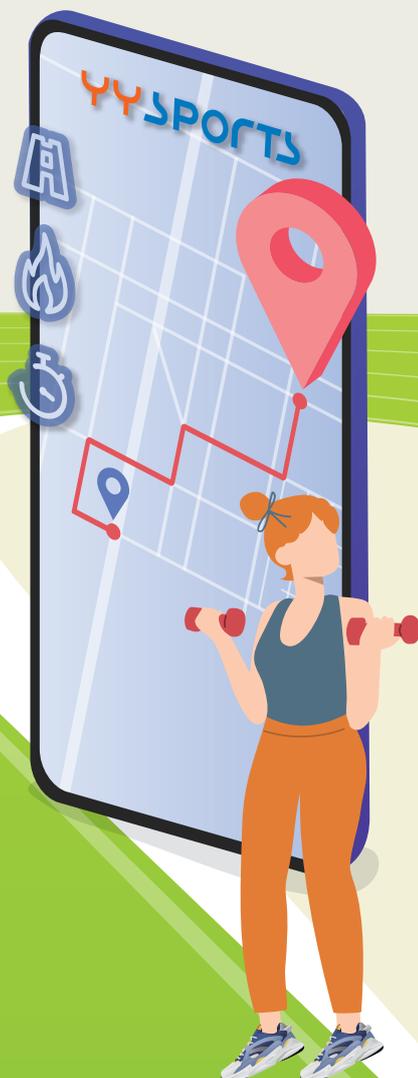


2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告



4. 胜道^{OM}体育



POU SHENG INTERNATIONAL (HOLDINGS) LIMITED

寶勝國際(控股)有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

(Stock Code 股份代號:3813)



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Upholding the core values of “professionalism, dedication, innovation and service”, Pou Sheng International (Holdings) Limited (the “Company”, and together with its subsidiaries, the “Group”) strives to create value for its shareholders as well as to satisfy and balance the expectations of all stakeholders. At the same time, 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.

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 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”) with effect from January 1, 2023 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 this Report are rounded, the total number of percentages of individual data may not be equal to 100%.



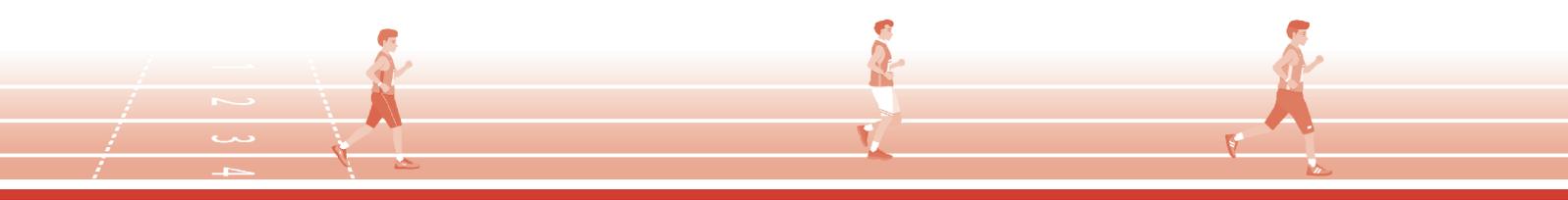
ESG REPORTING FRAMEWORK (Continued)

Reporting principles (Continued)

Balance	All the data and information of the Group are disclosed in an objective manner, so that stakeholders are able to make an impartial and justifiable assessment of the overall ESG performance 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 this Report followed a consistent statistical method, the same statistical and conversion approach, in order to allow stakeholders to make meaningful assessments.

