons and shopping bags provided to customers, which include plastic bags, eco-bags and paper bags. Since 2013, most of the Group's stores have started to use eco-friendly shopping bags instead of the original paper bags. In 2024, due to the frequent change in the styles of cartons and shopping bags, the Group continued to actively communicate and cooperate with brand vendors to reduce the consumption of packaging materials, gradually replace plastic bags with biodegradable non-woven bags or paper bags, and provide shopping bags of appropriate sizes according to the actual needs of consumers in order to minimise the use of plastic bags.

During the year, the Group has completed the sorting out of carton models and tape specifications for logistics and streamlined packaging specifications by reducing 40 carton models and the width of tape (from 7.2cm to 6cm) in order to minimise wastage of resources and ensure the sustainability of product packaging. The reduction in carton specifications resulted in a decrease in carton stock-to-sales ratio, carton warehouse space and carton stock quantity. Due to the accelerated expansion of the Group's online business during the year, the consumption of cartons increased significantly as compared to the previous year. The consumption and intensity of packaging materials used by the Group during the Reporting Period are as follows:

Packaging materials	2024			2023		
	Office and warehouse	Shop	Total	Office and warehouse	Shop	Total
Shopping bags						
Consumption (tonnes)	53.87	564.61	618.48	16.22	660.25	676.47
Intensity (tonnes/revenue in RMB million)	N/A	N/A	0.034	N/A	N/A	0.034 ⁷
Plastic wrap						
Consumption (tonnes)	27.68	79.71	107.39	31.97	79.21	111.18
Intensity (tonnes/revenue in RMB million)	N/A	N/A	0.0058	N/A	N/A	0.0055
Cartons						
Consumption (tonnes)	1,251.24	586.71	1,837.95	640.14	553.27	1,193.41
Intensity (tonnes/revenue in RMB million)	N/A	N/A	0.0996	N/A	N/A	0.0595

⁷ Due to the adjustment of the Group's intensity calculation method during the year, the intensity information for 2023 has been revised.



7 ENVIRONMENT (Continued)

7.2 Environmental impact management

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

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

- Construction materials: the Group follows stringent criteria in selecting construction materials and contractors, so as to protect employees and customers from the harmful effects of odour and toxic substances after renovation.
- Dusts and odours: site hoardings are erected around the worksites with water sprays to reduce airborne dusts and odours.
- Noises: site hoardings are erected around the worksites with rock wools to reduce noises.
- Lightboxes: the Group regularly reviews the switch-on time of lightboxes at night and shortens their operating hours according to actual business needs so as to reduce light pollution and energy consumption.

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

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



7 ENVIRONMENT (Continued)

7.3 Climate-related disclosures

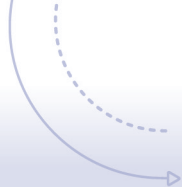
Extreme weather such as strong typhoons, hail, rainstorms, flooding and heat waves can pose challenges to retail stores, supply chains and customer safety. The Group is committed to gradually building the Group's resilience under climate change by assessing, identifying and managing potential risks and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

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

The Group has also considered the impact of climate change on its cash flows, access to finance and cost of capital over the short to long term.

In addition, in order to enhance its resilience to climate change, the Group will allocate sufficient resources to strengthen the Group's adaptability and monitor the impact of climate change on its business, including the transportation of goods, warehouse storage and store operation, providing feedback on a regular basis. The Group has integrated climate change management procedures and mechanisms into the overall risk management mechanism and integrated them into the Group's risk management system to identify the vulnerability and impact of potential risks. Through internal and/or external communication platforms, trainings and other means, the Group can communicate and contact with stakeholders (such as landlords and suppliers) to pass on information related to the impact of climate change as well as the Group's climate change strategy, so as to jointly enhance its climate change resilience. Save as disclosed in the Report, the Group has also disclosed the risks related to climate change and its management measures in the Annual Report, please refer to the section "Principal Risks and Uncertainties" in the Directors' Report of the Annual Report.

