



TOPSPORTS INTERNATIONAL HOLDINGS LIMITED

滔搏國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6110



2023/24

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

滔搏
TOPSPORTS

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About this Report

Topsports International Holdings Limited (hereinafter referred to as “Topsports” or “the Company”) and its affiliated companies (“this Group” or “the Group”) are pleased to release its 5th Environmental, Social and Governance (ESG) Report (“this report”) that aims to authentically reflect the Group’s principles, management, actions, and achievements regarding ESG in response to the concerns and expectations of various stakeholders regarding the Group’s sustainability management.

Scope

The reporting period of this report is from 1 March 2023 to 29 February 2024 (“this financial year”). To enhance the comparability and completeness of this report, some contents may appropriately refer to the information of previous years. This report mainly covers the sports retail business of the Group.

Reporting Principles

This report is formulated in strict compliance with the provisions of Appendix C2 “Environmental, Social and Governance Reporting Guide” (“the Guide”) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“SEHK”) (“the Listing Rules”) and disclosed or interpreted according to the actual situation of the Group.

Principles	Definition	Response by the Group
Materiality	The report should cover categories that reflect the significant impacts of the group on the economy, environment, and society, or substantially affect stakeholders’ assessment and decisions.	Identify current important issues by reviewing the Group’s development strategy against the industry and business status, and communicating with stakeholders.
Quantitative	Key performance indicators (KPIs) related to historical data in the report must be measurable for the assessment and verification of performance. Quantitative data should be accompanied by explanations clarifying their purpose and impact, and comparative data should be provided where appropriate.	The Group has disclosed quantitative KPI information for this financial year with textual explanations that enable stakeholders to clearly understand the overall performance of the Group.
Balance	The report information should reflect both the positive and negative aspects of the group’s performance to enable reasonable assessment of its overall performance.	This report elaborates on the Group’s achievements and challenges and discloses relevant quantitative information for reasonable analysis and comparison.
Consistency	Information in the report should be disclosed in a consistent manner to enable stakeholders to analyze and evaluate the group’s performance over different periods.	The Group ensures that the disclosure scope and reporting methodology of the report remain generally consistent every year.

Source

The information and data quoted in this report are sourced from the Group's official documents, statistical reports, internal statistical data, and relevant publicly available materials.

Access

The electronic version of this report can be viewed on the website of SEHK (www.hkexnews.hk) and the official website of the Group (www.topsports.com.cn). In the event of any discrepancies between the Chinese and English versions of this report, the Chinese version shall prevail. Your valuable input will help the Group further improve this report and positively impact the Group's overall ESG performance. If you have any questions or suggestions, please feel free to contact the Group at ir@topsports.com.cn.

01

ESG Strategy and Management

ESG Strategy and Management

1.1 Messages from the Chairman

As a leading domestic sports retail operator, we have long been deeply engaged in China's sports retail industry, connecting lovers of trendy sports with our quality products, professional services, and excellent experiences. In this financial year, we have established and confirmed our ESG vision, which is "To become a promoter and leader of green consumption by jointly building a sustainable ecosystem and achieving win-win values". We strive to play the role of a key facilitator in the industry's sustainability journey to drive economic growth, societal progress, and environmental improvement with the positive results we achieve in this regard.

During the reporting period, the Board of Directors of the Group continued to enhance ESG supervision, established ESG vision and development paths, and implemented various ESG management objectives.

- We developed the "GREENBOX" public welfare IP and launched "Topsports Green Regeneration Program," and environmental activities such as Membership Green Mobility, to deliver sustainability values and healthy sports lifestyle as a part of the green consumption environment we strive to build, which reached over 70 million Topsports users.
- We stringently implemented the product quality control process and safety management measures for chemicals to make sure only quality products and services are delivered to our customers.
- We published the Supplier Code of Conduct to encourage our partners to do responsible sourcing, protect natural resources and biodiversity, so as to reduce negative impacts on the environment.
- We actively created a harmonious, healthy, and inclusive workplace, and upgraded the "Topsports Academy" 2.0 learning platform to continuously support employee growth, achieving mutual empowerment between talents and the Group. In the financial year, the training provided by the Group covered over 95% of the staff.
- We planned and participated in various public welfare activities, promoting positive interactions between the Group and communities, and jointly building and sharing a harmonious society.
- We issued the Corporate Code of Conduct to clearly define work guidelines and disciplinary requirements, create a fair competitive business environment, and maintain a clean, honest, and reliable corporate image.

In this financial year, the Group's total GHG emissions (Scope 1 + Scope 2) decreased by 583.0 tCO₂e compared to the previous year. Its total energy consumption, water usage, and waste generation decreased by 10.3%, 8.4%, and 6.2% respectively compared to the previous financial year. We have actively collaborated with brand partners to explore and promote the transformation of sustainable supply chain, so as to bring more eco-friendly and sustainable product options to consumers. We have already procured environmental-friendly products from over 50% of the brand partners (including tier-1 suppliers) we worked with. At the same time, over 70% of our brand partners or their affiliated groups have set carbon reduction targets, and over 50% of our brand partners or their affiliated groups have committed to carbon neutrality targets by 2050. By accelerating the pace of green and low-carbon development, the Group is fully committed to achieving decarbonization throughout the value chain.

There is no doubt that sustainability will evolve with time. In this era full of challenges and opportunities, we deeply understand that it requires the wisdom and power of all parties to build a sustainable future. Looking ahead, we will continue to deeply integrate sustainability and social responsibility into our operations and development, and work together with all stakeholders including investors, consumers, employees, and upstream to downstream partners in the industry chain, to jointly promote the green and sustainable development of the sports retail industry, and make our unique contribution to the quality development of the economy and society.

YU Wu

Chairman and Chief Executive Officer

Hong Kong, 22 May 2024

1.2 About the Group

The Group is the sports retail operator in China at scale and committed to collaborating with brand partners and participants in the sports industry to provide consumers with top-notch products and services through digital empowerment, creating a limitless, positive, healthy, and joyous sports lifestyle experience.

Through its industry-leading, extensive, and deeply reaching national directly-operated store network for sportswear, the Group has coverage of over **6,000** directly-operated stores in more than **300** cities nationwide.

The Group has established strategic partnerships with over ten well-known sportswear brands such as **Nike, adidas, PUMA, CONVERSE, Vans, The North Face, Timberland, ASICS, Onitsuka Tiger, SKECHERS, NBA, LI-NING, HOKA ONE ONE, KAILAS**, providing them with helpful insights on the access to the China market and consumer profile.

In recent years, the Group has further enhanced operational and business precision and efficiency with advanced technologies, expanding consumer reach and engagement, empowering corporate management and staff, enhancing operational capabilities, while extending traditional offline consumer interaction and service provision to online platforms, which have altogether brought better products and consumer experiences to Chinese sports enthusiasts.

The Company was listed on the Main Board of the SEHK in **October 2019** (Stock code: 6110) and was included in the MSCI China Index and the Hong Kong Stock Connect program in **2020**.

The Group continues to deepen its footprint in efficiency-focused overall retail layout, omni-channel user operations, precise and efficient digital empowerment, innovative business models and services, and sustainability, to continuously enhance business competitiveness and achieve sustainable development. Based on such business positioning and its role in the industry chain, the Group further promotes the co-construction of a sustainable ecosystem and win-win values, aiming to become a promoter and leader of green consumption on the journey towards a healthier, and more sustainable future.

Vision

Strive to build a platform catering to the consumers' need for sportswear and healthy lifestyle and to become global first-class sports retail operator



Mission

Breaking boundaries through sports and inspiring limitless possibilities



Brand Value Proposition

Forstoring joyous sports experiences and lifestyle



Brand Core Spirit

Born to Dare



The Group continues to deepen its footprint in efficiency-focused overall retail layout, omni-channel user operations, precise and efficient digital empowerment, innovative business models and services, and sustainability, to continuously enhance business competitiveness and achieve sustainable development.

Based on such business positioning and its role in the industry chain, the Group further promotes the co-construction of a sustainable ecosystem and win-win values, aiming to become a promoter and leader of green consumption on the journey towards a healthier, and more sustainable future.



● Performance highlights



6,000+
Number of
directly-operated
stores



10+
Brand partners



5 policies issued
covering core ESG topics



29,458
Number of employees



>95%
Employee training
coverage rate



35%
Mix of female
within senior
management



70 million+
Number of users



Approx. **90%**
Consumer
satisfaction rate



Down approx. **15%**
Number of consumer
complaints YoY



149
Supply partners



Orders to
top 5 suppliers
contributed
91%
of total purchases



100%
Suppliers signed
Integrity Agreement



>50%
of brand partners or
their affiliated groups
committed to carbon
neutrality



>85%
of revenue comes
from sales of products
of ZDHC-certified brands



Achieved procurement
of eco-friendly products
from over **50%** brand
partners



10.3%
reduction in total
energy consumption
YoY



6.2%
reduction in
waste generated YoY



8.4%
reduction in
water usage YoY



RMB
28,933.2 million
of annual revenue



RMB
2,213.0 million
of net profit*



101%
Annual dividend
payout ratio

* Net profit refers to profit attributable to the Company's equity holders

1.3 ESG strategy

Statement from the Board of Directors

The Board of Directors of this Group places a high value on sustainability

It strictly abides by the requirements of the SEHK's *Environmental, Social, and Governance Reporting Guide* strives to always improve and implement the responsibilities and authorities at all levels of the ESG structure; and continuously strengthens the supervision and participation of the Board in the Group's ESG initiatives.

The Board is responsible for establishing the ESG strategy and framework, identifying and assessing ESG risks and opportunities, setting management objectives and developing strategies, and ensuring that the Group is aware of any issues that might arise from a complex and fluid environment. The Board regularly reviews work reports to get a full picture of the implementation of ESG initiatives to ensure the Group achieves its objectives while also adjusting strategies as necessary based on the current situation. The Board also reviews the ESG agenda, determines key reporting disclosures, and reviews and approves ESG reports to meet stakeholder expectations as it guides the Group through its sustainability journey.

ESG Strategy

The Group recognizes the profound impact that corporate social responsibilities has on sustainability. By closely aligning its business with the expectations of stakeholders and examining its positioning and role along the industrial value chain this financial year, the Group established its ESG vision of "To become a promoter and leader of green consumption by jointly building a sustainable ecosystem and achieving win-win values." It also further refined and focused the five sub-sections and three main directions of its corporate ESG strategy: *TOP procurement and collaboration*, *TOP consumption and lifestyle*, and *TOP governance and responsibility*, with the goal of achieving sustainable, more harmonious, and efficient development.

ESG Vision

To become a promoter and leader of green consumption by jointly building a sustainable ecosystem and achieving win-win values.

3 Main ESG Directions

TOP Procurement and Collaboration

Take on more sustainable corporate responsibilities and jointly build the low-carbon value chain among the ecosystem with other stakeholders through sustainable supply chain management.

TOP Consumption and Lifestyle

Advocate for the concept of green consumption, provide safe and high-quality consumer services, to drive forward the concept of a green and healthy sporting lifestyle.

TOP Governance and Responsibility

Actively assume corporate social responsibilities, build a diverse, equal, and inclusive culture, to achieve top-notch corporate governance.

5 ESG Sub-sections



■ TOP Governance and Responsibility
 ■ TOP Procurement and Collaboration
 ■ TOP Consumption and Lifestyle



Mutually forge the green ecosystem as one

Build a green and low-carbon ecosystem with industry partners by promoting the use of more sustainable materials and reducing GHG emissions throughout value chain.



Green consumption and quality services

Promote the concept of a sustainable lifestyle to consumers and continue protecting user privacy.



Diversity, equality, inclusion, and coexistence

Safeguard employees' rights and interests as well as career development to build a healthy corporate culture and environment.



Plant for a better community and support to public welfare

Undertake corporate social responsibility and actively participate in community construction to build a harmonious society.



Compliance, ethics, transparency

Continuously improve the sustainable governance system in regard to international governance standards.

1.4 ESG highlights of the year

The Group continues to uphold its mission of “breaking boundaries through sports and inspire limitless possibilities.” Using the United Nations’ Sustainable Development Goals (SDGs) as a guide for action and based on the five sub-sections of our corporate ESG strategy, the Group thoroughly implements various ESG efforts and practices the concept of sustainability through concrete actions.

Mutually forge the green ecosystem as one

Objectives of the Group

Build a green and low-carbon ecosystem with industry partners by promoting the use of more sustainable materials and reducing GHG emissions.

Achievements of the Group

- In this financial year, the total GHG emissions of the Group (Scope 1 + Scope 2) **decreased by 583.0tCO₂e** compared to the previous financial year.
- In this financial year, the total energy consumption, water usage, and waste generation of the Group **decreased by 10.3%, 8.4%, and 6.2%** respectively compared to the previous financial year.
- The Group has formulated *Supplier Code of Conduct* specifying responsible raw material procurement requirements to ensure that the products it offers are sourced responsibly.
- As of the end of this financial year, the Group worked with **10+** brand partners, and purchased eco-friendly products from over **50%** of brand partners (including tier-1 suppliers).
- As of the end of this financial year, over **70%** of the Group’s brand partners or their parent groups (including tier-1 suppliers) have set carbon emission reduction targets.
- As of the end of this financial year, over **50%** of the Group’s brand partners or their parent groups (including tier-1 suppliers) have set carbon neutrality targets by 2050.
- Over **99%** of the leather used by one of our major brand partners¹ are reviewed against Leather Working Group (LWG) standards (traceable) and most of the hides are sourced from tanneries with the highest rating (gold-rated).
- Over **30%** of products made of cotton or containing cotton from the self-owned products of the Group’s FOSS brand can be traced back to their country of origin.
- All the directly-operated stores of the Group use shopping bags made of **100%** degradable pure wood pulp white kraft paper.
- The Group’s major logistics partners continue to increase the proportion of New Energy Vehicles (NEVs) adopted in transportation. As of the end of this financial year, NEVs accounted for approximately **20%** of all self-owned commercial-distribution vehicles.