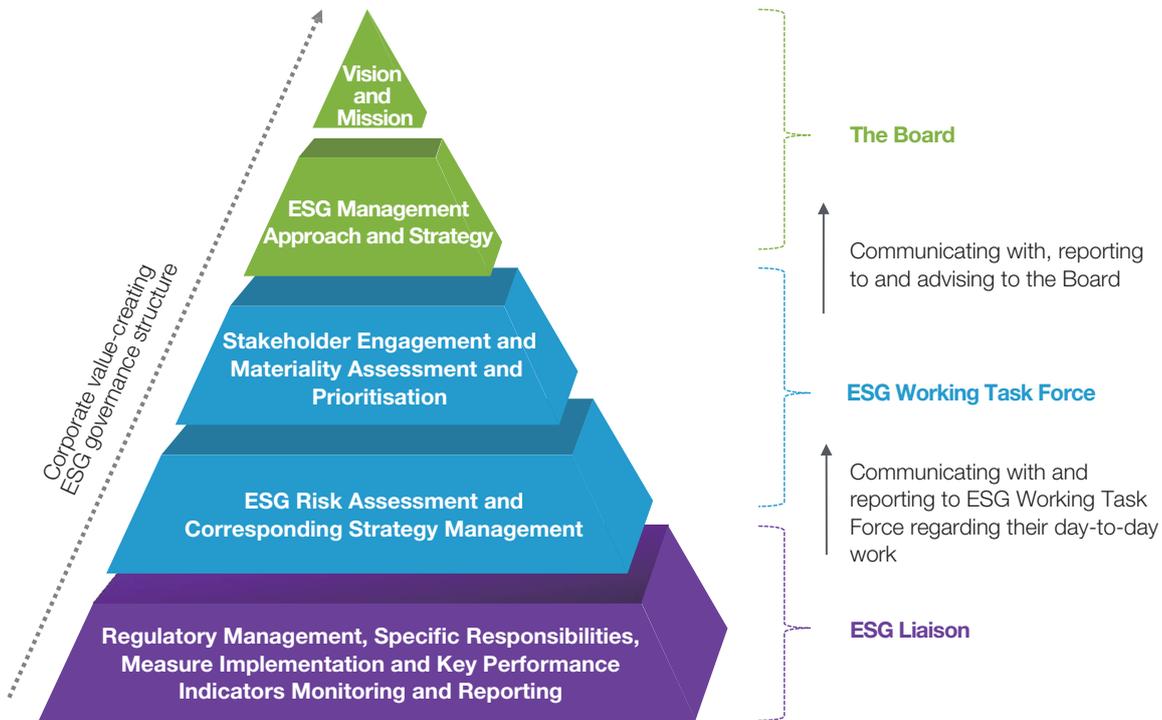
SCOPE OF ESG REPORTING

This Report covers the retail of sportswear and footwear products, distribution of licensed products and sports services businesses of the Group for the period commenced from January 1, 2023 and ended on December 31, 2023 (“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.



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.





ESG GOVERNANCE STRUCTURE (Continued)

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

The Board of Directors

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

- Determine future ESG 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.

The Board also attaches importance to ESG risk management and internal control measures, and delegates authority to the management of the Company (the "Management") to conduct ESG monitoring. The Board should lead the Management to continuously improve ESG risk management across business units and retail stores, and provide guidance on the identification, assessment and management of material risks so as to enhance the Group's overall risk prediction standard and responsiveness. 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.



ESG GOVERNANCE STRUCTURE (Continued)

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. Members of the ESG Working Task Force are comprised of officers at managerial level or above from different functional departments to ensure the effective performance of its functions.

To ensure the Group is able to receive the opinions of different stakeholders on the importance of sustainability development issues, the ESG 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 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 and make recommendations to the Board on relevant issues, striving to create positive corporate social values for stakeholders and consumers.

ESG liaison

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



STAKEHOLDER COMMUNICATION AND MATERIALITY ASSESSMENT

The Group identifies key stakeholder groups and material issues concerned through a consolidated view of the ESG Guide, the industry’s characteristics and its own development aspects, and understands the stakeholders’ views by means of exchanges and questionnaires through various communication channels. In order to respond to the expectations of all stakeholders in the business operation and sustainability aspects, 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, employees, brand partners and suppliers, media, consumers, as well as government and regulatory authorities.

The Group believes that effective ESG management is an important part of the Group’s sustainable development in economic, social and environmental aspects, which will help the Group improve its current performance and provide adjustment development strategies for various policies and measures. 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: "5" has the greatest impact, whereas "2.5" has the least impact.

STAKEHOLDER COMMUNICATION AND MATERIALITY ASSESSMENT (Continued)

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

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.

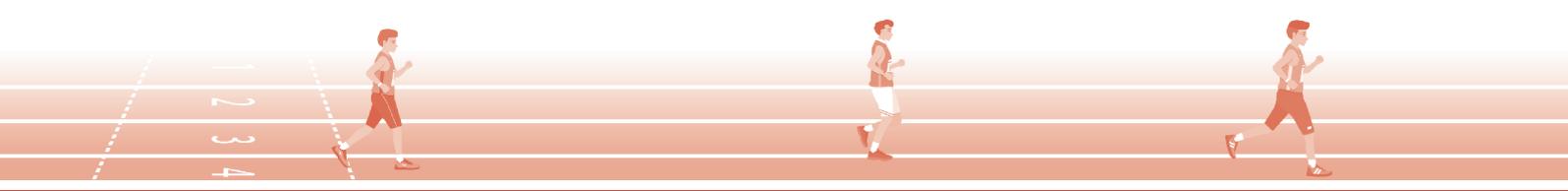


CUSTOMER

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, 740 (2022: 369)¹ complaints were received, the majority of which were related to the drawing lots on limited edition items as well as matters related to return and exchange of products. 100% of complaints received were handled properly and no complaint cases had to be referred to relevant government authorities. The Group will endeavour to negotiate with the customer on commercial terms and make every effort to reach an agreement.