The Group is currently a low-carbon enterprise. In the future, through the continuous monitoring by the headquarters, all operating units will implement relevant measures to reduce its emission intensity per unit to maintain the continuous reduction of carbon emission intensity, so as to maintain the continuous trust of customers and investors in the Group.



7 ENVIRONMENT (Continued)

7.3 Climate-related disclosures (Continued)

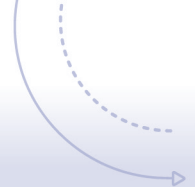
The ESG Working Task Force analysed the assets in the Group's portfolio that are exposed to climate risks and opportunities, collected relevant data on the affected business units, analysed the direct and indirect financial impacts and identified the following risks and opportunities.

Type of climate risks	Source and description of risks	Potential financial impacts	Response measures
Physical risks (acute risks)	Increasing severity and frequency of extreme weather conditions (high temperature, heavy rain, etc.)	<ul style="list-style-type: none">• Seriously affect the normal operation of stores, resulting in a decrease in store traffic and affecting sales• Loss of goods, facilities and personnel will increase operating costs, and improper handling may bring a series of risks	<ul style="list-style-type: none">• Strengthen sales capabilities on online channels (including public and private) to minimise the impact of extreme weather on offline sales• Formulate risk plans and set up emergency response teams• Raise employees' risk prevention awareness through increased publicity• Conduct regular check for potential safety risks
Market risks	Carbon emissions policy leading to accelerated electrification of transportation in markets	<ul style="list-style-type: none">• Transportation cost and timeliness will be affected, and the qualification of suppliers will be restricted	<ul style="list-style-type: none">• Select qualified transportation companies and share carbon emissions with them

7 ENVIRONMENT (Continued)

7.3 Climate-related disclosures (Continued)

Type of climate risks	Source and description of risks	Potential financial impacts	Response measures
Policy and legal risks	More impacts and stricter requirements on the working environment under the guidelines on carbon peaking and carbon neutrality policies	<ul style="list-style-type: none"> The government's environmental protection requirements for enterprises are becoming increasingly stringent with the implementation of carbon peaking and carbon neutrality policies Energy consumption standards, carbon emission management and green supply chain construction are involved Consumers are becoming more environmentally conscious and less willing to accept non-environmentally friendly products or enterprises, which will further reduce consuming intention 	<ul style="list-style-type: none"> Enhance carbon emissions management to optimise supply chain sustainability Participate in green certification and environmental standard assessment to ensure that its business meets the requirements of sustainable development
Technology risks	Reduced productivity due to extreme weather conditions and inconvenience of remote work for employees	<ul style="list-style-type: none"> Communication costs lead to increased operating costs 	<ul style="list-style-type: none"> Provide stable remote work technology and facilities as well as office supplies to ensure a convenient online office environment



7 ENVIRONMENT (Continued)

7.3 Climate-related disclosures (Continued)

Climate-related opportunities	Opportunity analysis	Response measures
Changes in lifestyle and values	<ul style="list-style-type: none"> With the public awareness of environmental protection, the past lifestyle of mass production, cheap consumption and over-buying will be abandoned in favor of a new lifestyle of cherishing resources, reducing waste and recycling 	<ul style="list-style-type: none"> Reshape brand image and corporate culture
Enterprises are enhancing measures to protect employees and are improving compliance requirement related labours rights	<ul style="list-style-type: none"> Improve the employment protection system, enhance enterprises management capabilities, strive to create and equal and inclusive work environment and create an excellent employer brand 	<ul style="list-style-type: none"> The Human Resources Department actively communicates with the government and relevant departments of each branch to assist in improving relevant policies and supporting training tools to enhance business management and operational capabilities Implementation of the "Employee Rights And Benefit Policy" to protect the employee's rights

Based on the ESG Working Task Force's analysis of the frequency and severity of extreme weather events in recent years, the Group anticipates that failure to implement risk mitigation measures will result in significant events such as asset losses and supply chain disruptions. In order to mitigate these risks, the ESG Working Task Force has developed a plan to upgrade the Group's facilities and intends to stockpile flood prevention materials to enhance its resilience to extreme weather conditions. The Group also plans to engage consultants to optimise its enterprise risk management policy and its implementation.