SDGs addressed



¹ Nike, adidas, Timberland, etc. The same as below.

Green consumption and quality services

Objectives of the Group

Promote the concept of a sustainable lifestyle to consumers and continue protecting user privacy.

Achievements of the Group

- In this financial year, the Group developed the “GREENBOX” public welfare IP and launched the “Topsports Green Regeneration Program” and “Topsports Green Recycling Store” projects to further promote green consumption.
- The Group established the *Self-owned Product Restricted Substances List of FOSS Brand and Overview of Self-owned Product Development and Production Process of FOSS Brand* to standardize the management and use of chemicals and materials during production for self-owned products of FOSS brand.
- In this financial year, **100%** of the self-owned fabric products of the FOSS brand were free of polyvinyl chloride (PVC), phthalates and perfluorinated compounds (PFC).
- In this financial year, more than **85%** of the Group’s revenue was generated by selling products from ZDHC (Zero Emission of Hazardous Chemicals) certified sports brands (including tier-1 suppliers).
- In this financial year, the Group conducted a customer satisfaction survey and the customer satisfaction rate hit **88.5%**.
- The Group’s IT system has obtained Level-3 Security Certification in China, covering all business activities of the Group. It also conducts at least one external independent audit every year.
- To further strengthen the security of consumer privacy data, the Group updated its *Privacy Statement* to fully protect the privacy and information security of consumers.

SDGs addressed



Diversity, equality, inclusion and coexistence

Objectives of the Group

Safeguard employees' rights and interests as well as career development to build a healthy corporate culture and environment.

Achievements of the Group

- The Group has **29,458** employees from **32** ethnic groups, including more than **1,500** ethnic minorities who account for more than **5%** of its staff.
- In this financial year, **83.4%** of the Group's employees are female; given that, **51.1%** of the management-level employees are female and **35.2%** of its senior management team are female.
- In this financial year, the Group carried out a total of **450** online learning projects and organized nearly **200** offline training activities, covering over **95%** of the staff.
- In this financial year, the Group issued the *Employee Rights Policy* that covers many important aspects on this topic and lays out its commitment to protecting the rights and interests of every employee to realize the common growth of the Company and its employees.
- The Group provided a wide range of subsidies and developed a variety of flexible office policies and non-statutory leave benefits.
- In this financial year, the Group won **3** Best Employer titles as the proof of being widely recognized by employees and the community, including the "2023 China Employment Contribution Employer".

SDGs addressed



Plant for a better community and support to public welfare

Objectives of the Group

Undertake corporate social responsibility and actively participate in community construction to build a harmonious society.

Achievements of the Group

- The Group donated charitable materials to Changsha Slow Angel Disabled Children Public Service Center.
- To respond to the national policy of promoting integration of industry and education, the Group helped build TES E-sports Industry and Education Base to help cultivate e-sports talents with expertise and innovative thinking, so as to support all-around growth of youth.
- The Group organized an exchange of old books for green plants and built a green reading corner.

SDGs addressed



Compliance, ethics, transparency

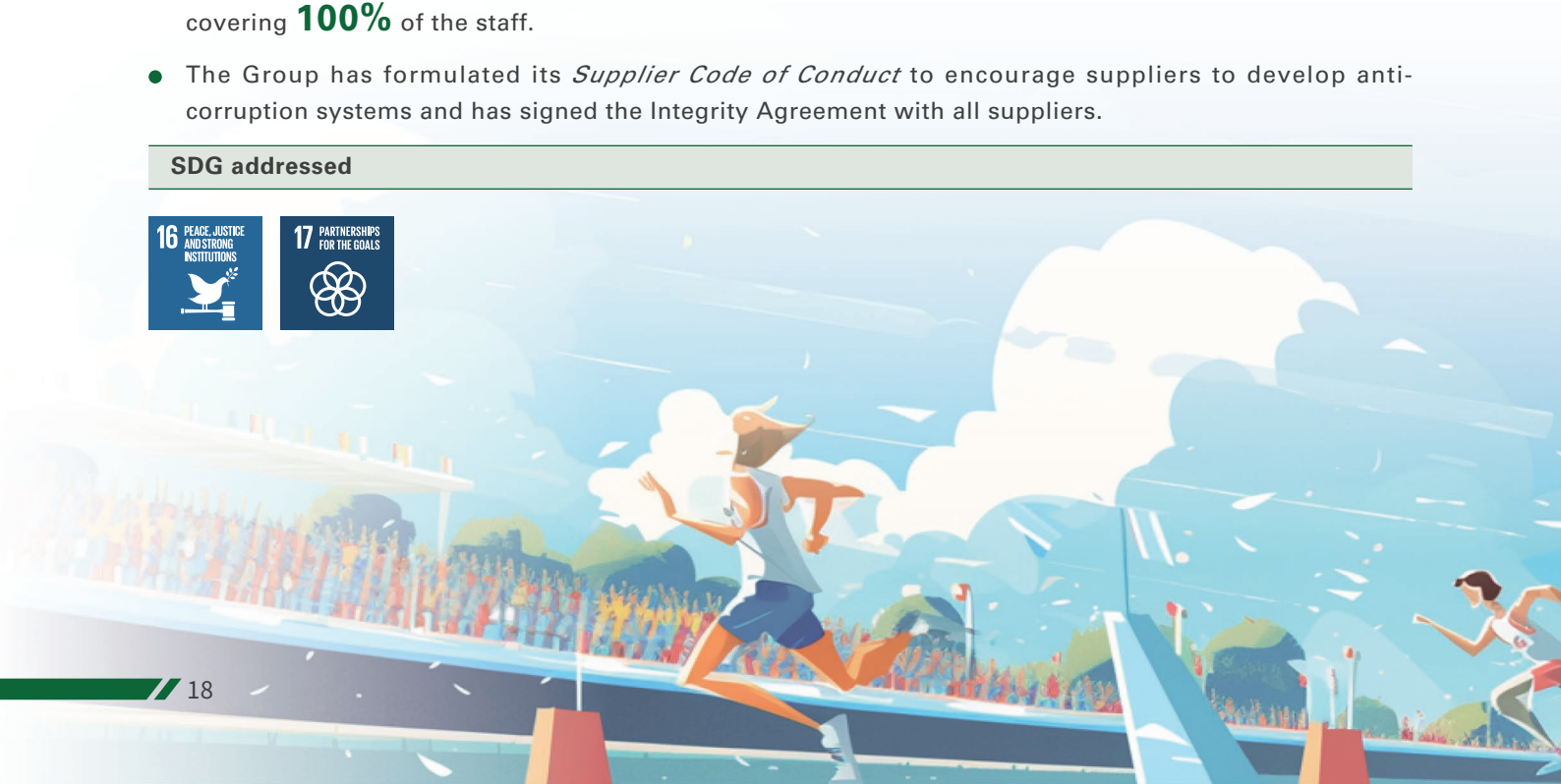
Objectives of the Group

Continuously improve the sustainable governance system in regard to international governance standards.

Achievements of the Group

- The Group has formulated the *Corporate Code of Conduct*, which clearly defines the working standards and disciplinary requirements for its employees to advocate both employees and the company to behave with higher business ethics.
- In this financial year, the Topsports Academy delivered anti-fraud training courses to all employees, covering **100%** of the staff.
- The Group has formulated its *Supplier Code of Conduct* to encourage suppliers to develop anti-corruption systems and has signed the Integrity Agreement with all suppliers.

SDG addressed



Ratings, Major Awards and Certificates on Sustainability

BBB rating by MSCI ESG in 2023



Low Risk Level rated by Sustainalytics

18.5 Low Risk



We were awarded “Best ESG” “Best Corporate Governance” and other accolades in the “Asia (ex-Japan) Executive Team” survey organized by the well-known financial magazine “Institutional Investor” for the third year in a row.



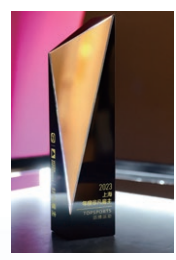
Won the “Green Practice Performance Award” on the 2023 China Enterprise Carbon Neutrality Performance List



Once again selected for the 2023 Shanghai Dual Top 100 Enterprises List in September 2023



Won the “2023 Shanghai Extraordinary Employer Award” issued by Liepin



Won the “2024 King’s Ark·Award of Most Talent-Cherishing Employer” issued by BOSS Zhipin



Won the “2023 China Employment Contribution Employer Award” issued by 58 Cities



1.5 ESG management framework

The Group continued to improve its ESG governance by establishing an ESG governance structure with the Board of Directors at its core, enhance the Board's supervision and participation in ESG-related matters, and ensure that the ESG framework was closely integrated with major decisions and reality of the Group, which vigorously supported the robust development of the Group in the long run.

The Group's ESG management strategies were developed under the overall responsibility of the Board to ensure that they were highly consistent with overall strategies of the Group. Management sets out specific work plans according to ESG strategies and took all departments to promote ESG with joint efforts. ESG Team took charge of implementing specific measures of key ESG management fields in daily operation and reporting work progress to Management and the Board on a regular basis. It also took charge of regularly collecting and sorting out ESG related materials and quantitative data, and preparing ESG reports for each financial year to comprehensively demonstrate the Group's efforts and achievements in sustainable development.



1.6 Communication with stakeholders and evaluation of significant ESG topics

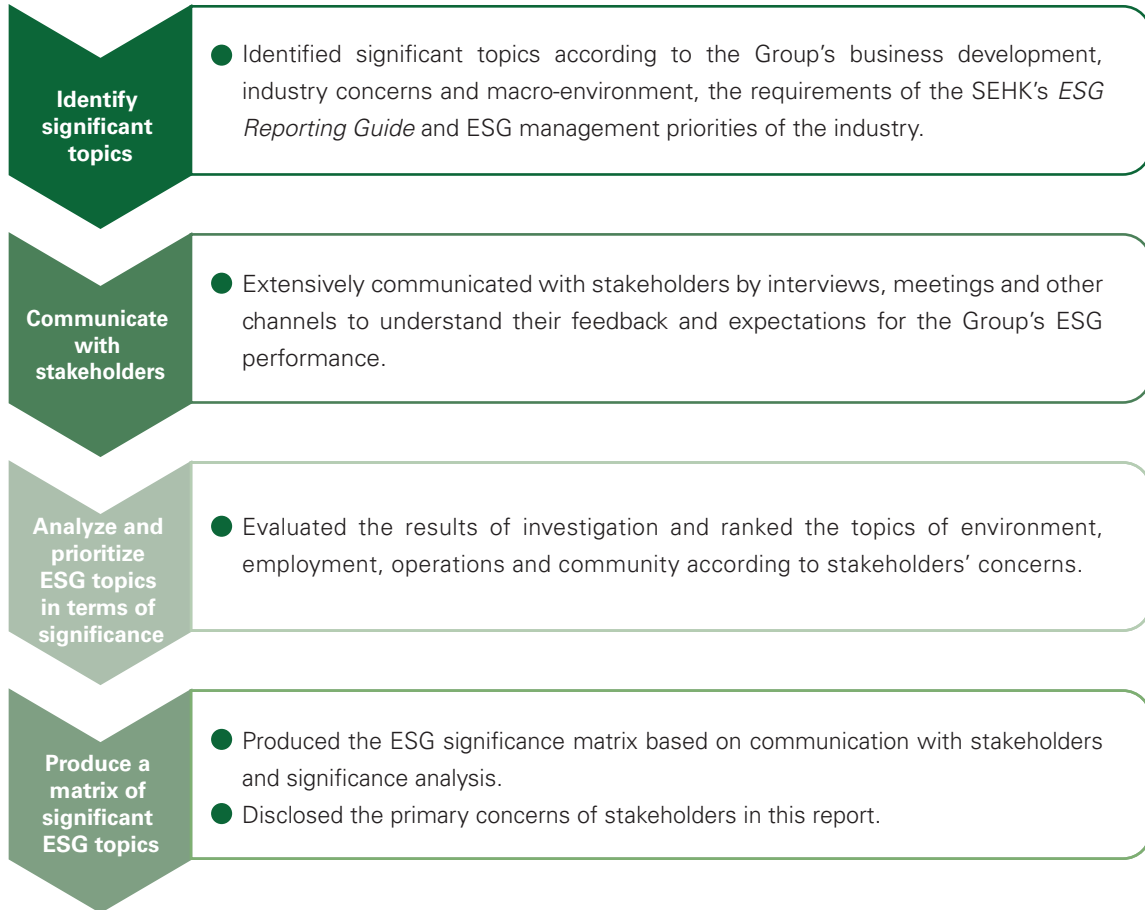
Communication with stakeholders

The Group understands that keeping smooth communication with stakeholders is the core driver for its continuous transition and improvement, which helps it to gain insight into potential risks and opportunities, as well as validate and adjust its ESG strategies. To better address concerns of stakeholders on sustainability, the Group built up multi-level communication platforms, understood the expectations and demands of stakeholders through multiple channels, actively adopted and responded to their suggestions and demands, and continued to improve the Group's ESG management.