¹ The number of complaints represents the total number of complaints made by customers through the hotlines. In 2023, there were 52,000 incoming calls to the hotlines and 30,357 calls were received, including 222 service attitude related complaints, 57 industrial and commercial complaints, and 461 cases of complaints about unsuccessful attempts for drawing lots on limited edition items. There were a total of 740 complaints and all of which have been closed. In 2022, there were a total of 56,378 incoming calls to the hotlines, and a total of 33,254 calls were received, of which there were 295 service attitude related complaints, 64 industrial and commercial complaints, 3 product sales liability dispute litigation cases and 7 complaints to the consumer association, making up a total of 369 complaints.



CUSTOMER (Continued)

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. In addition, the Group has formulated a customer rights policy and made it publicly available, which is also implemented in its operation, to prevent products or services from compromising consumers' rights, health and safety.

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



CUSTOMER (Continued)

Supply chain management and environment-friendly products procurement

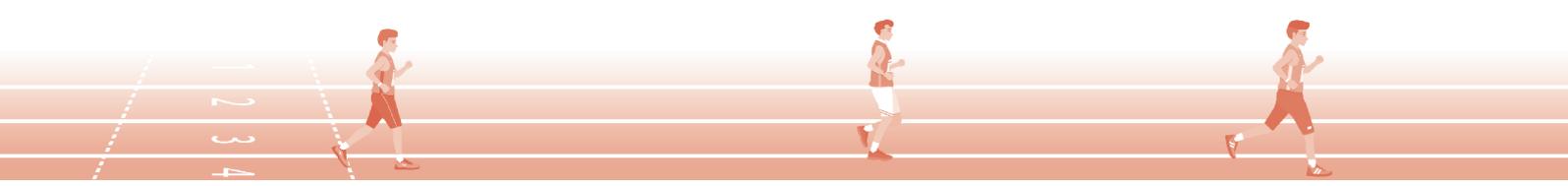
Upholding the concept of mutual development, the Group cooperates closely with international and domestic leading brands and adopts stringent criteria in selecting suppliers. Suppliers have to maintain high standards in terms of quality control, service quality and environmental policies. The Group implements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

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

Region	Number
Taiwan	3
Mainland China	108

The Group implements an annual tender system, assess suppliers objectively based on their quality, price, delivery timeliness, environmental policies, status of compliance, overall capabilities and experience, and examine the qualification and social credit of all suppliers. When selecting suppliers, the Group adopts a consolidated resource plan 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 code of conduct for suppliers, which put forward the requirements on the environmental and social management and performance of suppliers, and strictly complied with the national environmental standards. For example, the overall strength and experience of suppliers' relevant standards regarding social risks management, environmental protection policies and the configuration of new energy vehicles are taken into consideration. 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 conducts spot checks on relevant products every quarter to ensure the effectiveness of green products.

In the meantime, the Group insists on offering equal opportunities to all potential partners, participates actively in market competition and complies with Anti-Unfair Competition Law of the People's Republic of China to fulfil the various needs of different stakeholders, which allow 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 mainland China.



GOVERNANCE

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 provided basic information security training and examinations for new employees through an e-learning platform named "Pou Sheng Academy" in 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.



GOVERNANCE (Continued)

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.



GOVERNANCE (Continued)

Data privacy (Continued)

Consumers (Continued)

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

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 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) 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 regulation on the gift giving/receiving 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 suppliers contain anti-corruption terms that require both parties to perform in good faith to prevent either party from obtaining improper benefits.



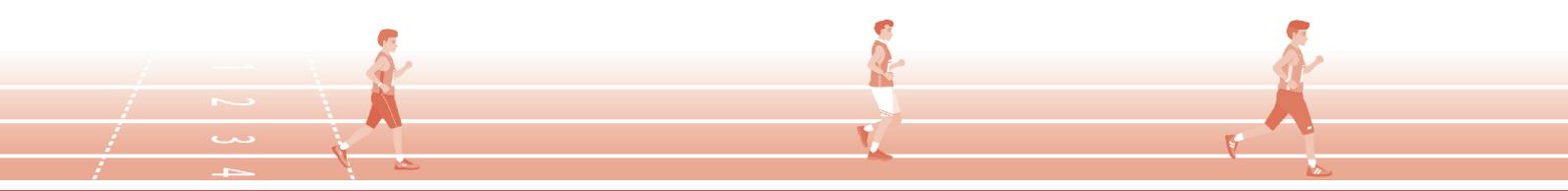
GOVERNANCE (Continued)

Anti-bribery and anti-corruption (Continued)

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 Company or its employees had been reported.

Intellectual property rights and marketing and promotion

The Group ensures strict compliance with laws such as Law of the People's Republic of China on the Protection of Intellectual Property Rights and Trademark Law of the People's Republic of China in standardising the management of the acquisition, confidentiality and filing of intellectual property rights. Regarding the labels and advertisement messages of 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.