7 ENVIRONMENT (Continued)

7.4 Water efficiency and conservation

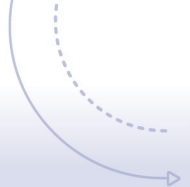
The main water consumption of the Group is for staff's domestic utilisation. To support environmental protection, the Group provides direct drinking water instead of bottled water for most offices, so as to reduce secondary contamination and environmental impact. During the Reporting Period, total water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

	2024			2023		
	Office and warehouse	Shop	Total	Office and warehouse	Shop	Total
Water⁸						
Consumption (m ³)	73,602	12,916	86,518	103,951	13,774	117,725
Intensity (m ³ /revenue in RMB million)	N/A	N/A	4.69	N/A	N/A	5.87 ⁷

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

- Promoted and strengthened the concept of "water saving" through offices and online platforms, such as posting signs and notices nearby the washbasins to raise awareness towards water conservation, and organising water conservation related activities;
- Used water-saving equipment such as water-saving faucets and water-saving toilets, and installed sensors at water taps to control water consumption, which reduced water consumption by approximately 5%; and
- Carried out inspection by dedicated staff to check whether there was any leakage in water pipes and water tanks, which reduced water consumption by approximately 5%.

⁸ The statistics included water consumption of various operating units of the Group (including directly operated stores, department store counters, sports cities and offices). Water consumption is estimated or calculated based on the water bills provided by the water authority or the property management company, but the calculation of some bills may not be based on actual water consumption.



7 ENVIRONMENT (Continued)

7.5 Energy consumption

During the Reporting Period, total energy consumption and intensity⁹ of the Group were as follows:

Energy type	2024			2023		
	Office and warehouse	Shop	Total	Office and warehouse	Shop	Total
Electricity						
Consumption (kWh)	4,693,648	80,403,856	85,097,504	5,397,603	85,127,448	90,525,051
Intensity (kWh/revenue in RMB million)	N/A	N/A	4,611.35	N/A	N/A	4,511.70 ⁷
Gasoline						
Consumption (litre)	134,743.15	0	134,743.15	140,835.87	0	140,835.87
Intensity (litre/revenue in RMB million)	N/A	N/A	7.30	N/A	N/A	7.02 ⁷
Diesel						
Consumption (litre)	32,537.17	0	32,537.17	36,551.73	25.05	36,576.78
Intensity (litre/revenue in RMB million)	N/A	N/A	1.76	N/A	N/A	1.82 ⁷

Due to the reduction in the overall volume of goods transported from the warehouse of the Zhejiang regional branch and the elimination of an older vehicle during the year, the consumption of diesel fuel was lower than the previous year. Secondly, no natural gas (2023: 488 m³) was used by the Group during the year due to the closure of one of the business locations of the Taiwan regional branch.

⁹ The statistics excluded energy consumption over which the Group had no direct control.

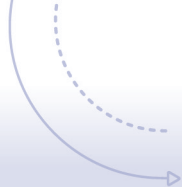


7 ENVIRONMENT (Continued)

7.5 Energy consumption (Continued)

The main power consumption equipment of the Group is mainly commercial lighting and air conditioning in stores. The Group is committed to energy-saving and power-saving technological innovation and strive for new breakthroughs. Thus, commercial lighting will be gradually replaced with LED energy-saving lighting, with an aim that LED energy-saving lighting will be used in more than 80% of newly opened stores; stipulate that newly installed air conditioners must be energy-saving air conditioners; carry out technical upgrading for existing power facilities and install intelligent energy-saving equipment; and improve operating efficiency at business level to reduce the power consumption of revenue units, so as to achieve the power-saving target by 2030. Electricity consumption decreased compared to the previous year as the Group implemented office downsizing and other energy saving measures during the year. The Group implemented the following energy saving measures during the Reporting Period:

- Adjusted the demand in different districts for lighting and air conditioning in offices, warehouses and shops according to different time periods and footfall, and encourage employees to turn off the power supply and air-conditioning equipment when leaving, such as during lunch breaks;
- Downsized office space to reduce electricity consumption, resulting in a saving of 703,955 kWh of office electricity consumption for the year;
- Installed energy-saving lightings and equipment as much as possible when renovating operation units and adopted space planning that reduce energy consumption;
- Explored the feasibility of replacing traditional energy-efficient fluorescent tubes with new ones, which is expected to be implemented in 2025. The whole area of the store “YYQUALITY at Gather Space”, the Group’s key project for the year, was installed with smart controls, which can control transformers and resistors through intelligent equipment and use modular dimming controls to change the voltage and current to reduce power consumption. The brightness of the light source can be automatically adjusted according to the application scenario of the store;
- Adopted video conferencing and multi-party teleconferencing for communication with clients, brand partners and subsidiaries, which reduced business trips by approximately 20%;
- Meetings of the Board, its board committees and the annual general meeting of the Company are substantially conducted by means of video, telephone or hybrid conferencing to further reduce in fuel consumption and exhaust gas emissions;
- Reasonably allocated the use of commercial vehicles and encouraged rail transit, which reduced fuel consumption, while actively promoted the use of new energy vehicles, resulting in a saving of 13,646 liters of fuel consumption for the year;



7 ENVIRONMENT (Continued)

7.5 Energy consumption (Continued)

- Unplugged electrical appliances that were fully charged to reduce power wastage and reserve battery life, which saved electricity consumption by approximately 1-2%;
- Increased natural lighting in the office area and reduced electricity consumption;
- Checked doors and windows for air leakage in advance, and reinforced them or installed windproof curtains in time to reduce energy consumption for hot and cold seasons;
- Included the power-saving policy in the list of retail supervisors to visit the store to enhance the awareness of power-saving control among all employees; and
- Conducted regular maintenance of air conditioning equipment to reduce energy waste caused by air conditioning equipment problems.

During the year, the Group also conducted an in-depth analysis on the electricity consumption per unit area of office space in various branches. For those branches that exceeded the average standard of electricity consumption, the Group identified the reasons and implemented improvement measures progressively to reduce energy consumption.

7.6 Non-hazardous waste treatment

The Group actively implements green measures to reduce waste in the course of daily operations and business activities, including the use of recyclable products such as refillable printer ink cartridges, or biodegradable materials such as eco-friendly shopping bags in stores. In recent years, Chinese government has been actively promoting the separation of domestic waste in key cities and establishing a domestic waste separation and disposal system. The Group's subsidiaries and retail stores are strictly complying with and enforcing the waste management systems, management practices and regulations (such as Shanghai Domestic Waste Management Regulations and Shanghai Domestic Waste Separation and Disposal Guidelines) stipulated by the respective regions. The Group enforces strict classification of wastes, such that, dry waste, wet waste, hazardous waste and recyclable waste, etc. are effectively separated. The employees' awareness on waste separation is reinforced from time to time. Upon separation, the wastes are handed over to qualified treatment companies for processing and recycling. Non-hazardous waste produced by the Group mainly comprised of renovation waste and domestic waste, which included paper, carton, ink cartridges and toner cartridges.

7 ENVIRONMENT (Continued)

7.6 Non-hazardous waste treatment (Continued)

During the Reporting Period, total amount and intensity of non-hazardous waste produced by the Group are as follows:

	2024			2023		
	Office and warehouse	Shop	Total	Office and warehouse	Shop	Total
Non-hazardous waste¹⁰						
Domestic waste						
Total amount (tonnes)	163.32	66.11	229.42	41.65	68.25	109.90
Intensity (tonnes/revenue in RMB million)	N/A	N/A	0.0124	N/A	N/A	0.0055 ⁷
Renovation waste¹¹						
Total amount (tonnes)	38.11	2,061.96	2,100.07	75.27	2,369.91	2,445.18
Intensity (tonnes/revenue in RMB million)	N/A	N/A	0.11	N/A	N/A	0.12

The total amount of domestic waste increased due to a significant increase in the consumption of cartons compared to the previous year as part of the Group's reverse logistics operations has transitioned from outsourcing to in-house operations during the year. In term of waste reduction, the Group mainly exercises control at the source, i.e. minimise resources consumption and wastage, thereby reducing waste production.