Stakeholder category	Demands and expectations	Communication and response
Government and regulatory authority	Compliant operation and ratepaying according to law Following national policies Project strategic cooperation	Enhancing compliance management Implementing national policies Fostering fair competition in the industry
Investor and shareholder	Returns on financial performance Information disclosure and transparency Sustainable profitability	Improving business performance Regular information disclosure and frequent communication Setting and implementing long-term strategies
Consumer	Product quality assurance Quality of services for consumers Protection for consumer information Ethical marketing	Improving the quality of products and services Improving service system Enhancing data security and data defense Practicing responsible marketing
Employee	Protection for rights and interests of employees Development opportunities for employees Remuneration and benefits for employees Employee care	Eliminating discrimination and facilitating communication through different channels Optimizing training and promotion system Improving remuneration structure and benefit Taking care of employee's health
Supplier and partner	Integrity and cooperation Win-win cooperation Being fair and open	Improving supplier management mechanisms Giving attention to environmental and social risks Project development and cooperation
Industry association and media	Complying with industry standards Promoting industry development Transparency and disclosure	Engaging in industry seminars and communication Promoting sustainable development of the industry Optimizing the feedback mechanism of public opinions
Community	Community engagement Performance of community responsibilities	Devotion to social welfare Preserving the ecological environment

Evaluation of significant topics

To better understand and evaluate ESG topics concerned by stakeholders, the Group evaluated the significance of ESG topics for this financial year by collecting, categorizing and analyzing the feedback from stakeholders. The process of evaluating the significance of ESG topics for this financial year is shown as follows:



Evaluation results of the significance of ESG topics



Environment	Employment	Operation	Community
<ul style="list-style-type: none"> 1 Use of packaging materials 2 Waste management 3 Green store operation 4 Response to climate change 5 Enhancement of water-use efficiency 	<ul style="list-style-type: none"> 6 Recruitment and team building 7 Remuneration and benefits 8 Equal-footed engagement and diversity 9 Occupational health and safety 10 Employee training and development 11 Protection for rights and interests of employees 	<ul style="list-style-type: none"> 12 Responsible procurement 13 Supplier management 14 Product quality and influence on health 15 Consumer service and satisfaction 16 Information security of consumers 17 Responsible marketing 18 IPR management 19 Compliant and steady operation 20 Anti-corruption and integrity operation 	<ul style="list-style-type: none"> 21 Social welfare and charity

According to the results of significance evaluation, stakeholders of the Group are highly concerned about topics related to operation management and environment, in which some environmental topics are receiving increasing attention, such as use of packaging materials, green store operation, and response to climate changes. The Group will set ESG management objectives and work plans for the next financial year based on the results mentioned above. Meanwhile, core topics will be illustrated in the report to address stakeholders' concerns.

02

Mutually forge the green ecosystem as one

The Group adheres to the core concept of green development and low-carbon operations. While diligently practicing green operations, the Group also works with partners and suppliers to jointly address the challenges posed by climate change, promote the application of more sustainable materials, and continue to build a green and low-carbon ecosystem.

ESG topics covered in this chapter

- Green store operation
- Use of packaging materials
- Waste management
- Response to climate change
- Enhancement of water-use efficiency
- Responsible sourcing
- Supplier management

SDGs addressed in this chapter



Mutually forge the green ecosystem as one

2.1 Energy conservation and consumption reduction

Strictly observing relevant laws and regulations such as the *Environmental Protection Law of the People’s Republic of China*, *The Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, and *The Law of the People’s Republic of China on Energy Conservation*, the Group has developed and implemented internal systems for environmental management, such as *ESG Environmental Protection and the Energy Conservation Management, Waste Disposal and Fire Prevention Measures*, set clear environmental management objectives on aspects such as energy conservation, emission reduction, waste reduction and water conservation, as well as strictly implemented measures for energy conservation and consumption reduction from retail stores, logistics and warehousing, all the way to administration, and constantly enhanced the tracking and control of environmental management benefits. At the same time, the Group also encouraged suppliers to explore more scenarios and methods for energy conservation and emission reduction in both manufacturing and application stages of products, and put them into practice and marketing in collaboration with the Group. In this financial year, the Group invested more in human and material resources for energy conservation and consumption reduction, including energy-saving renovation of stores, innovative store layout, promoting energy conservation among suppliers, in which no violation against laws and regulations of environmental protection occurred.

Objectives of environmental management		Progress
Energy conservation and emission reduction	Actively exploring energy-saving technologies and low-energy and sustainable operation modes to vigorously promote green operation and administration; improving energy efficiency and encouraging green mobility, to reduce greenhouse gas emissions.	In this financial year, the Group’s total energy consumption was 2,135.1 MWh, a decrease of 10.3% from the previous financial year; total greenhouse gas emissions (Scope 1 + Scope 2) were 960.5 tCO ₂ e, 37.8% down from the previous financial year.
Waste reduction	Advocating garbage sorting and implementing paperless office; improving the reuse rate of office consumables and packaging materials and enhancing the awareness of resource recycling to reduce wastes generated.	In this financial year, the Group generated 16.5 tons of wastes, 6.2% down from the previous financial year.

Objectives of environmental management		Progress
Water conservation	Strengthening the daily maintenance and management of water facilities and equipment and adopting water-saving measures; raising employees' awareness of water conservation and rational use of water resources.	In this financial year, the Group consumed 15,438.4m ³ water, 8.4% down from the previous financial year.

Green stores

To build green stores, the Group is committed to implementing energy management, packaging material management and other energy-saving and consumption-reducing measures in all stores:

Store energy management

- Formulate guidelines on power consumption for stores, which clearly require staff to use electricity on demand and prohibit keeping unnecessary lighting on for long time. Employees are required to turn off lighting upon leaving and develop a habit of turning off the power when not in use. They should also flexibly adjust the power consumption strategies according to weather conditions to avoid energy waste;
- Keep optimizing the lighting systems of stores; as of the end of this financial year, over 85% of stores now use energy-saving LED lighting to achieve more efficient energy utilization.

Packaging and material management

- All directly-operated stores nationwide use shopping bags that are made from 100% degradable all-wood pulp white paper;
- We independently develop a system for paper bag management. By accurately predicting the usage of paper bags, to control the efficient usage of paper bag inventory to sales, which effectively avoids overstocking of paper bags and reduces waste of resources;
- We accurately capture the packaging size of each type of goods and adjust the size of packaging materials for products sold online accordingly to better match packaging with products, effectively reducing material consumption and packaging.



In this financial year, the Group actively explored innovative initiatives in store structure design, material application and recycling, learned from and referred to standards of LEED (Leadership in Energy and Environmental Design) certification for green buildings, optimized engineering construction methods for new retail spaces, which enabled the Group to lead the new trend of green retailing.

■ Façade of GOEASY

Example

Adopting an innovative and environmentally friendly design, the GOEASY store leads a new trend of green retail

In this financial year, the Group endeavored to build the first urban multi-brand experience center of outdoor supplies – GOEASY (meaning “Full of Interest” in Chinese). GOEASY not only integrates various business modes of outdoor supplies, such as retailing, brand co-creation, and community sharing, but also devoted to providing urban outdoor enthusiasts with rich and tangible outdoor experience. In the process of building GOEASY, the Group implemented innovative and eco design philosophies on all fronts, from ingeniously conceiving the building structure to choosing environmentally friendly materials, striving to provide consumers with a comfortable, healthy and environment-conscious shopping environment.

Adoption of bridle joints: unique bridle joints were adopted in the interior of the store, which are easy to be dismantled and improve the flexibility of the interior structure to adapt to diverse application scenarios. Besides, such design also ensures adequate air circulation and light, effectively improving the environment.

■ Space designed with bridle joints



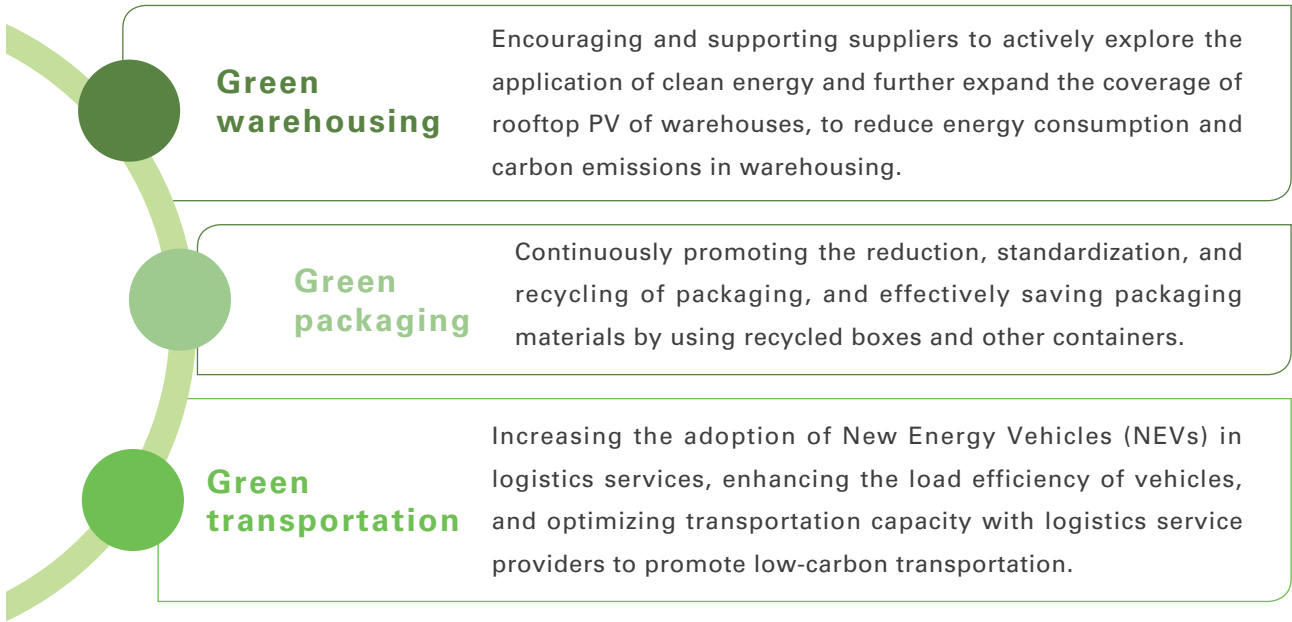
Customized standard props: GOEASY adopts highly modular display props to flexibly constitute different spatial layouts, which greatly enhances the reuse rate of props, ensures that they can be reused in the scenarios of new stores in the future, and maximizes the utilization of resources.



■ Easy-to-dismount mortise-tenon structures

Green logistics

The Group continues to work closely with logistics suppliers, actively explore different strategies to achieve green logistics, further encourage low-carbon transportation modes including green warehousing, green packaging and green transportation, and thoroughly implement carbon reduction measures throughout the logistics process, which aims to reduce the carbon footprint generated by the warehousing and distribution of products, and promote the sustainability of the logistics services adopted by the Group. In this financial year, the management measures to build green logistics laid down by the Group and logistics suppliers included but were not limited to the followings:



Example

Cooperate with logistics partners to build a green and low-carbon logistics ecosystem

In this financial year, the Group’s major logistics partner continued to increase the adoption of NEVs in transportation. By the end of the financial year, NEVs accounted for about 20% of the partner’s self-owned distribution vehicles. To minimize carbon emissions from transportation, the logistics partner will continue to implement initiatives, such as increasing vehicles’ load factors, optimizing transportation routes, and progressively replacing fuel vehicles.

Besides, the logistics partner of the Group has actively adopted clean energy in warehousing and both of the major logistics centers in Shanghai and Xi’an have been fully covered with rooftop PV, contributing to the green development of logistics chain.



■ Logistics centers fully covered with rooftop PV

Green offices

The Group keeps implementing specific measures for energy conservation, consumption reduction and low-carbon office, regularly monitoring and assessing the effects of the measures at the offices, and correcting and adjusting the measures according to actual conditions, which puts the concept of green office that fosters energy conservation, consumption reduction, and synergy into practice.

In this financial year, management measures for green office promoted by the Group included but were not limited to the followings:

Electricity and energy conservation

- Actively adopt energy-saving lighting fixtures, such as LED lights, to effectively reduce energy consumption;
- Choose energy-saving computers, printers and other office equipment, rationally allocate equipment to staff, and reduce standby and ineffective working time of equipment;
- Reasonably adjust the temperature of air conditioning to avoid excessive cooling or heating, which will save energy while provide a more comfortable working environment for employees.

Water resources conservation

- Install water-saving equipment, such as water-saving taps and flushing devices to reduce water consumption and reasonably utilize water resources;
- Regularly inspect water pipes and equipment in the office to repair the leaky ones in a timely manner and thus avoid the waste of water resources.

Management of office supplies

- Strictly regulate the allocation and purchasing of office supplies, implement an on-demand claiming system, and improve the reuse rate of office supplies, which promote the efficient use of resources;
- Actively advocate for paperless office and give priority to use electronic documents rather than paper ones if conditions permit;
- Advocate for printing on double sides upon printing documents and reuse the printed paper to reduce waste of paper.

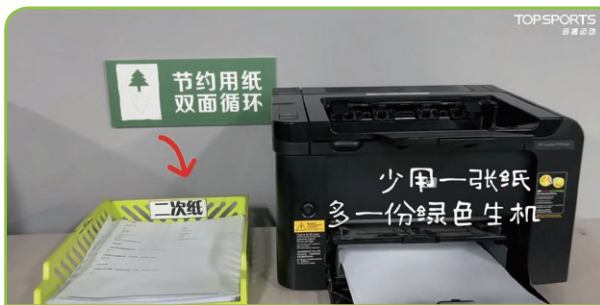
Green mobility

- Establish comprehensive management mechanism for using official business vehicles and strictly manage the allocation, maintenance, knock-out and replacement of the Group's official business vehicles in different regions;
- Encourage online and teleconferencing to reduce carbon emissions from business travel;
- Promote low-carbon travel and encourage employees to take public transportation.

Cultivation of saving resources

- Lead employees to establish and practice the consciousness of saving resources by promoting staff education and setting role models to create a sound atmosphere for resource conservation;
- Establish a reward system to commend and reward employees with excellent performance in conserving resources, enhance employee participation and enthusiasm in resource conservation, and jointly promote the practice of green office.

2.2 Waste management



■ Advocating printing on both sides



■ Advocating green transportation

Strictly following *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* and other relevant laws and regulations, the Group has developed and implemented waste sorting and disposal methods. Adhering to the principles of reducing, reusing and harmlessly disposing wastes, the Group has actively implemented waste sorting and other relevant measures in different stages of operation, such as office areas and stores, and strictly managed the discharge and treatment of wastes.