EMPLOYEE

Occupational health and safety

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

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

	2023	2022	2021
Number of work-related fatalities	0	0	0
Lost days due to work-related injuries	1,372	1,842	1,636

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



EMPLOYEE (Continued)

Occupational health and safety (Continued)

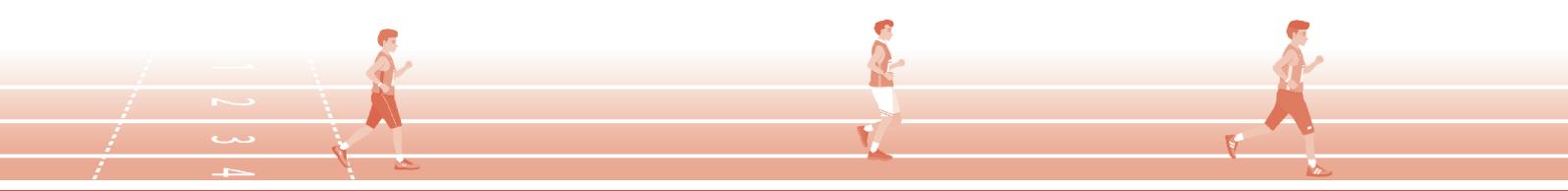
The new normal after the pandemic

Although the pandemic has been downgraded to Class B infectious diseases in 2023, the Group continues to attach 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. The Group has implemented the following safety measures on a regular basis:

- Perform regular cleaning and disinfection of offices, stores and other public areas (such as toilets and pantries), and provide these places with disinfectant hand sanitisers and disinfectant cabinets;
- Clean carpets in office areas regularly to ensure a clean environment; and
- Regularly appoint professional pest control companies to carry out pest control and protection work in office areas to ensure a hygienic and comfortable working environment.

As the Group believes that the employees are the most valuable assets to the Company, it does not slacken its efforts even as the pandemic continued to subside. The health of all employees and their families was its first priority when planning work arrangements during the pandemic, and employees were reminded to follow the guidelines on pandemic prevention, continue to maintain good hygiene practices and take their own health in the first place. For employees who were unfortunately infected by the pandemic, the Group would arrange flexible leave and provide medical subsidies and condolence money as appropriate to help them and their families tide over the difficult period.

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



EMPLOYEE (Continued)

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 enhance their capabilities and realise their own values. The Group also has formulated a series of career development programmes to cater for different business and individual needs. Employees can arrange job rotation and cross-team project experience to expose themselves into different area of expertises and broaden the horizons for personal development. In conjunction with talent succession planning, the Group formulates individual career development plans based on the employees' business 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. The Group has invested heavily in training programmes 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, but also help the employees to 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 but not limited to the topics of corporate charter, corporate culture, management skills, professional skills, career planning. The flexible learning practice enables the employees to customise their needs to meet their individual goal, and facilitates the employees in planning ahead their learning objectives and schedule, which in turn help its employees achieve their personal career goals and company development.





EMPLOYEE (Continued)

Employee development and training (Continued)

The table below shows the percentage of employees trained and the average training hours² per employee in 2023 and 2022:

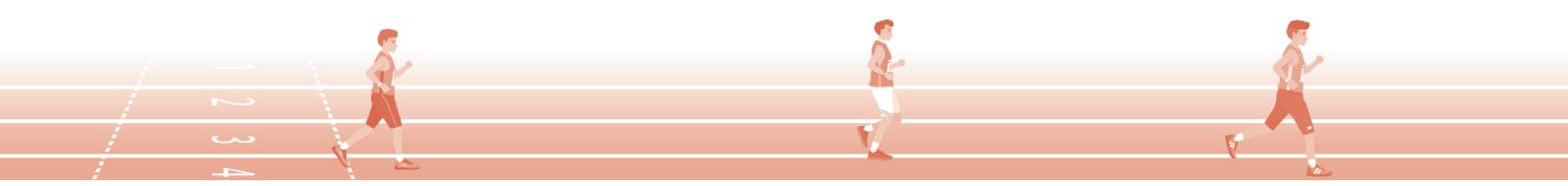
Categories		Percentage of employees trained ³		Average training hours per employee ^{4, 5}	
		2023	2022	2023	2022
All employees		119.0%	124.0%	10.1	22.1
By gender	Male	21.0%	21.0%	10.4	22.3
	Female	79.0%	79.0%	10.0	22.0
By employee category	Senior	0.1%	0.1%	0.3	0.6
	Middle-level	1.4%	1.9%	1.9	6.9
	Supervisory-level	5.6%	6.9%	3.3	12.8
	General	3.2%	3.8%	2.0	6.8
	Shop	89.8%	87.3%	12.0	25.0

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

³ Percentage of 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 2023, including resigned personnel during the period (regardless of whether the employee is still an employee at the end of the Reporting Period), while the number of employees uses the end of the Reporting Period as the date of reference).