¹⁰ The statistics included non-hazardous waste produced in the course of operation by various operating units of the Group (including directly operated stores, department store counters, sports cities and offices) located in mainland China, Taiwan and Hong Kong, but excluded those produced by customers or from other sources over which the Group had no direct control. Among which, total amount of renovation waste included the renovation waste passed to the renovation contractor by the Group for centralised disposal.

¹¹ The Group engages contractors to collect and transport renovation waste to the disposal sites as designated by the municipal construction waste office, and such renovation waste will be disposed by renovation contractor. To improve the data quality, renovation waste is shown in actual amount.



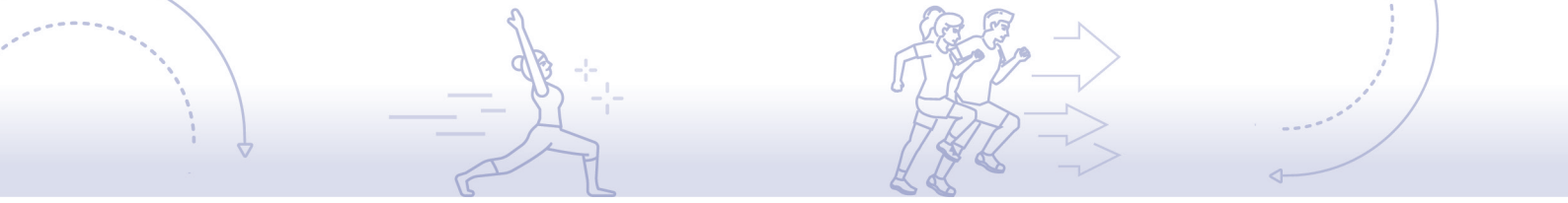
7 ENVIRONMENT (Continued)

7.6 Non-hazardous waste treatment (Continued)

During the Reporting Period, the Group implemented the following initiatives to reduce waste production:

- Collected and stored usable materials and equipment (such as shelves, props, air conditioners and televisions) when stores shut down or underwent renovation at its regional warehouses for reuse at next store opening and such reusable materials and equipment amounted to approximately 600 tonnes each year;
- Emphasised waste separation at the construction site for renovation waste, which was sorted and bagged by renovation contractors and then handed over to the environmental hygiene department for centralised treatment;
- Office domestic waste, used paper and ink cartridges and used cardboard boxes, etc. were handed over to professional institutions for recycling and disposal;
- Evaluated commonly used facilities and equipment as well as consumables and chose more durable products to increase service life and reduce wastes such as durable LED flat panel lights; and
- Increased the utilisation rate of second-hand office furniture and other recyclable items, which can be purchased by employees through environmental activities within the Group or from the second-hand market to promote the second-hand market and the sharing economy.





7 ENVIRONMENT (Continued)

7.7 Emissions from business operations

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

- Collecting the environmental improvement suggestions put forward by employees in the course of operation through various means (e-mail, suggestion box, questionnaire etc.) within the Group and selecting and implementing appropriate and feasible suggestions;
- Regularly tracking the fuel consumption of vehicles. Vehicles with high fuel consumption will be examined in a timely manner, and vehicles with continuous high fuel consumption will be replaced in due course. During the Reporting Period, the Group has revised its vehicle management system and continued to replace old vehicles with new energy vehicles. As of 2024, the Group has purchased 6 new energy vehicles;
- During the year, the Group continued to cooperate with the manufacturer of eco-friendly carton boxes, which are mainly made of recycled paper. The carbon emission per 1 kg of low-carbon papermaking decreased by 5.3 kg as compared with traditional papermaking. The actual purchase of cartons in 2024 was 419.75 tonnes, reducing carbon emissions by 2,224.68 tonnes; and
- Optimising and implementing power saving plans in business places such as relevant offices and shops, such as monitoring the changes in electricity consumption and identifying problems through analysis; inspecting facilities and equipment in advance to reduce energy wastage; and paying attention to new energy-saving equipment and finding the most suitable energy-saving facilities through pilot projects to reduce costs and increase efficiency.