The wastes generated by the Group are mainly divided into non-hazardous wastes and hazardous wastes. Non-hazardous wastes mainly include daily office wastes such as waste paper and cardboard boxes in office areas. Hazardous wastes mainly involve discarded ink cartridges and discarded toner cartridges, etc. To ensure a safe working environment, the Group has adopted strict sorting and disposing measures, including setting clear labels for waste sorting and working out specific disposing processes, which effectively avoid the negative impact of wastes on the environment and allow the Group to actively fulfill its environmental responsibility.

Non-hazardous wastes	Put garbage sorting and recycling bins in the office to sort and collect wastes, and urge employees to throw wastes according to sorting requirements. Office and household wastes are collectively stored before they are disposed by a third party.
Hazardous wastes	Reuse of hazardous wastes, such as discarded ink cartridges and discarded toner cartridges, are prioritized. Those that cannot be reused will be sorted and collected by the Group and a qualified third-party organization will be entrusted to handle them.
Recyclable wastes	Recyclable wastes will be sorted and collected, such as waste paper and discarded office supplies. Such wastes will be conveyed to recycling plants for recycling and utilization, which promotes the recovery of resources.

2.3 Response to climate change

In face of the severe challenge posed by global climate change, promoting green and low-carbon development has become an inevitable trend of the era. The Group actively responds to the national goals of “carbon peaking and carbon neutrality” by incorporating response to climate change into business development planning. It identifies and evaluates the potential impacts and opportunities brought by climate change on business operations based on governance, strategy, risk management, metrics and targets, the actual business conditions, and recommendations of the climate-related framework for financial information disclosure, which allows it to take appropriate measures to mitigate the impact of climate change on business and thus convert the challenge of climate change into a resilient driving force towards high-quality development of the Group.

Governance

The Group has established an ESG governance framework and management procedures to oversee issues and matters concerning response to climate change. With the assistance of ESG Team, the Board and the management of the Group regularly review the risks and opportunities associated with climate change, supervise the implementation and management of initiatives such as energy conservation and green operations, and timely seize climate-related opportunities, thereby creating diverse opportunities for the sustainable development of the Group. In day-to-day operations, ESG Team collaborates with relevant departments to implement measures for managing climate change risks in business activities and execute energy conservation plans, ensuring that the ESG and climate governance of the Group are comprehensively improved.

Strategy

The Group relies on its existing risk management framework to actively identify, assess, and effectively address climate-related risks and opportunities in businesses. At the same time, it delves into the climate change risks that may significantly affect its operations on two dimensions, i.e., physical risks and transition risks, based on which it tailors countermeasures to ensure robust development of the Group while addressing the challenges posed by climate change.

Types of climate risk		Impact analysis	Countermeasures
Physical risks	Chronic risks	<ul style="list-style-type: none"> As hot weather becomes more frequent and harsher, the working efficiency of employees is significantly affected, followed by their health and safety, which may lead to the increase of expenditure for heat subsidies and medical care. The continuous rise in average temperatures may result in the public engaging less in outdoor activities, thereby reducing consumer demand for outdoor products and causing a certain impact on the outdoor goods market. 	<ul style="list-style-type: none"> Develop the <i>Emergency Plan for Extreme Weather for Store Companies</i> and establish a leading group for emergency response to extreme weather events to enhance the responsiveness and coordination ability of stores when extreme weather strikes. Utilize platforms such as WeChat Work and official accounts to promote preventive knowledge regarding extreme weather and raise employees' awareness of safety and self-protection. Increase manpower for emergency response and prepare sufficient materials such as de-icing and water-draining tools. Closely monitor weather changes, stay informed about snowfall, rainfall, etc., and make plans based on forecasts and notices from higher authorities. Enhance inspection for safety hazards, promptly assign personnel to clear waterlogging, snow, etc., at stores and in the surrounding areas, and implement protective measures for water and electricity facilities and equipment to prevent accidents caused by high temperatures and rain leakage, etc. When extreme weather occurs, promptly communicate with logistics service providers and flexibly adjust backup transportation plans to ensure timely product delivery.
	Acute risks	<ul style="list-style-type: none"> The increased severity of extreme weather such as rain, snow, typhoons, heavy rain, and floods may severely disrupt the normal operation of stores, leading to potential damage to facilities, equipment, and merchandise and increasing operating costs as a result. With increased frequency or prolonged duration of extreme weather events, the operational stability of logistics and warehousing may be affected, leading to damage to logistics infrastructure, thereby disrupting normal business fulfillment and even leading to revenue loss. 	

Types of climate risk		Impact analysis	Countermeasures
Transition risks	Policy and regulation risks	<ul style="list-style-type: none"> Accelerated introduction of policies for green and low-carbon transition by government and regulatory agencies coupled with increasingly stringent regulatory measures may affect the operation mode of the Group and lead to increased expenditure related to environmental protection, energy conservation, and emissions reduction. As regulatory agencies are gradually improving disclosure requirements for climate change and further enhancing requirements for corporates to disclose carbon emissions, the Group needs to optimize data management and information disclosure of carbon emissions to comply with these requirements, which may result in increased management costs. 	<ul style="list-style-type: none"> Pay close attention to policy trends, thoroughly study relevant policies already implemented, continuously monitor the progress of domestic laws and regulations, as well as international industry standards, and make strategic plans in advance according to changes in internal and external environments. Keep improving and consolidating the management systems for ESG and climate change response, promoting communication with regulatory authorities, continuously monitoring and promptly responding to regulatory requirements for information disclosure, and further enhancing the quality of information disclosed.
	Market risks	<ul style="list-style-type: none"> As public environmental awareness continues to grow, consumer preferences are also changing, with increasing attention and expectations for green and low-carbon products and services. If the Group fails to promptly meet the growing demand for eco-friendly products and services and swiftly innovate and transform its products and services, its market share could be compromised. 	<ul style="list-style-type: none"> Pay close attention to consumers' expectations for green, low-carbon, and sustainable products and services, design green and low-carbon operation at stores, and explore innovative modes for promotion. Keep exploring the transformation and upgrading of products and services to meet the growing demand from consumers for environmentally friendly and sustainable development.

At the same time, the Group identifies opportunities brought by climate change in all respects according to its actual operation and proactively takes a series of effective measures to firmly seize precious development opportunities in the process of green and low-carbon transition worldwide and promote the sustainable development of the Group.

Types of climate-related opportunities	Analysis of opportunities	Countermeasures
Development or expansion of green products and services	<ul style="list-style-type: none"> ● Considering the market trend, brand partners and consumers of the Group will demand green and low-carbon services and thereby seek for more eco-friendly products and services as climate change has become a growing concern of all sectors. ● To actively respond to customers' demand for green and low-carbon services will help the Group win the favour of brand partners and consumers, increase competitiveness in the market, as well as enhance its brand reputation, which will bring new opportunities for future business development. 	<ul style="list-style-type: none"> ✓ The Group actively collaborates with brand partners to launch a series of "green and low-carbon" thematic marketing campaigns for eco-friendly products of all brands at stores, aiming to consolidate the collaboration with brand partners while improving consumers' awareness and willingness to buy eco-friendly products, thus encouraging consumers to be more environment-conscious in shopping.

Risk management

The Group proactively assesses the potential impacts of climate risks, evaluates current risk profile, and predicts future risk profile. Based on the identification and analysis of climate-related risks, the Group takes initiative to enact and implement effective countermeasures. The ESG Team is responsible for following up the implementation of the measures, which ensures the feasibility of countermeasures and the robust development of the business. Effectively addressing climate-related risks vigorously supports the sustainable development of the Group.

Metrics and targets

To thoroughly capture and track the effectiveness of the Group’s efforts in addressing climate change, the Group has established environmental management objectives, including energy conservation, emissions reduction, water conservation, and waste reduction, and is committed to achieve them through practices. At the same time, the Group continues to disclose data of greenhouse gas emissions of Scope 1 and Scope 2 and closely follows measures for reducing emissions of Scope 3. We vigorously encourage our employees to choose low-carbon and green means of transportation and give priority to public transportation, which help reduce carbon emissions generated by commuting and business travel and contribute to improving our environment. In the future, the Group will continue to deepen its understanding of climate change and keep improving relevant indicators and objectives, so as to seize opportunities associated with climate change more accurately and empower the sustainability of the Group.

2.4 Supply chain management and collaboration

While adhering to high standards of the quality of products and services, the Group continued to refine its admission and assessment criteria for suppliers, improve the supply chain management system, rigorously and thoroughly monitor the quality control process, and further enhance the compliance management of suppliers to mitigate suppliers’ potential impact on society and environment. We work together with brands and other suppliers to build a sustainable and responsible supply chain system.

Build a sustainable supply chain – Admission and assessment of suppliers

Strictly abiding by laws and regulations such as *The Bidding Law of the People’s Republic of China* and *The Government Purchase Law of The People’s Republic of China*, the Group has formulated and implemented management systems such as *Supplier Code of Conduct* and *Measures for Supply Chain Management and Process of Management and Evaluation* to continually optimize supplier management process. We adhere to the core principles of “excellence in selection, quality, and efficiency”, thoroughly verifying the fulfillment capabilities of our suppliers and clearly stipulating content related to responsible raw material procurement to ensure that all products provided by our group originate from responsible sourcing practices. By implementing these measures, we strive to minimize the environmental and social risks associated with the supply chain, aiming to guide brand partners and suppliers to adhere to ethical and environmental standards, jointly creating a green and sustainable supply chain, and providing consumers with high-quality, eco-friendly products, thereby comprehensively safeguarding the quality and service of our products.

Supplier admission mechanism

When selecting potential suppliers, the Group preliminarily screens the qualification and certification, corporate credit, material quality, price, timeliness of delivery, and overall service quality of suppliers and give priority to those with eco-friendly qualification and certification under the same conditions.

Supplier assessment mechanism

The Group uses both immediate and quarterly (spring/summer and autumn/winter) assessment to comprehensively assess suppliers in terms of quality, cost, delivery, service, and responsiveness. To strengthen the resilience and sustainability of the supply chain, the Group incorporates the supplier’s performance in managing environment protection and anti-corruption practices into the assessment criteria when screening and reviewing suppliers to ensure their ESG performance are comprehensively evaluated and managed.

Meanwhile, the Group is committed to building a fair and transparent supply chain environment and advocating brand owners and other suppliers upstream and downstream to adhere to compliant operation and jointly build a supply chain system with integrity and efficiency. The Group requires suppliers to sign *Integrity Agreement* and encourages them to establish anti-corruption systems to oversee the integrity of both parties during cooperation. Any violations during purchase and cooperation are forbidden and violators will be punished or disqualified according to relevant stipulations. By the end of the financial year, 100% of the Group's suppliers have signed the *Integrity Agreement*.

Building a sustainable supply chain – raw material sourcing

- The Group has formulated *Supplier Code of Conduct*, which stipulates responsible purchase of raw materials, to ensure that the products offered by the Group are purchased in a responsible way. We aim to guide brand owners and suppliers to follow moral and environmental standards and jointly build an eco-friendly and sustainable supply chain to provide consumers with high-quality and environmentally friendly products.
- The Group faithfully practices the principle of responsible procurement and proactively engages in green and low-carbon purchase practices. We not only gradually increase the proportion of sustainable raw materials in purchase, but also actively communicate and work with suppliers and brand owners to explore effective ways to protect the environment when purchasing materials. We expect to reduce the impact on the environment throughout the life cycle of products and contribute our efforts to a green and low-carbon supply chain system. In this financial year, the Group has procured eco-friendly products from over 50% of brand partners (including tier-1 suppliers).
- The Group continues to track and optimize the sustainable purchase of raw materials such as leather and cotton, and actively encourages suppliers to trace the origin of their products and provide relevant evidence. The Group plans to purchase more traceable relevant products from brand partners, depends on business demand.
- The Group encourages suppliers to purchase more sustainable materials and keep introducing more sustainable leather and cotton products certified by independent third-party authorities. Regarding leather, over 99% of the leather used by one of our major partners² are reviewed against LWG (Leather Working Group) standards and most of the hides are sourced from tanneries with the highest rating (gold-rated) for traceable raw materials. In this financial year, the Group introduced and sold the classic waterproof boots from a major brand partner, which used LWG Silver-rated leather, offering consumers more environment-conscious and healthier choices.
- To achieve responsible purchase of cotton throughout the supply chain, the Group improve the traceability of cotton raw materials. By winter in 2023, over 30% of self-owned products made of cotton or containing cotton under our FOSS brand can be traced back to their country of origin.

Based on its actual business, the Group will make a roadmap to purchase more renewable cotton raw materials and advocates for suppliers to use them to promote the purchase of textile alternatives with less environmental impact.

² Nike, adidas, Timberland, etc. The same as below.

Building a sustainable supply chain – carbon footprint management

The Group continues to boost communication and collaboration with suppliers and partners and jointly explores and promotes the transition towards sustainable supply chains to offer consumers more environmentally friendly and sustainable products. By the end of this financial year, the Group has collaborated with 10+ brand partners and sourced environmentally friendly products from over 50% of them (including tier-1 suppliers), which aims to provide consumers with top-notch sports experiences while making more contributions to environmental protection.

The Group plans to continuously track the energy performance of core suppliers and reserves the right to request relevant data from them annually. The Group pays close attention to suppliers' carbon emissions during logistics processes, encourages and expects suppliers to provide information such as electricity meter readings and fuel bills. Furthermore, the Group supports suppliers in jointly managing and optimizing environmental performance throughout the value chain by voluntarily disclosing environmental performance reports regularly.

On the upstream production stage, one of the Group's major brand partners successfully reduced greenhouse gas emissions from raw materials by 500,000 metric tons in the 2023 financial year by increasing the proportion of Environmentally Preferred Materials, a significant improvement compared to 2015. Another major partner of the Group reduced the average annual greenhouse gas emissions per product in the 2023 by 3% compared with previous year, which was realized by phasing out the use of coal and increasing the use of renewable energy.