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

⁵ As there was a significant increase in the number of employees working from home due to the pandemic outbreak in 2022, the headquarters launched a large number of online training courses targeted for retail employees, which were completed in 2022, to improve the motivation of terminal retail employees. In addition, the Company established the new department, "Headquarters Fine Retail", to lead on-site guidance in shops, and part of the original functions of "Training and Innovation Department" were transferred to the Regional Retail Support Department, and the in-store training provided by the new department was not included in the number of training hours.



EMPLOYEE (Continued)

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.



EMPLOYEE (Continued)

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 its success with staff, attract talents and retain employees, the Group has adopted a share-based incentive scheme, namely the Share Award Scheme, details of which are set out in the section "Share Award Scheme" in the Directors' Report of the annual report of the Group (the "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.

Furthermore, the Group believes 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.

EMPLOYEE (Continued)

Diversity and equal opportunity

With equal opportunities in mind, the Group is committed to create a workplace that is diverse, inclusive and free from discrimination. It aims to treat all employees equally and respect their differences. In doing so, 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, 2023, the Group has a total of approximately 22,110 employees. Below sets out the details of employee distribution in 2023 and 2022:

Categories		2023		2022	
		Employee distribution		Employee distribution	
		Number	%	Number	%
By gender	Male	4,402	19.9%	5,014	19.4%
	Female	17,708 ⁶	80.1%	20,830	80.6%
By employment type	Contract	19,057	86.2%	22,885	88.6%
	Permanent	3,053	13.8%	2,959	11.4%
By age group	Below 30	6,885	31.1%	8,970	34.7%
	30-39	10,788	48.8%	12,290	47.6%
	40-49	4,161	18.8%	4,297	16.6%
	50 and above	276	1.3%	287	1.1%
By region	Mainland China	21,910	99.1%	25,600	99.0%
	Taiwan	183	0.8%	226	0.9%
	Hong Kong	17	0.1%	18	0.1%

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



EMPLOYEE (Continued)

Diversity and equal opportunity (Continued)

Below sets out the turnover of the Group's employees by gender, age group and region in 2023 and 2022:

		2023	2022
By gender	Male	92.8%	82.2%
	Female	61.4%	55.5%
By age group	Below 30	129.8% ⁸	100.6% ⁷
	30-39	44.5%	43.4%
	40-49	25.4%	27.9%
	50 and above	56.5%	46.3%
By region	Mainland China	67.6%	61.0%
	Taiwan	69.4% ⁹	21.7%
	Hong Kong	17.6%	27.8%

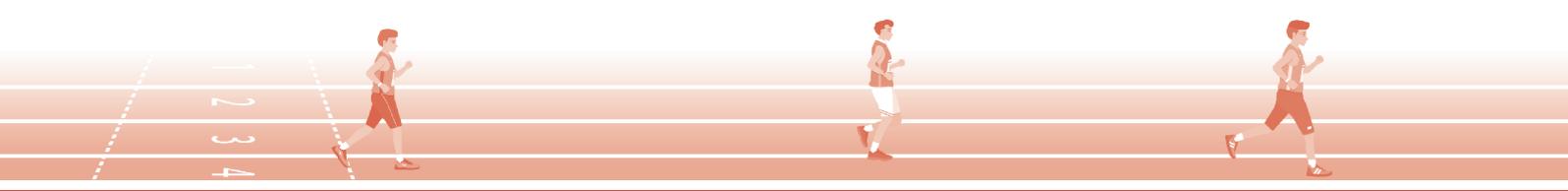
Prevention of child labour or forced labour

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 expressly prohibit any forced or child labour.

⁷ The reason for the over 100% turnover in this employee category is that the income of terminal retail employees has been reduced as their attendance were directly impacted by the intensified pandemic in 2022 and the frequent occurrence of lockdown and control across the country. At the same time, such employees also left due to family care needs, self-risk consideration, salary, stress and other reasons. The Group's countermeasures and remedial measures include the adoption of competitive incentive programs to motivate employees to create incremental sales to increase their income and improve employee benefits.

⁸ In 2023, the Group paid 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.

⁹ In 2023, the organisational structure of the Taiwan region was revamped and updated, and the organisational objectives were discussed and redefined. During the period of restructuring, some employees were unable to adapt and resigned, resulting in an increase in employee turnover.



EMPLOYEE (Continued)

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. If any damages are caused to the Group, the Group will hold the individual responsible. 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.

COMMUNITY

Community charity

Society is an integral part of corporate development, and giving back to the society is the social responsibility that enterprises should assume. As a member of the society, the Group has the obligation to fulfil their social responsibilities. It should bear the responsibilities of society, environment, consumers and other aspects while pursuing the best possible profitability. Therefore, the Group is committed to promoting the development of social welfare and philanthropy. The business activities undertaken by the Group gave priority to the interests of the community and the Group attaches great importance to community charity, with the aims of better serving the community and giving back to society at various levels. 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 promoting sports development, disaster relief, poverty alleviation and donation for school establishment and operation.