7 ENVIRONMENT (Continued)

7.7 Emissions from business operations (Continued)

By doing so, we expect to reduce greenhouse gas carbon emissions and achieve the targets set by the Group. During the Reporting Period, greenhouse gas carbon emissions resulting from its business operation are as follows:

Greenhouse gas carbon dioxide equivalent ¹²	2024			2023		
	Office and warehouse	Shop	Total	Office and warehouse	Shop	Total
Direct (Scope 1) greenhouse gas emission (tonnes) ¹³	447.07	0	447.07	471.80	1.07	472.88
Indirect (Scope 2) greenhouse gas emission (tonnes) ¹⁴	2,511.05	43,144.71	45,655.76	3,066.68	48,529.72	51,596.40
Other (Scope 3) indirect greenhouse gas emission (tonnes) ¹⁵	N/A	N/A	29,448.76	N/A	N/A	N/A
Intensity of Scope 1 and 2 emissions (tonnes/revenue in RMB million)	N/A	N/A	2.50	N/A	N/A	2.60 ⁷
Total intensity of Scope 1, 2 and 3 emissions (tonnes/revenue in RMB million)	N/A	N/A	4.09	N/A	N/A	N/A

¹² Carbon dioxide emission equivalent is calculated based on the Greenhouse Gas Protocol published by the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI), the Reporting Guidance on Environmental KPIs issued by the Stock Exchange and the Baseline Emission Factors for Regional Power Grids in China promulgated by the Department of Climate Change under the National Development and Reform Commission of the People's Republic of China and the electricity emission factors by the Bureau of Energy under the Ministry of Economic Affairs of Taiwan.

¹³ Scope 1 covers greenhouse gas emissions directly produced by businesses owned or controlled by the Group including gasoline, diesel and natural gas consumption.

¹⁴ Scope 2 covers greenhouse gas emissions indirectly produced by businesses owned or controlled by the Group (i.e. electricity consumption).

¹⁵ Scope 3 covers indirect greenhouse gas emissions that occurred in the Group's value chain (not included in Scope 2 greenhouse gas emissions), including both upstream and downstream emissions. The Group has assessed and identified the relevant Scope 3 categories during the year and will continue to review the Group's development direction and optimise data collection in the future.



7 ENVIRONMENT (Continued)

7.8 Sustainable development training

In order to help the Group's employees to better understand and cope with the trend of sustainable development in the market, the Group has actively organised various sustainable development training activities with the aim of enhancing the personal capabilities of employees to realise the vision of sustainable development for the Company. During the year, the Group invited SGS-CSTC Standards Technical Services Co. Ltd. to give a talk to the employees on matters related to greenhouse gas inventories. The training covered the background of carbon emission verification, standards, principles, organisational boundaries, identification of emission sources and calculation exercises, principles and requirements of verification, etc. For the footwear industry in which the Company operates, the training also introduced the relevant greenhouse gas inventory practices, such as quantitative calculation of greenhouse gas, key points for completing the emission inventory and report, supplier audit response and preparation of supporting information. The training helped the employees gain a better understanding of the importance of carbon emission verification and its implementation, and assisted the Company in achieving its emission reduction targets.

In addition, the Group also provided training to its employees on issues related to climate change and climate risks, with the objective of enhancing their understanding of the reporting requirements in relation to climate risks. At the same time, the training also covered the performance of peers in sustainable development to help its employees understand the market trends.

Apart from formal training, the Group regularly organised a series of environmental public welfare activities to encourage employee participation, including sharing and exchanging second-hand items at home that are no longer in use, or donating them to people in need, thus giving them new life. The Group hopes that its employees can support and implement the concept of sustainable development not only in the workplace but also in their daily lives, which helps reduce waste and enhance the efficiency of resource reuse, thus further promoting the goal of environmental protection.



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