To accelerate the journey towards green and low-carbon development, the Group is fully committed to promoting decarbonization throughout its value chain. Based on *Supplier Code of Conduct*, the Group advocates for suppliers to voluntarily reduce carbon emissions and collaborates with core suppliers to explore and achieve various environmental objectives. The Group encourages and supports suppliers to take environmentally friendly measures, including increasing the proportion of eco-friendly materials in their products, reducing water consumption, and encouraging recycling and reuse of wastes in their operations, which facilitates the course towards a carbon-neutral and bright future for the whole value chain.

As of the end of this financial year, the Group has achieved the following results:

Over **70%** of brand partners or their parent groups have set carbon reduction targets.

Over **50%** of brand partners or their parent groups have set carbon neutrality targets by 2050.

03

Green consumption and quality services

The Group always takes a consumer-centered approach and leverages digital management and technology to enable the continuous improvement of our product quality management system. We work closely with partners to promote the concept of sustainable sports lifestyle and are committed to providing every consumer with safe, convenient, and efficient services and guiding them towards a greener and healthier lifestyle.

ESG topics covered in this chapter

- Product quality and health
- Consumer service and satisfaction
- Consumer information security
- Responsible marketing

SDGs addressed in this chapter



Green consumption and quality services

3.1 Product management

The Group strictly complies with laws and regulations such as the *Product Quality Law of the People's Republic of China* and the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*. We continuously improve our internal quality management system, and fully implement product quality control processes and chemical safety management measures, aiming to provide consumers with high-quality products. In this financial year, no violations of laws or regulations regarding product liability occurred within the Group.

Product quality

Product safety, reliability, and quality are always the foundations of steady business development. The Group attaches great importance to product quality control. We carefully develop and strictly enforce our internal product management system, enhance supervision and inspection measures across all stages, and regulate and control the entire business process to ensure the implementation of various quality management initiatives.

The Group continuously optimizes product quality control measures across various stages. The Group records the entire delivery process from the warehouse with videos and records the delivery from stores with photos, ensuring high-quality and precise delivery while effectively preventing mis-delivery or non-delivery incidents. At the same time, we have established a robust returns and exchanges mechanism and strictly follow the procedures for returns and exchanges when addressing product defects and other quality issues to ensure timely responses to consumers' relevant requests. Besides, we track the entire process to provide consumers with worry-free after-sales service.

In this financial year, the Group established the *O2O Store Inventory Packing Standard* to regulate relevant delivery and packing processes and clarify the process for material verification to ensure better delivery quality and efficiency, aiming to provide consumers with a better online shopping experience.

Chemical safety

The Group remains focused on important practices of chemical safety management and strictly complies with relevant laws and regulations, and is committed to reducing the use of hazardous and restricted chemicals. In this financial year, over 85% of the Group's revenue was generated by selling products from sporting brands certified by Zero Discharge of Hazardous Chemicals (ZDHC).

By further referencing to domestic and overseas industry standards such as the *List of Substances of Very High Concern (SVHC)* by EU REACH Legislation, *Oeko-Tex Standard 100 certification*, and *AFIRM Restricted Substances List (RSL) 2023*, the Group developed the *Self-owned Product Restricted Substances List of FOSS* to regulate the use and management of chemicals during the production process, which also contains a list of the restricted chemical substances in the products and production materials and their limits. The Group also plans to phase out or ban certain types of chemicals, including 70 pesticides, 24 aromatic amines, and 18 carcinogenic dyes.

In this financial year, all self-owned fabric products of FOSS brand were **100%** free of polyvinyl chloride (PVC), phthalates, and perfluorinated compounds (PFC).

Meanwhile, the Group formulated the *Overview of Self-owned Product Development and Production Process of FOSS* and incorporated environmental and health standards into key stages such as product design, development, ordering, production, and delivery of FOSS brand products. We conduct chemical testing and product screening based on the *Self-owned Product Restricted Substances List of FOSS* to identify the presence of chemicals of high concern. In addition, we regularly update product testing requirements based on national laws and regulations and industry standards, actively explore phase-out plans for restricted substances, and continue to seek safer alternatives. Based on the actual business conditions, the Group will develop substitution plans for substances of concern to ensure that our products not only meet functional needs but also achieve higher environmental protection and health standards.

3.2 Service quality

The Group adheres to the “customer-centered” service concept, establishes and improves a sound consumer service system, listens and responds to consumer demands, and continuously explores green consumption service models to create a healthy and eco-friendly sports lifestyle experience for consumers.

Superior service

Always taking consumer needs into consideration and strictly abiding by laws and regulations such as the *Law of the People’s Republic of China on Protection of Consumer Rights and Interests*, the Group has formulated internal systems such as *Topsports Standard of Omni-Channel Customer Service Process*, and continues to improve service processes to achieve superior service quality.

Business order management	In this financial year, the Group further optimized the efficiency of business order processing by fully integrating customer services tools and establishing an efficient work order system to facilitate information exchange and communication between warehouses, logistics, and stores.
Store service management	Store service quality is strictly assessed and managed from multiple dimensions such as defects, order rejections, and response timeliness. Besides, the requirements for store order acceptance and assignment are further standardized and clarified to ensure smooth and efficient service processes and continuous improvements in store service quality.
Customer complaint management	A complaint handling mechanism is established to timely follow up each complaint event with detailed records; the Group conducts regular analysis of complaint data to continuously enhance the service quality and improve the complaint management. In this financial year, the Group has received a total of 166 complaints, all of which were verified, followed up, and properly handled within 48 hours.
Employee skills training	The Group provides diversified training for store employees on retail skills, team collaboration, and other aspects to ensure that employees fully understand service standards and flexibly apply them to daily work practices.

Carrying out retail skills training to strengthen the practical ability of employees in daily work

In October 2023, the Group launched a practical retail skills improvement training camp, which leveraged practical talent management simulations and performance-driven “logic tree” scenarios to provide 100 regional retail heads with practical capabilities required to handle various challenges in daily work. The training camp effectively supported team development and personal growth of regional retail heads, laying a solid foundation for superior store services.



■ Retail skills training

The Group continues to improve service quality and pays close attention to consumers' shopping experience throughout the entire process from pre-sales to after-sales. Based on consumer feedback, the Group explores consumer demands from three dimensions of product experience, after-sales service, and service experience, conducts targeted problem analysis, and urges relevant responsible departments to actively adopt rectifications. By continuously improving online product display information, optimizing product size charts, and adding a platform self-service exchange function, the group aims to enhance service levels and professionalism and provide consumers with a better and more efficient shopping experience.

In this financial year, the Group conducted a customer satisfaction survey and the customer satisfaction rate hit **88.5%**.

Green consumption

The Group actively promotes the widespread adoption of new models of sustainable consumption and continuously expands the depth and breadth of green consumption to provide consumers with more diversified low-carbon and eco-friendly products and services to meet the growing demand for green consumption.

To further promote green consumption, in this financial year, the Group leveraged its store business scenarios to create public welfare IP of “GREENBOX” and launched a series of innovative environmental protection and low-carbon welfare activities. We continuously integrate our resources and those of brand partners to convey values of sustainable development to consumers and advocate a positive and healthy sports lifestyle.

GREENBOX project – Topsports Green Regeneration Program

In the second quarter of 2023, the Group launched the “Topsports Green Regeneration Program” under the GREENBOX project, we collaborate with FMY, a domestic comprehensive recycling platform for used clothing, to set up recycling boxes in stores. Consumers can receive product coupons by recycling used clothes at designated stores or participate in online clothing recycling during the program period. This program aims to encourage more people to participate in used clothes recycling and contribute to the cycling and reuse of social resources.



■ Topsports Green Regeneration Program

GREENBOX project - Topsports Green Recycling Store

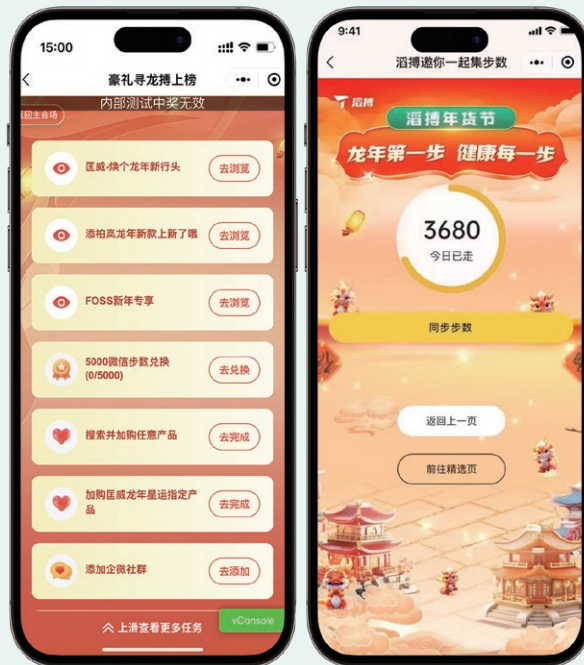
In this financial year, the Group collaborated with various partner brands to launch a promotional campaign themed “Topsports Green Recycling Store” across its App, mini-program and other online channels. This campaign focused on showcasing and promoting products made from eco-friendly materials, aiming to raise consumers’ enthusiasm and interest in green and eco-friendly materials, inspire consumers to actively adopt eco-friendly practices in their daily lives, and contribute to the sustainable development of the earth.



■ Topsports Green Recycling Store

Adding green elements to the membership system and advocating a new trend of green travel

The Group ingeniously integrated eco-friendly elements into the Topsports member point system, incentivizing consumers to embrace green travel through innovative means (for instance, consumers can exchange WeChat walk steps for Topsports member points), thus promoting the adoption of sustainable and eco-friendly concept. In this financial year, the Group encouraged consumers to earn member points by accumulating steps through walking during peak travel periods such as the Spring Festival and Labor Day. In this financial year, the cumulative number of participants in this activity has surpassed 10,000, and the cumulative number of step exchanges completed has exceeded 30,000 person-times.



■ Topsports member point exchange interface

In addition, the Group collaborates with brand partners to promote green consumption, continuously expand the green consumption ecosystem, and lead the new trend of green living style. In this financial year, the Group continues to participate in Nike’s shoe refurbishing program, which involves collecting used shoes from consumers at stores. With shoe waste recycling technology, the recovered materials are used to build playgrounds for schools in mountainous areas in China. This program helps children in rural areas to get better sports opportunities and engages more consumers in green and sustainable consumption journeys.



■ Collection boxes of used shoes at stores

The Group is committed not only to its own green practices but also to encouraging consumers to participate in garbage sorting actions and practice the new model of “trace-less” eco-friendly consumption. In this financial year, the Group placed beverage can recycling devices in GOEASY stores to guide consumers to participate in garbage recycling and contribute to environmental protection while enjoying the pleasure of shopping.



■ Beverage can recycling devices

Responsible marketing

The Group strictly abides by relevant laws and regulations such as the *Advertising Law of the People's Republic of China* and the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*. We uphold the principle of authentic and reliable information, set clear boundaries for marketing management, and resolutely prohibit any exaggerated advertising to fully safeguard customers' legitimate rights and interests, and continuously consolidate and enhance our reputation and brand image.

The Group has developed and implemented compliance guidelines such as *Topsports Headquarters Legal Department Guidelines on the Compliance of Transparent Pricing*, *Guidelines for Label and Identification Information Changes*, and *Interpretation of Internet Advertising Management Measures and Warnings on the Risk of Live Streaming Sales*. We distributed these guidelines to various sales regions, and conducted targeted publicity and professional training in relevant business departments based on actual situations in different regions.

In this financial year, the Group further improved compliance marketing and avoided false advertising to ensure that relevant regulations were strictly abided by in every aspect of the business. Through quarterly self-inspections, the Group comprehensively reviewed and summarized compliance issues in various sales regions, and promptly identified and resolved challenges and pain points in frontline compliance marketing.

Technology empowerment

The Group actively explores smart retail and has independently developed a digital toolkit to empower frontline sales. We strengthen continuous interaction between store staff and consumers through enterprise WeChat, social communities, and mini-program cloud stores to enable the Group to better understand and cater to consumer needs, continuously optimize products and services, and improve user experience.

In this financial year, the Group further deepened its digital and intelligent transformation, strengthened the construction of the product technology R&D team, devoted full efforts to the development and application of AI Generate Content (AIGC) tools, continued to upgrade data, algorithms, and processes, and actively applied cutting-edge technologies to improve efficiency, empower employees, and enhance user experience. Additionally, the Group collaborated with industry partners in the field of intelligence to create an even better user experience.

Ranked on the 2023 annual lists of omni-channel digital operations in smart retail

In the digitization trend of the retail industry, the Group has been committed to promoting the profound development of omni-channel digital operations, focusing on refined operations for omni-channel users, establishing matrix sales and outreach channels, and cultivating private domain traffic pools. The Group was awarded the “Annual Industry Operation Benchmark” title by Tencent Smart Retail for its outstanding comprehensive strength demonstrated in various aspects such as omni-channel operations, product and data productivity, operational capabilities, organizational capabilities, and product capabilities.

At the same time, adhering to the talent development concept of “putting business at the center and empowering enterprise development,” the Group deeply practices the strategy of integrated development across all channels and continues to build a talent pool with an omni-channel management perspective and capabilities. The Group was awarded the “Annual Organizational Talent Empowerment Benchmark” title by Tencent Smart Retail for its outstanding performance in aspects such as investment in omni-channel talent development, coverage of talent empowerment, completeness of training systems, and industry talent co-cultivation.

The Group will continue to exercise innovative business concepts, deepen exploration and practice in the field of smart retail, lead the industry’s quality development with new productivity, and actively promote the digital transformation of the industry.