COMMUNITY (Continued) Community charity (Continued)

Over the years, the Group has been enthusiastically participating in the Chinese government's rural poverty alleviation initiatives, so as to jointly drive poverty alleviation to leap forward. During the Reporting Period, echoing the Chinese government's initiatives, the Group actively participated in the public welfare activities organised by the Taiwan Federation of Trade Unions of Hongkou District of Shanghai (上海市虹口區工委會台聯) to help the capital of Guoluo Tibetan Autonomous Prefecture of Qinghai Province by donating warm clothing such as cotton clothings, down jackets, long-sleeved pullovers and knitted trousers to the students of the remote boarding schools there.

The Group organised the "Caring for Left-behind Children, Sowing the Sunshine of Love" (關愛留守兒童·播撒愛心陽光) charity walk, in which its Shaanxi regional branch visited the Siyuan Primary School in Linwei District, Weinan City, for a charity event, spreading the love of the Group to the community and to the hearts of the children. The Group's employees paid visits to the left-behind children and had a chat with the children in boarding schools, and donated clothes in batches to the charity.

The Nanjing regional branch actively cared for the community and donated clothes to the Charity Federation. Sichuan-Chongqing regional branch actively cared for the community by donating clothing to the Chengdu Youth Development Foundation (成都市青少年發展基金會). Dalian regional branch supplied a running service platform for the community for the sixth consecutive year, providing sports enthusiasts with free sports equipment, event quotas, professional coaches, sports safety and energy supplementation and other logistical services, for their enjoyment of health and happiness without worry.

The Group also undertook the education aid project of the Qingdao Shibei District Science and Technology Bureau's counterpart to help Hexi County in Longnan City of Gansu Province, and participated in the project for two consecutive years, donating RMB20,000 each year for the relief of students in difficulties. The Group also participated in the "Dream Building Station" (築夢驛站) public welfare project to help left-behind children aged 0-18, migrant children and children in difficulty, to enjoy fair, quality and proper education.



COMMUNITY (Continued)
Community charity (Continued)



The sixth anniversary of Dalian regional branch's charity running platform



Henan regional branch participated in "99 Charity Day, doing good deeds together"



Shanghai headquarters participated in the charity donation activities in Maqin, Guoluo Tibetan Autonomous Prefecture of Qinghai Province



Shaanxi regional branch's visit to Siyuan Primary School in Linwei District, Weinan City for a charity donation event



COMMUNITY (Continued)

Community charity (Continued)

While actively participating in public welfare activities, the Group also pays close attention to employees in difficulties. The “Employees’ Urgent Aid Management Measures” (《寶勝國際員工急難救助管理辦法》) 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.

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 more than 1,500 employees participating. Donations and financial assistance amounted to approximately RMB1.1 million, including but not limited to the following activities:

- Shanghai headquarters participated in Taiwan Federation of Trade Unions of Hongkou District of Shanghai’s charity donation activities in Maqin, Guoluo Tibetan Autonomous Prefecture of Qinghai Province;
- Shandong regional branch’s education aid project helped students in the impoverished areas of Longnan for the second year;
- Shandong regional branch participated in “Dream Building Station” public welfare project;
- Henan regional branch participated in “99 Charity Day, doing good deeds together” (99公益日，一塊做好事);
- Shaanxi regional branch visited Siyuan Primary School in Linwei District, Weinan City for a charity donation event;
- Nanjing regional branch donated clothes to the Charity Federation;
- Dalian regional branch supplied a charity running platform for sixth consecutive year; and
- Sichuan-Chongqing regional branch’s donation of clothing for public welfare.



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 pollution¹⁰, which are usually regulated under the relevant environmental laws and regulations. During the Reporting Period, the Group found no significant violation of relevant environmental laws and regulations (such as Environmental Protection Law of the People's Republic of China, Water Pollution Prevention and Control Law of the People's Republic of China, Atmospheric Pollution and Control Law of the People's Republic of China and Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste).

As a retailer of sportswear and distributor of licensed products, the Group has actively coordinated with 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.

¹⁰ 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 Guide (key performance indicator A1.3) is not applicable to the Group.



ENVIRONMENT (Continued)

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 new 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	The new target is taking 2023 as the base year, maintain the same level of packaging material consumption starting from now until 2030.
Energy conservation - Electricity consumption	The new target is taking 2023 as the base year, gradually reach a total of 5% reduction starting from now until 2030.
Water conservation - Water consumption	On or before 2023, the Group promoted the concept of water conservation to its staff and customers through various channels. The new target is taking 2023 as the base year, maintain the same level of water consumption starting from now until 2030.