■ 2023 Ranking of Omni-channel Digital Operations in Smart Retail

Collaborating with partners to seek common development, and achieving new upgrades in smart retail

In this financial year, the Group and Tencent Smart Retail reached an agreement, known as the “Four Force Plus” strategic cooperation. The two parties conducted discussions around digital consumer experience and operational optimization, as well as the construction of senior membership system. With the goal of “getting closer to and better understand users”, both parties will explore user touchpoint layout, data integration capabilities and other dimensions, aiming to leverage data and technology to achieve improvements in both traffic expansion and marketing efficiency.



■ Signing ceremony for “Four Force Plus” strategic cooperation between Topsports and Tencent Smart Retail

3.3 Privacy protection

The Group strictly abides by relevant laws and regulations such as the *Data Security Law of the People’s Republic of China*, the *Cybersecurity Law of the People’s Republic of China*, and the *Personal Information Protection Law of the People’s Republic of China*. We have formulated and implement internal management policies such as the *Data Security Management Guidelines*, and continuously build data and information security protection barriers through a comprehensive security management system and security technical system. In this financial year, the Group did not encounter any major information security incidents or personal data leakage involving customers, employees, or partners.

The Group established an effective information security management system based on the best practices of the Level 3 National Information Security Certification, ISO27001, and other domestic and foreign information security standard systems. The Group’s management is responsible for information security and privacy protection. We established a dedicated information security department comprised of personnel with an information background to promote specialized information security work. In line with the Group’s overall business development strategy, the department formulates and implements information security and privacy protection strategies and work plans to ensure relevant work is comprehensively and systematically promoted and executed. Meanwhile, the Group has obtained Level 3 Information Security Certification for its information security system, which covers all business activities of the Group; we also conduct external and independent audits at least once a year to ensure the effective protection of relevant data of the Group and its customers.

The Group strengthens information system construction, optimizes authority management settings, implements information classification management and takes other measures to build a comprehensive, multi-dimensional and solid data security defense line and comprehensively promotes its information security construction. In this financial year, the Group continued to invest in and optimize the flexible model of active cybersecurity controls and took multidimensional measures such as data security development training, cyber threat monitoring, early warning, and data leakage monitoring covering all business systems across the Group to enhance cybersecurity flexibility and ensure the application of emerging technologies.

Data security classification and grading	The Group clearly defines data protection responsibilities according to the <i>Data Security Management Guidelines</i> and adopts different protection measures for the data of different levels and sensitivities.
Data security defense system	The Group establishes a complete data intrusion monitoring and defence system to promptly respond to potential attacks and conducts regular security checks on basic environments annually to reduce information security risks.
Data access and acquisition authority	The Group uses dynamic QR codes generated in real-time for member information entry and queries to prevent arbitrary access and modification of member information; it employs various technical means such as access control, identity authentication, backend operation logs, authorization mechanisms, desensitization, encrypted storage, and encrypted transmission to strictly control the access to and use of consumers' personal information; it also implements unified management and control of internal data access through the zero-trust platform to actively prevent data leakage.
Data security emergency response mechanism	The Group formulates and implements the <i>Emergency Response Specification for Information Security Incident</i> , which includes different requirements for the emergency response process for different levels of information security incidents. Additionally, the Group regularly updates data leakage/incident response plans to further improve the early warning mechanisms for data leakage emergencies.

<p>Technical means and measures for strengthening privacy protection</p>	<p>The Group establishes a multidimensional in-depth defense system to address various information security threats from the Internet. On the user end, we use HTTPS encrypted communication protocols and employ hybrid encryption and encoding obfuscation for data interaction and display user privacy information in a desensitized manner; in terms of network, a firewall based on IP and port access control is deployed, and Alibaba Cloud Web Application Firewall (WAF) is used in the system service; in terms of host, the Group deployed a host-based intrusion detection system (HIDS) and applied other security protection and monitoring measures.</p> <p>The Group establishes a software development security management mechanism throughout the entire life-cycle to ensure high security of application services (such as Apps and mini-programs): at the stage of product development requirement formulation, a security assessment on the requirement is conducted, if the requirements do not align with the national and enterprise information security standards, they will not be approved, and will be returned or discarded; at the architecture stage, the security of technology stacks and architectures is evaluated and strengthened; at the coding stage, the Group conducts comprehensive white box audit on the product codes, including tool scanning and manual audit, it also test and reinforce these codes; before the launch of the program, the Group conducted a black box penetration testing, including tool scanning and manual hacking simulation testing; after launched, the Group collaborated with external security agencies to conduct security testing.</p>
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Furthermore, the Group enhances employees' awareness of information security and their adherence to operational guidelines on daily work. We require all customer service personnel to sign the *Consumer Privacy Protection Agreement* and commit not to disclose or leak consumer personal identity information without the authorization of consumers; requirements for keeping consumer information confidential are also promulgated to all employees (including full-time employees and outsourced employees). In this financial year, the Group provided online information security awareness training and tests for the entire 29,458 employees (including full-time and outsourced employees), effectively promote a deep understanding and mastery of information security knowledge through interactive and practical videos and questionnaires.

Additionally, to further strengthen the security of consumer privacy data, the Group formulated the *Privacy Statement*, which applies to all products and services across all business lines under the Group. It fully protects consumer privacy by specifying that consumers have the rights to access, correct, and delete personal information, and withdraw their content; in terms of consumer information usage, apart from the necessary consumer personal information for services, the Group will not rent or sell the personal information of consumers to any third-party company, organization or individual. We strictly regulate the purpose, scope, and manner of information usage, ensuring the safe and compliant use of consumer information.

The Group also pays attention to data security during cooperation with third-party partners. We sign strict confidentiality agreements with third parties and require them to handle consumer personal information in accordance with *Privacy Statement* and relevant information security and confidentiality measures; third parties are required to adopt data desensitization and encryption technologies to further strengthen consumer data protections, and ensure data security and privacy.

04

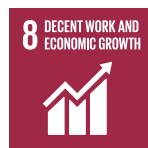
Diversity, equality, inclusion, and coexistence

Human resources are cornerstones for the long-term development of enterprises. Thereby, the Group places great emphasis on the recruitment and fostering of talents, for whom we strive to create an equal and diverse workplace, safeguard employees' legitimate rights and interests, and actively foster a harmonious, sound, and inclusive atmosphere at the workplace. We endeavor to foster joint development with employees and play a positive role in stabilizing employment and promoting socio-economic development.

ESG topics covered in this chapter

- Recruitment and team building
- Remuneration and benefits
- Equal engagement and diversity
- Occupational health and safety
- Employee training and development
- Protection for rights and interests of employees

SDGs addressed in this chapter



Diversity, equality, inclusion, and coexistence

4.1 Employment management

The Group strictly adheres to local laws and regulations at its premises such as the *Labor Law of the People's Republic of China* and the *Provisions on the Prohibition of the Child Labor*. We strictly observe and comply with international human rights conventions, such as the fundamental conventions of the International Labor Organization (ILO) and have developed and implemented management systems, such as the *Guidelines for Recruitment Management* and the *Guidelines for Human Resource Management* to ensure fairness and justice in the process of recruitment, employment, and management, etc. At the same time, we comprehensively regulate the process of employment management and termination to ensure that the rights of every employee are fully protected. We always uphold our commitment to protect employees' human rights and disclose the *Policy of Employee Rights and Interests* on the official website for supervision and support from the society.

Recruitment

The *Guidelines for Recruitment Management* of the Group clearly defines the requirements, processes, and standards of recruitment and emphasizes that genders, ethnicity, and physical fitness, etc. shall not be included in job description to avoid potential employment discrimination, ensure the recruitment complying with laws and regulations, and safeguard equality and fairness. Meanwhile, we have been willing to employ physically-challenged individuals in right positions and have been committed to creating fair and indiscriminate employment opportunities for them, which allows every employee to reach their full potential and grow together.

Besides, the Group strictly prohibits the employment and exploitation of children to ensure that ILO's definition and regulations regarding child labor are observed by all premises and processes. We have imposed stricter restrictions on employees' age in the human resource system, which stipulates that the individuals under the age of 16 are not allowed to be admitted, thereby preventing employing child labor at the very beginning. In this financial year, the Group employee no child labor.

Employment

The Group has signed different contracts with all employees based on their labor relations with the Group. We have been prohibiting behaviors that violate against rights and interests of employees, such as forced labor. We have been recording the extra worktime of employees in detail and fairly accounting for their days-off and overtime pay, which fully guarantees staff's legitimate rights and interests. In this financial year, no incident of forced labor occurred within the Group.

Termination

The Group fully respects employees' freedom of choice. According to the *Policy of Employee Rights and Interests*, employees have the right to terminate their employment relationship after a reasonable notice period, which fully guarantees their rights and interests.

At the same time, the Group keeps building a diverse workforce and strives to enhance the inclusiveness of the workplace to avoid unequal treatment to employees based on race, age, gender, marital status, or religious belief and eliminate all forms of discrimination. In this financial year, females accounted for 83.36% of the staff and 51.12% of the management, and within executives 35.23% are female. The employees of the Group came from 32 ethnic groups, including over 1,500 minorities who account for over 5% of the staff.

In addition, the Group keeps following the efficient, quality-conscious and result-oriented operation principle, actively explores more recruitment channels, such as enterprise-university cooperation, campus recruitment, and internal recruitment, and flexibly adjusts recruitment strategies to keep enriching the talent pool. We constantly pay attention to recruitment trends and the talent environment, and flexibly adjust strategies to enhance efficiency and accuracy of the recruitment. By regularly analyzing recruitment data and optimizing processes internally while closely following market trends and gathering the latest information of talents from different sources, we maximize the cost-effectiveness of the recruitment and guarantee the Group's development with human resources.

Campus recruitment

- Actively engage in university job fairs and career talks, providing students with a platform to learn about the Group.
- Offer online job opportunities related to live streaming and other online businesses for campus students and graduates, which enables the Group to follow the market trend while helps students to be adapted to jobs more easily.

Social recruitment

- Enhance communication with candidates through mainstream social recruitment platforms to accurately meet job-specific demands; utilize the talent pool of the internal recruitment system, efficiently use previous social recruitment resources, and constantly optimize the workforce structure.

Internal recruitment

- Work out and implement systems such as Employee Pulse Survey to keep track of the selection and turnover of mid-to-senior-level personnel. In this financial year, the Group initiated two Pulse Surveys, resulting in 32 successful job rotations.

4.2 Training and development

The Group upholds the principle of “fostering talent development centering around the business” to build human capacity, continuously improves the training system and organizes different training activities to arm employees with knowledge and unlock their potential. At the same time, we have built a sound promotion system to explore employees’ potential of growth and passion to deliver results, thereby allowing them to achieve personal and career development.

Staff training

The Group has built and improved a training system closely connected to its scenario and retail operations, set annual training goals, and successively implemented a lot of training activities. We have integrated online training with offline training to keep empowering staff and build a corporate culture of life-long learning. In this financial year, the Group implemented 450 online learning projects and 200 offline training projects, which accounted for 2,500,000 hours in total.

The training system of the Group consists of four parts: training management mode, training tools, training course system, and training instructor system. In this financial year, the Group actively provided guidance to roll out projects nationwide and pushed forward the upgrading of Topsports Academy to provide more flexible and more efficient support for training. At the same time, we continued to optimize the system of training courses to ensure that the training meet position-specific demands. We also launched a project to empower internal trainers by improving their competence on all fronts, so as to improve the training effects and foster the growth of employees and the sustainable development of the Group.

Training management modes	As a central hub for resources and expertise, the headquarters play a leading role in rolling out training projects across China and ensuring the efficient operation of all tasks.
Training tools	The online learning platform “Topsports Academy” has been upgraded to version 2.0, with more flexible system settings and more user-friendly permissions allocation, which facilitates real-time tracking of trainees’ learning progress. By the end of the financial year, Topsports Academy included 3,542 internal courses in total, which provided strong support for the training and development of the Group’s employees.
Training course system	In this financial year, the Group re-examined how to make learning roadmaps of different positions, by which preferential positions and their core duties were determined. We have comprehensively optimized relevant course system to ensure that the trainings meet the demand of the positions.
Training instructor system	We implemented an annual project to empower internal trainers and comprehensively enhance their overall competence, which covered course development, improvement of teaching skills, and courseware making.

Training system of the Group

In this financial year, the Group's training projects were effectively implemented, featuring rich and varied content, and covering several areas, including onboarding training, professional skill enhancement, leadership development, and management toolkit for large store managers. Concerning the design of training projects, the Group has always emphasized a balance between effectiveness, relevance, and accessibility to ensure that the trainings meet position-specific demands, and thereby has tailored training plans according to individuals and position-specific needs and chosen training forms according to actual conditions. Regarding the teaching style of training projects, we valued case sharing and interactive exchanges during the training process, which allowed trainees to gain deeper insights and inspiration.

Onboarding training

- Help new employees to grasp tools, familiarize themselves with work processes, and quickly adapt to their positions;
- Deliver the Group's care and attention to reduce new employees' anxiety caused by adaptation to a new environment and helped them fit in the Group.

Training of professional skills

- Training projects regarding Tik Tok, operation of social media, display techniques, and applets, etc. are implemented in different regions, which lay a solid foundation for cultivating professional talents.

Leadership training

- Launch leadership training projects, including Management Toolkit for large store managers, "New Star Project" for training new managers, "Retail Leader" certification, and "Satellite Project" training camp for cloud retailing, which cater to the needs of both store-based and non-store-based operations and enhance the communication efficiency and management skills of employees.

Meanwhile, the Group continues to implement leadership trainings for employees. We provide large store managers with "Management Toolkit", which covered 10 highly efficient and practical management tools and methods of model and focused on core management areas to enhance the management knowledge of large store managers. At the same time, the Group launched "New Star Project" for training new managers, which aimed to strengthen the leadership and management competence of lower-level managers in different departments at headquarters and meet their growing management needs. In this financial year, the Group implemented 16 leadership-related training projects in total, including Management Toolkit, "New Star Program", and "Retail Leader", which engaged nearly 6,000 employees.

"Empowerment Project for Internal Trainers"

In May 2023, the Group launched "Empowerment Project for Internal Trainers", which aimed at discovering and certifying internal trainers through systematic training courses on curriculum development, teaching skills, and courseware making. The project also improved the selection, training, and retention mechanisms for internal trainers. It included 153 trainees, of which 82 successfully obtained the qualification of internal trainers after passing online learning, offline practical exercises, and certification of teaching competence. The project effectively enhanced the expertise of internal trainers as well as renewed their knowledge.



■ Internal Trainer Empowerment Project

"New Star Manager Training Project"

To enhance the leadership of lower-level managers at the headquarter, the Group launched "New Star Manager Training Project" for training 107 new managers from January to March 2023. The training included 17 courses, such as "Understanding the qualities and roles of lower-level managers", "Motivational techniques for the new generation", and "DISC and influence", which aimed to raise managers' awareness of their roles, build their strategic thinking, and further enhance their team management abilities and thus build a high-performance team.



■ "New Star Project" for new managers

“Retail Leader” training

From May to September 2023, Topsports organized an educational tour to visit adidas retail stores across China, which engaged 60 employees. Breaking geographical barriers, the tour leveraged cross-regional field visits and practical exercises and created a platform for sharing regional advantages and exploring opportunities, empowering employees to improve retail skills.



■ “Retail Leader” Training

Promotion and career development

Human resources are of uttermost importance. The Group keeps improving promotion system by formulating and implementing the *Promotion System* to effectively unleash employees’ potential and enhance team cohesion. We consistently implement annual assessments of Key Performance Indicator (KPIs), covering indicators such as performance and contribution, competency and proficiency, and communication skills. Individual performance is tightly linked to bonus and incentives, which shows the principle of fair compensation for hard work and further motivates employees’ enthusiasm for work.


Besides, the Group continuously improves and implements a credit management system for career development, which evaluates the work performance of retail talents from the efforts to enhance performance, user-centric operations, customer service, employee experience, and display operations and determines selection and promotion paths, facilitating individual employees’ growth and the overall development of stores.

In addition, the Group always places great importance on employees’ personal skills improvement and vocational development, and thus actively encourages them to engage in industry-related trainings or certifications for improving technical skills. A learning incentive mechanism has been provided for all employees, where those who complete courses and pass relevant exams on external vocational training platforms will be rewarded RMB100. This mechanism is used to support departmental activities and foster team cohesion. In this financial year, 152 employees in total successfully completed learning and exams, contributing to the development of both individuals and the team.


4.3 Remuneration and benefits

Strictly adhering to laws and regulations such as the *Social Insurance Law of the People's Republic of China* and the *Regulations on the Management of Housing Provident Fund*, the Group has formulated and implemented the *Remuneration Management Guidelines* to regulate the structure, standards, calculations, and review of employees' remuneration, so as to build a fair and transparent remuneration and benefits system.


Remuneration of the Group staff (including retail staff and managerial staff) consists of fixed income and performance-based bonuses, which are adjusted timely based on employees' capabilities, experience, and market conditions to ensure that remuneration matches employees' qualifications, and the rationality of the remuneration and benefit system is regularly reviewed. Staff remuneration is paid in cash, and the performance bonuses for retail employees rely on their sales contributions, while those for managerial employees³ are determined by the Group's annual performance in the previous financial year. Before employees join the Group, we ensure that they fully understand and accept the terms and conditions of employment to safeguard the rights and interests of both parties. In the event of economic layoffs, the Group will strictly comply with relevant laws and national regulations. Where conditions permit, we will provide necessary trainings or employment assistance to employees laid off in accordance with the Employee Rights Policy to alleviate their employment pressure and extend our humanistic care to them. Besides, the Group continuously optimizes its benefits system by paying social insurance and housing provident fund for employees and paying employer liability insurance for interns, which fully guarantees employees' rights and interests. In addition, personalized benefits and allowances are provided for communication, meals, transportation, housing, and business trips, etc. and team building expenditures are offered to different departments, which encourages employees to voluntarily organize team building activities and enhance team cohesion.



Social insurance
Basic endowment insurance, basic medical insurance, maternity insurance, work-related injury insurance, unemployment insurance, housing provident fund



Holiday benefits
Statutory annual leave, statutory holidays, family visit leave and marriage and funeral leave



Benefits and allowances
Allowances for communication, meals, transportation, housing, and business trips, team building expenditure, holiday gifts, and birthday gifts

³ Managerial staff include CEO, Senior VP, and VPs, etc..

The Group has introduced policies for work shifting mechanisms and non-statutory leave benefits, creating a more flexible and humane work environment.

Police for flexible working hours	We implement flexible working hours mechanisms, which allows employees to plan commuting time as long as they meet the requirements for attendance hours.
Policy for long-term-service bonus	After five years of service, retail staff are rewarded with an additional day of annual leave for each additional year of work.
Work shifting policy	In special circumstances or based on employees' personal needs, employees are allowed to choose other ways of work, e.g., work at home.
Kind moves before long holidays	Employees are allowed to leave early on the last weekday before holidays, saving more time for commuting.
Policy for bringing children to the workplace	Employees are allowed to bring their children to the workplace for care during winter and summer vacations without affecting work efficiency and the work of others.
Holiday greetings	Gifts and allowance are provided to employees before holidays.

4.4 Care for employees' health

The Group recognizes the importance of occupational health and safety and has always given priority to them. At the same time, we support employees to extensively engage in democratic communication and we investigate their needs and opinions through various channels.

Health and Safety

The Group is committed to safeguarding the physical and mental health of employees and strictly adheres to laws and regulations, such as the *Law of People's Republic of China on Prevention and Control of Occupational Diseases*. We keep improving the mechanism for occupational safety training on a regular basis and take relevant preventive measures to address potential safety risk.⁴

⁴ In this financial year, the Group had no fatality due to work-related incidents, and 3,855.75 days of work-related sick leave taken. The Lost Time Injury Frequency Rate (LTIFR) for full-time employees and outsourced employees was 0.87 and 0.15, respectively. There were no work-related fatalities in the 2022/23 financial year, while one occurred in the 2021/22 financial year.

Investigation of work-related injuries

The Group develops procedures for investigating work-related injuries and continuously improves requirements for certifiers, justification procedures, and evidentiary materials of work-related injuries, which ensures that such incidents are promptly and properly handled.

Safety education

The Group keeps enhancing employees' awareness of preventing safety risks and their ability to address incidents of work-related injuries through safety education.

Engagement in fire drills

In October 2023, the Group engaged in the fire drill organized by the property management company of Belle International Plaza. By learning firefighting knowledge and skills together, employees further enhanced their awareness of safety and self-protection skills, ensuring a safe and sound working environment for every employee.



■ Fire drill

Communication and care

The Group regards communication with employees as a bridge and a tie to achieve our shared prospects. We highly value the communication with employees by introducing the *Employee Rights Policy*, supporting employees' freedom of association, and respecting their lawful and regulatory negotiation with the Group and communicating their demands and suggestions through reasonable and effective means. We have built diversified communication mechanisms through different channels, such as daily work meetings, debriefing meetings, face-to-face communication, BBS, employee post bar, social media, and the cloud classroom system of "Topsports Academy", which allows us to maintain close contact with employees on a regular basis and listen to their feedback.

In this financial year, the Group built “Topsports Roundtable” platform and held two events, where over 20 employee representatives were invited to engage in in-depth discussions with CEO on the strategies, planning, history, and business of the Group, which fostered mutual understanding and trust between the two parties, effectively met the needs of employees, and promoted the harmonious development of the Group.



■ Topsports Roundtable Discussion

In this financial year, the Group launched an employee satisfaction survey through “Topsports Academy”, covering training courses, training projects, employee birthday celebrations, holiday activities, and club events. We collected 13,239 valid questionnaires in total, representing an increase of over 10 times compared to the previous year. The results indicated that employees were generally satisfied with different training projects and corporate culture activities provided by the Group.



■ Gift package for the Spring Festival

The Group consistently demonstrates respect and care for employees to enhance their sense of belonging and enthusiasm. During major holidays, such as the Spring Festival, the Group meticulously prepared gifts and lottery activities to create a warm festive atmosphere. During Singles’ Day sales event, the Group provided e-commerce employees with incentive bonuses, which inspired them to be bold in meeting challenges and bring about outstanding performance with the Group.

In addition, the Group attaches great importance to employees' physical and mental health. We offer fitness facilities for employees to do daily exercise, organize and encourage them to engage in different sports and recreational activities, such as basketball, football, badminton, yoga, cycling, and e-sports, and advocate for a balanced lifestyle between work and life. In this financial year, the Group introduced the "Faddish Sports" project and organized monthly activities, such as cycling, movie-watching, basketball matches, citywalk, frisbee, and ice sports, leading employees to explore the joy of sports and enjoy a healthy lifestyle together.



■ Group photo session of the basketball match



■ Topsports Team in Honor of Kings National E-sports Competition



■ 2024 Commencement Ceremony



■ Milk exchange activity on Thanksgiving Day

“Topsports Running Club run all over the cities” marathon activity

In September 2023, the Group called on staff to engage in the event themed “Topsports Running Club run all over the cities”, which covered Shenyang, Lanzhou, Dalian, and other cities. The event aimed to lift employees’ spirits and promote teamwork and cohesion while inviting them to share the unique charm of marathons and appreciate the beauty and features of different cities.



■ “Topsports Running Club run all over the cities”

Event on International Women’s Day

On 8 March, 2023, the Group organized an International Women’s Day Gathering, featuring activities, such as flower arranging, rock climbing, and cycling. The event was full of buoyant and enjoyable atmosphere, which allowed female employees to relax and enjoy life amidst their busy work schedules, as well as extended the Group’s utmost care and respect for female employees. At the same time, we expect more female employees to engage in the event and enjoy a brighter future together.



■ International Women’s Day Gathering

05

Plant for a better community and support to public welfare

We never forget our corporate purpose as we grow up. In the course of achieving common prosperity, the Group has been adhering to the original intention of beneficence and social responsibility by exploring diverse models for public charity. We have vigorously promoted charitable donations and educational assistance, organized esports training camps, planned and engaged in spreading knowledge and promoting reading, which promotes sound interaction between enterprises and communities and contributes to the building of a harmonious and inclusive society with joint efforts.

ESG topics covered in this chapter

Public welfare and charity

SDGs addressed in this chapter



Plant for a better community and support to public welfare

Practice public welfare with charitable donations

In 2023, the Group donated supplies worth RMB2,000 to Changsha Public Service Center for Physically-challenged Children with Cerebral Palsy. The donation aimed to deliver our warm love and care for the children there in winter, call for more attention and support for physically-challenged children, and contribute our efforts to their growth and development.



■ Donation to Changsha Public Service Center for Physically-challenged Children with Cerebral Palsy

Building up a communication platform for emphasis on education

In 2023, Topsports e-sports team responded to the national policy of integrating industry with education by supporting the establishment of TES Top Youth Academy in Changsha, which provided teenagers with a platform to learn and exchange knowledge about e-sports and enriched them with diversified knowledge. Besides, we have initiated the building of “Topsports Industry-education Integration Base” across China to cultivate more e-sports talents with technical skills and innovative thinking by integrating practices with innovations. We aimed to empower the comprehensive and high-quality growth for the youth and keep injecting momentum to the sustainable development of the e-sports industry.



■ 2023 TES Top Youth Academy of Topsports e-sports

Exchanging old books for green plants to build a sharing reading corner

In April 2023, we planned and organized an event to exchange old books for green plants upon World Book and Copyright Day, which encouraged employees to exchange their idle books for vibrant plants and build an inviting reading corner with joint efforts. The reading corner not only provided employees with a peaceful reading space, but also offered free borrowing services, allowing them to read in a relaxed environment with green plants and add a touch of beauty and contentment to their work and life.



■ Exchanging old books for green plants

06

Compliant operation and prudent governance

The Group always adheres to prudent management, continuously implements legal and compliant corporate governance, proactively improves risk management and internal control systems, enhances anti-fraud supervision and integrity culture development, so as to create a fair and just business environment. At the same time, the Group keeps enhancing the protection of its own IPRs to safeguard the rights and interests of its own and its partners.

ESG topics covered in this chapter

Compliant and prudent operation

Anti-corruption and integrity operation

IPR management

SDGs addressed in this chapter



Compliant operation and prudent governance

6.1 Business ethics

Strictly complying with relevant laws and regulations such as the *Company Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China*, the *Law of the People's Republic of China Against Unfair Competition*, and the *Interim Provisions on Banning Commercial Bribery*, the Group has developed and implemented rules and regulations such as the *Internal Audit Management System*, and the *Employee Handbook*, as well as codes of conduct, which define the responsibilities and processes of the Group's anti-corruption and internal control management. During this financial year, no corruption lawsuit was taken against the Group or its employees.

We have established a sound system for business ethics and anti-corruption management. Audit Department is responsible for implementing internal control inspections and supervisory management, and coordinating and organizing relevant departments to assess, sort out, and prepare preventive measures for high-risk integrity business. It aims to improve the system building by inspections, more specifically, to drive improvement in internal control systems and management measures by conducting audits and urging responsible departments to rectify the problems detected. In addition, Audit Department also inspects risks related to business ethics and anti-corruption at the same time when it performs regular special audits, which cover all businesses of the Group. The audit results will be reported to the Board of Directors Review Committee, which ensures the sound, stable, and sustainable development of the Group.

In this financial year, we announced the *Corporate Code of Conduct* on the official website, which define the work guidelines and disciplinary requirements for the staff and advocate for the staff to learn the guidelines and regulate their behaviors accordingly. We revised the *Guidelines on Anti-Corruption Management* and other system documents of anti-corruption management to further specify relevant requirements, which mainly covered the mechanisms and approval of the bribery management, approval of investigation reports, inter-department coordination, legal intervention, and the procedures for preventing cards claiming without permission.