ENVIRONMENT (Continued)

Use of packaging materials

The Group strives to minimise the use of packaging materials. Since 2013, The Group has replaced paper bags with eco-shopping bags at most of its stores. In 2023, its consumption of packaging materials mainly comprised shopping bags offered to customers, which included plastic bags, eco-bags and paper bags. Leveraging its efforts in 2022, the Group actively cooperated with brand vendors during the year to reduce frequent changes of cardboard boxes and shopping bag styles. The Group plans to deplete old stock as far as possible to minimise resource wastage and ensure sustainability in product packaging. Total consumption and intensity of packaging materials used by the Group during the Reporting Period were as follows:

Packaging materials	2023			2022 ¹¹		
	Office	Shop	Total	Office	Shop	Total
Shopping bags						
Consumption (tonnes)	16.22	660.25	676.47	20.32	681.19	701.51
Intensity (tonnes/revenue in RMB million)	N/A	N/A	0.033	N/A	N/A	0.037
Plastic wrap						
Consumption (tonnes)	31.97	79.21	111.18	38.19	71.36	109.55
Intensity (tonnes/revenue in RMB million)	N/A	N/A	0.0055	N/A	N/A	0.0058

¹¹ In the current year, the Group recalculated the 2022 figures to reflect the data more accurately.



ENVIRONMENT (Continued)

Use of packaging materials (Continued)

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

Responding to Climate Change

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



ENVIRONMENT (Continued)

Responding to Climate Change (Continued)

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. The Group will disclose the risks associated with climate change and its control measures in the Annual Report, details of which are set out in the section "Principal Risks and Uncertainties" in the Directors' Report of the Annual Report.

The Company is currently a low-carbon enterprise. In the future, through the continuous monitoring by the Company's 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 Company.



ENVIRONMENT (Continued)

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. Total water consumption and intensity of the Group during the Reporting Period are as follows:

Water ¹²	2023			2022		
	Office	Shop	Total	Office	Shop	Total
Consumption (m ³)	103,951	13,774	117,725	107,604	13,504	121,108
Intensity (m ³ /revenue in RMB million)	N/A	N/A	5.78	N/A	N/A	6.42

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 with charity organisations;

¹² 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.



ENVIRONMENT (Continued)

Water efficiency and conservation (Continued)

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

During the Reporting Period, the Group organised the “Water Conservation Awareness Competition” (《寶勝節水週知識競賽活動》) in March, with approximately 5,000 participants. In April, the Group also organised a video competition on water conservation in various branches, which received enthusiastic responses. Through the organisation of these water conservation activities, the Group hopes to increase its staff’s awareness of the need to make better use of water resources, thereby helping the Company to achieve its environmental goals.



ENVIRONMENT (Continued)

Energy consumption

Total energy consumption and intensity¹³ of the Group during the Reporting Period were as follows:

Energy type	2023			2022 ¹⁴		
	Office	Shop	Total	Office	Shop	Total
Electricity						
Consumption (kWh)	5,397,603	85,127,448	90,525,051	4,849,684	86,216,469	91,066,153
Intensity (kWh/revenue in RMB million)	N/A	N/A	4,447.13	N/A	N/A	4,829.56
Gasoline						
Consumption (litre)	140,835.87	0	140,835.87	122,784.09	0	122,784.09
Intensity (litre/revenue in RMB million)	N/A	N/A	6.92	N/A	N/A	6.48
Diesel						
Consumption (litre)	36,551.73	25.05	36,576.78	41,117.20	484.50	41,601.68
Intensity (litre/revenue in RMB million)	N/A	N/A	1.50	N/A	N/A	2.21
Natural gas						
Consumption (m ³)	0	488	488	0	1,631	1,631
Intensity (m ³ /revenue in RMB million)	N/A	N/A	0.024	N/A	N/A	0.086

¹³ The statistics excluded energy consumption over which the Group had no direct control.

¹⁴ In the current year, the Group recalculated the 2022 total energy consumption figure to reflect the data more accurately.



ENVIRONMENT (Continued)

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.

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

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



ENVIRONMENT (Continued)

Energy consumption (Continued)

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

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.



ENVIRONMENT (Continued)

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) lightboxes made of LED resin for signboards displaying brand names and logos; and (2) spotlights used to illuminate the billboards and signboards at nights.

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

Construction materials: 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 and considers shortening the operating hours of the lightboxes at night to reduce light pollution and energy consumption.

In pursuit of green operation, the Group has always been monitoring resources consumption of its subsidiaries and stores, and in compliance with Energy Conservation Law of the People's Republic of China. 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.



ENVIRONMENT (Continued)

Environmental impact management (Continued)

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.

Non-hazardous waste treatment

The Group actively implements green measures to reduce waste in the course of daily operations and business activities. In recent years, Chinese government has been actively promoting the separation of domestic waste in key cities and establishing a domestic waste separation and disposal system. The Group's subsidiaries and retail stores are strictly complying with and enforcing the waste management systems, management practices and regulations (such as Shanghai Domestic Waste Management Regulations and Shanghai Domestic Waste Separation and Disposal Guidelines) stipulated by the respective regions. 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, toner cartridges, plastic bottles, paper cups and ink ribbons for printers.

ENVIRONMENT (Continued)

Non-hazardous waste treatment (Continued)

Total amount and intensity of non-hazardous waste produced by the Group during the Reporting Period are as follows:

Non-hazardous waste ¹⁶	2023			2022 ¹⁵		
	Office	Shop	Total	Office	Shop	Total
Domestic waste						
Total amount (tonnes)	41.65	68.25	109.90	154.91	60.04	214.96
Intensity (tonnes/revenue in RMB million)	N/A	N/A	0.0054	N/A	N/A	0.012
Renovation waste¹⁷						
Total amount (tonnes)	75.27	2,369.91	2,445.18	11.00	1,297.68	1,308.68
Intensity (tonnes/revenue in RMB million)	N/A	N/A	0.12	N/A	N/A	0.07

¹⁵ In the current year, the Group recalculated the 2022 figures to reflect the data more accurately.

¹⁶ 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.

¹⁷ 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 will be shown in actual amount from this Reporting Period.



ENVIRONMENT (Continued)

Non-hazardous waste treatment (Continued)

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

- Setting an expected paper usage by department and putting in place controls on usage, adopting electronic office platform for paperless networked office operation, as well as promotion of the reuse of second-hand paper, resulted in approximately 0.5% of paper consumption. Effort was also made to reduce daily paper consumption and the use of ink cartridges and toner cartridges;
- Replaced bottled water and disposable cups with eco-friendly cups at most of its conferences and receptions. By not using disposable paper cups, approximately 8,000 paper cups were saved per year, which is the equivalent of one big tree;
- Collected and stored usable materials and equipment (such as shelves, props, air conditioners and televisions) when stores shut down or underwent renovation at its regional warehouses for reuse at next store opening and such reusable materials and equipment amounted to approximately 30 tonnes each year;
- Office domestic waste, used paper and toner cartridges and used cardboard boxes, etc. were handed over to professional institutions for recycling and disposal; and
- Cardboard boxes used for logistics will be recycled, saving approximately 1,000 kilograms of cardboard boxes usage per year.



ENVIRONMENT (Continued)

Emissions from business operations

As the Group is principally engaged in the retail business, 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;
- Setting up low-carbon knowledge contest through "Pou Sheng Academy" on an e-learning platform to promote the knowledge of environmental protection to employees;
- 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 to systematically manage the purchase of hybrid new energy vehicles. In 2023, the Henan and Jilin regional branches phased out their old vehicles and procured new hybrid vehicles;
- During the year, the Group introduced a new paper box manufacturer, which mainly used recycled paper to make cartons. The carbon emission per 1 kg of low-carbon paper decreased by 5.3 kg as compared with traditional paper making. The actual purchase of cartons in 2023 was 219 tonnes, reducing carbon emissions by 1,160 tonnes; and
- Optimising and implementing power saving plans in business places such as relevant offices and shops.



ENVIRONMENT (Continued)

Emissions from business operations (Continued)

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

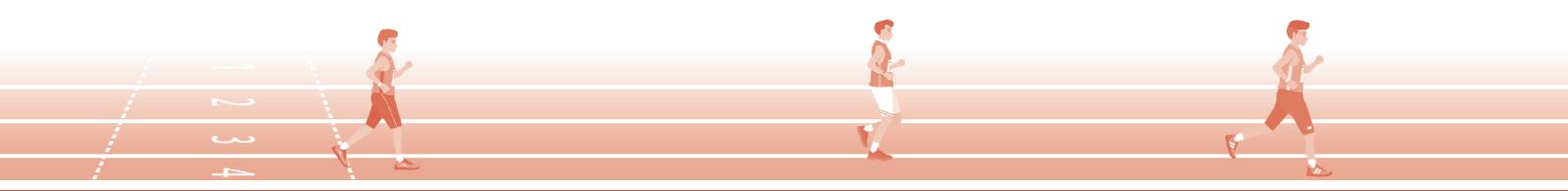
Greenhouse gas carbon dioxide equivalent ¹⁹	2023			2022 ¹⁸		
	Office	Shop	Total	Office	Shop	Total
Direct (Scope 1) greenhouse gas emission (tonnes) ²⁰	471.80	1.07	472.88	N/A	N/A	450.20
Indirect (Scope 2) greenhouse gas emission (tonnes) ²¹	3,066.68	48,529.72	51,596.40	N/A	N/A	57,193.48
Intensity (tonnes/revenue in RMB million)	N/A	N/A	2.56	N/A	N/A	3.06

¹⁸ In the current year, the Group recalculated the 2022 figures to reflect the data more accurately.

¹⁹ 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.

²⁰ Scope 1 covers greenhouse gas emissions directly produced by businesses owned or controlled by the Group including gasoline, diesel and natural gas consumption.

²¹ Scope 2 covers greenhouse gas emissions indirectly produced by businesses owned or controlled by the Group (i.e. electricity consumption).



ENVIRONMENT (Continued)

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 Standard 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.



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