For middle and top management

- We require middle and top management to faithfully report conflict of interests through internal information system on a quarterly basis, which builds an unbreakable line of defense for integrity and self-discipline.

For the staff

- We clearly require that the staff sign the anti-corruption agreement stipulated in the Employee Handbook, urge them to hold on to the bottom line of integrity, and maintain the good image and reputation of the Group.



For suppliers

- We have signed the *Integrity Agreements* with all suppliers and disclosed the *Supplier Code of Conduct* on the official website in this financial year to encourage and support suppliers to develop anti-corruption systems.
- The contract template of the Group has been integrated into the updated integrity clause, which requires both parties to strictly abide by the current laws and regulations in force and resolutely reject offering and accepting bribes and any other improper business practices. Cooperation that does not apply the template is restricted by amending the terms or signing the *Integrity Agreement*.



Detailed integrity requirements of the Group

Integrity training

We actively foster an integrity culture by taking a lot of measures, such as organizing trainings and calling review meetings on corruption cases to enhance anti-corruption and internal control management. These efforts strengthen the staff’s awareness of integrity and business ethics while building a transparent and sound business environment.



In this financial year, Topsports Academy provided anti-corruption training course to the staff of the Group (both full-time and outsourcing), which covered **100%** of the staff.



For management

- We organized 5 offline sharing sessions on audit findings, which was attended by 159 employees, including regional leads, district leads, city management leads, brand leads, representatives of retail leads, and leads of supporting departments. The sessions aimed to leverage the leading role of management in integrity and anti-corruption and significantly enhance the staff’s awareness of anti-corruption.



For staff

- We utilized the internal online learning platform –Topsports Academy to consecutively popularize anti-corruption among the staff (including contract and part-time employees) and provide trainings to them.
- We organized 58 communication meetings on audit findings, which were attended by management of the headquarters and 5 major regions across China, office clerks, and employees of retail stores, building an encouraging environment for all staff to practice and oversee anti-corruption efforts.



For new staff

- We require new employees to participate in anti-corruption learning and assessments to enhance their relevant awareness and capabilities.




■ Anti-corruption training


Reporting and protection

The Group adheres to legal principles and integrity in all matters and maintains a zero-tolerance attitude towards illegal practices, such as fraud and corruption. We have built channels and mechanisms for managing the reports to enhance the protection for whistleblowers and build a fair, just, and transparent business environment with all parties.


We are willing to accept supervision from all stakeholders and encourage employees and external individuals to report disciplinary violations. We build several transparent ways for reporting, including the homepage of Group’s official website, the Employee Handbook, reporting signs at stores, and the mobile terminal of the employee information system, which aims to facilitate timely reporting of any incidents involving commercial bribery, corruption, and fraud by the staff, suppliers, and other stakeholders.



Whistleblowing email
compliance@topsports.com.cn



QR code for reporting



At the same time, to regulate the management of corruption reporting from the inside and outside of the Group, the Audit Department investigates corruptions through the accusing system for integrity practices, which provides an access to systematic reporting, investigation, and management and improves the efficiency of anti-corruption. Upon being informed and accepting a report, Audit Department will independently verify and investigate the reported content, promptly follows up, and reports how it handles the case to the management.

Besides, we have built sound mechanisms for protecting whistleblowers’ privacy, including setting a confidentiality mechanism for integrity accusation, requiring relevant personnel to sign confidentiality agreements, improving the prevention mechanism for information leakage, which allow us to uphold the integrity and justice of the Group with joint efforts. Whether the report is made with real identity or anonymously, we ensure absolute confidentiality of the whistleblower’s information and harshly punish any obstruction or retaliation. Reports that are detailed or enclosed with evidence are given priority for investigation and reports made with real identities are prioritized to encourage more employees to uphold integrity and justice.

6.2 Protection for intellectual property rights (IPRs)

The Group respects IPRs and strictly complies with relevant laws and regulations, including the *Copyright Law of the People’s Republic of China*, the *Patent Law of the People’s Republic of China*, the *Trademark Law of the People’s Republic of China*, and the *Intellectual Property Law of the People’s Republic of China*. We have introduced and improved relevant systems, such as the Corporate Code of Conduct, implemented rules on the use of promotional materials disclosed to the public, actively sought authorization or permission for literary works, artistic works, music, videos, photos, film editing materials and software to avoid infringing on others’ portrait rights, copyrights, or patents, and fully respect the intellectual properties of others. In addition, we actively take measures to protect IPRs of the Group, including but not limited to:

Regulated usage	We must obtain copyrights by legal means for promotional photos and texts disclosed to the public and send usage notices to all departments to further regulate the management of the usage rights of photo-text library.
Management by designated personnel	We assign personnel to supervise and manage trademarks on a daily basis, assist in identifying potential risks, and safeguard trademark rights.
Protection of rights and interests	We will timely initiate appeals against external infringements, if there is any, such as unauthorized use of the Group’s trademarks or names, and take legal means to protect the Group’s own IPRs.

In this financial year, we utilized the Topsports Academy to provide a series of video training and tests about intellectual property compliance for frontline retail staff, which was named “Topsports Mini Legal Lecture” covering 21 specialized topics. The pass rate of tests was 94.2%, indicating that the IPR awareness of retail staff was enhanced.

07

Appendix

Appendix I: ESG Key Performance Data Table

Environmental Aspect

Key Performance Indicators		Unit	Consumption/Emission
A1.1 Emissions	Sulphur oxides emissions	kg	1.36
	Nitrogen oxides emissions	kg	390.65
	Particulate matter emissions	kg	36.66
A1.2 Greenhouse Gas Emissions	GHG emissions (Scope 1)	t CO ₂ e	245.64
	GHG emissions (Scope 2)	t CO ₂ e	714.84
	Total GHG emissions	t CO ₂ e	960.47
A1.3 Hazardous Waste	Total hazardous waste	kg	357.87
A1.4 Non-hazardous Waste	Total non-hazardous waste	t	16.09
A2.1 Energy Consumption	Total energy consumption	MWh	2,135.11
	Direct energy consumption	MWh	851.28
	Indirect energy consumption	MWh	1,283.83
	Energy consumption intensity	MWh/m ²	0.08
	Total power consumption	MWh	1,283.83
	Petrol consumption	L	92,348.20
A2.2 Water Consumption	Water consumption	m ³	15,438.41
	Water consumption intensity	m ³ /m ²	0.60
A2.5 Packaging Material	Paper bag consumption	t	1,894.77

Environmental Data and Coefficient Description

1. The scope of data collection covers the Group's headquarters and all of its subordinate administrative office areas, covering the period from 1 March 2023 to 29 February 2024.
2. GHG emissions (Scope 1) are primarily generated from the petrol consumption of official vehicles and GHG emissions (Scope 2) are generated from the consumption of purchased electricity; data comes from the bills of related expenses and administrative records. The GHG emission factors of electricity are based on the latest national grid average emission factor issued by the Ministry of Ecology and Environment. As a result of the factor update, GHG emissions (Scope 2) in this financial year decreased significantly compared with the previous financial year. Other energy emission factors are based on the *Environmental Key Performance Indicators Reporting Guidelines* issued by the Stock Exchange of Hong Kong Limited.
3. The types of energy consumed by the Group include fuel consumed by official vehicles and purchased electricity; data comes from the bills of related expenses and administrative records. The conversion coefficients of each energy unit are based on the *General Guideline of the GHG Emissions Accounting and Reporting for Other Industrial Enterprises* issued by the National Development and Reform Commission.
4. Hazardous wastes include waste ink cartridges and toner cartridges for printing. Non-hazardous wastes are domestic wastes generated during the daily operation of office areas. The data sources include printed records, property sanitation records, etc.
5. The Group sources water from the municipal water supply network. There is no problem in obtaining a suitable water source. The data sources include water bills, and financial and administrative records.

Social Aspects

Key Performance Indicators

Key Performance Data

Total workforce by gender, employment type, age group, and geographical region

		Number of employees (person)
Gender	Male	4,902
	Female	24,556
Employment type	Full-time	6,705
	Outsourced	22,753
Age group	Under 30	9,333
	31 to 40	15,683
	41 to 50	4,371
	Above 50	71
Geographical region	Mainland China	29,440
	Overseas and Hong Kong/ Macau/Taiwan	18
	Total workforce	29,458

Employee turnover rate by gender, age group, and geographical region

		Turnover rate (%)
Gender	Male	40.97
	Female	29.99
Age group	Under 30	44.78
	31 to 40	25.16
	41 to 50	19.04
	Above 50	42.74
Geographical Region	Chinese mainland	32.10
	Overseas and Hong Kong/ Macau/Taiwan	10.00
	Total workforce turnover rate	32.09

Diversified workforce structure

		Number of employees (person)
Number of female employees	Senior management	31
	Middle management	175
	Management	206
Number of employees of ethnic minorities	Management	8
	General staff	1,559

Percentage of employees trained and average training hours per person by gender, ranking, and age group

		Percentage of employees trained (%)	Average training hours per person (hours/person)
Gender	Male	92.54	86.37
	Female	95.89	87.93
Ranking	Senior management	86.67	78.03
	Middle management	96.85	73.67
	General staff	95.34	87.85
Age group	Under 30	90.88	88.16
	31 to 40	96.77	87.54
	41 to 50	98.41	87.44
	Above 50	90.00	81.60
Percentage of total employees trained and average training hours		95.33	87.68

Supply chain management

Number of suppliers in Mainland China	149
Number of suppliers signing the <i>Integrity Agreement</i>	149

Consumer service

Number of complaints received	166
Number of complaints dealt with	166
Number of follow-up visits	48,495
Consumer satisfaction (%)	88.50
Coverage rate of online consumer satisfaction survey (%)	100.00

Anti-corruption

Number of concluded legal cases regarding corrupt practices	0
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Appendix II: Content Index of ESG Reporting Guidelines

ESG Indicators		Disclosures	Corresponding Sections
A1 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Disclosed	Mutually forge the green ecosystem as one
A1.1	The types of emissions and respective emissions data.	Disclosed	Appendix I ESG Key Performance Data Table
A1.2	Direct (Scope 1) and indirect energy (Scope 2) GHG emissions (t) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I ESG Key Performance Data Table
A1.3	Total hazardous waste produced (t) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I ESG Key Performance Data Table
A1.4	Total non-hazardous waste produced (t) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I ESG Key Performance Data Table
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Disclosed	Mutually forge the green ecosystem as one
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Disclosed	Mutually forge the green ecosystem as one

ESG Indicators		Disclosures	Corresponding Sections
A2 General Disclosure	Policies on the efficient use of resources, including energy, water, and other raw materials.	Disclosed	Mutually forge the green ecosystem as one
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas, or oil) in total (1,000 kWh) and intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I ESG Key Performance Data Table
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I ESG Key Performance Data Table
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Disclosed	Mutually forge the green ecosystem as one
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set, and steps taken to achieve them.	Disclosed	Mutually forge the green ecosystem as one
A2.5	Total packaging material used for finished products (t) and, if applicable, and per unit produced.	Disclosed	Appendix I ESG Key Performance Data Table
A3 General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Disclosed	Mutually forge the green ecosystem as one
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	Mutually forge the green ecosystem as one

ESG Indicators		Disclosures	Corresponding Sections
A4 General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact the issuer.	Disclosed	Mutually forge the green ecosystem as one
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact the issuer, and the actions taken to manage them.	Disclosed	Mutually forge the green ecosystem as one
B1 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits, and welfare.	Disclosed	Diversity, equality, inclusion and coexistence
B1.1	Total workforce by gender, employment type, age group, and geographical region.	Disclosed	Appendix I ESG Key Performance Data Table
B1.2	Employee turnover rate by gender, age group, and geographical region.	Disclosed	Appendix I ESG Key Performance Data Table
B2 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Disclosed	Diversity, equality, inclusion and coexistence
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Disclosed	Diversity, equality, inclusion and coexistence
B2.2	Lost days due to work injury.	Disclosed	Diversity, equality, inclusion and coexistence
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Disclosed	Diversity, equality, inclusion and coexistence

ESG Indicators		Disclosures	Corresponding Sections
B3 General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	Diversity, equality, inclusion and coexistence
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	Appendix I ESG Key Performance Data Table
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	Appendix I ESG Key Performance Data Table
B4 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Disclosed	Diversity, equality, inclusion and coexistence
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Disclosed	Diversity, equality, inclusion and coexistence
B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	Diversity, equality, inclusion and coexistence
B5 General Disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	Mutually forge the green ecosystem as one
B5.1	Number of suppliers by geographical region.	Disclosed	Appendix I ESG Key Performance Data Table
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Disclosed	Mutually forge the green ecosystem as one

ESG Indicators	Disclosures	Corresponding Sections
B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed	Mutually forge the green ecosystem as one
B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	Mutually forge the green ecosystem as one
B6 General Disclosure Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling, and privacy matters relating to products and services provided and methods of redress.	Disclosed	Green consumption and quality services Compliant operation and prudent governance
B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A	–
B6.2 Number of products and service-related complaints received and how they are dealt with.	Disclosed	Appendix I ESG Key Performance Data Table
B6.3 Description of practices relating to observing and protecting intellectual property rights.	Disclosed	Compliant operation and prudent governance
B6.4 Description of quality assurance process and recall procedures.	Disclosed	Green consumption and quality services
B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Disclosed	Green consumption and quality services

ESG Indicators		Disclosures	Corresponding Sections
B7 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud, and money laundering.	Disclosed	Compliant operation and prudent governance
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Disclosed	Compliant operation and prudent governance Appendix I ESG Key Performance Data Table
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Disclosed	Compliant operation and prudent governance
B7.3	Description of anti-corruption training provided to directors and staff.	Disclosed	Compliant operation and prudent governance
B8 General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Disclosed	Plant for a better community and support to public welfare
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Disclosed	Plant for a better community and support to public welfare
B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	Plant for a better community and support to public welfare