

Environmental, Social and Governance Report

About this Report Reporting Scope

This report is the 7th Environmental, Social and Governance Report of Lifestyle International Holdings Limited (“Lifestyle International” or the “Company”). The report focuses on the sustainability policies, performance and initiatives with respect to the operations of our two department stores in Causeway Bay and Tsim Sha Tsui, (“SOGO CWB” and “SOGO TST”) as well as the property development project in Kai Tak (“PKT”) for the period from 1 January 2022 to 31 December 2022, unless otherwise stated.

The report is prepared in reference to the Environmental, Social and Governance (“ESG”) Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as well as the 10 principles of the United Nations Global Compact (UNGC).

Our Vision

As the premier department store operator in Hong Kong, Lifestyle International is committed to its’ conduct as a responsible, ethical and sustainable corporate citizen. We strive to offer a one-stop shopping experience that focuses upon providing our customers with a wide range of quality goods and services within a comfortable and enjoyable shopping environment.

Our business philosophy comprises of the engagement of our various key stakeholders:

1. **Customers:** our main goal is to satisfy our customers and provide them with a world-class shopping environment and experience.
2. **Employees:** our people are our most precious asset and their well-being is essential for the productivity and growth of our business.
3. **Business partners:** we treat our partners with respect and conduct all businesses with integrity and in a responsible manner.
4. **Community:** we act as a conscientious member of society and are dedicated to contributing towards the long-term well-being of our environment and community.
5. **Shareholders:** we strive to maximize long-term value and return for our shareholders.

Our commitment towards our stakeholders provides us guidance in our sustainability policy, where we strive to ensure that the values of our social and environmental responsibilities are integrated within our daily operations and business code of conduct.

We believe that the pursuit of integrating our sustainability goals within our business is an ever-evolving process and we will persist to further improve upon our performance in the years to come.

Sustainability Policy

1. Governance

- Conduct our business with the highest level of integrity and responsibility when engaging with our business partners.
- Ensure compliance with all applicable legal requirements as well as environmental and social standards in the respective jurisdictions of our operations.

2. Environment

- Minimize the environmental impact of our business through the incorporation of sustainable practices into our property development, management and daily operations.
- Cultivate an environmentally conscious culture within our company and endeavor to minimize the carbon impact of our business activities.
- Promote environmentally friendly lifestyle practices, materials and values to our staff, customers and business partners.
- Optimize the energy, water and resource consumption of our business operations.
- Respond to climate change by enhancing our climate resilience and devising mitigation measures.
- Regularly engage with our different stakeholder groups on environmental related issues and communicate our sustainability initiatives.

3. Employees

- Provide a healthy and safe working environment for all our employees.
- Treat employees with fairness and respect, providing them with a supportive working environment within which they can reach their greatest potential.
- Empower employees to take leadership in addressing sustainability related issues within their spheres of influence.

4. Customers

- Be a trusted provider of safe, authentic and environmentally responsible products and services.
- Strengthen mindful lifestyle awareness and deepen engagement with our customers through socially and environmentally sustainable activities.

5. Supply Chain

- Engage with suppliers and contractors who embrace sustainable development and demonstrate strong ethical, environmental and social commitment.

6. Community

- Closely engage with different community groups to identify and contribute towards the solving of social issues.

We aim to holistically integrate our values and sustainability commitments into our business model and company culture that in turn will support our long-term growth.

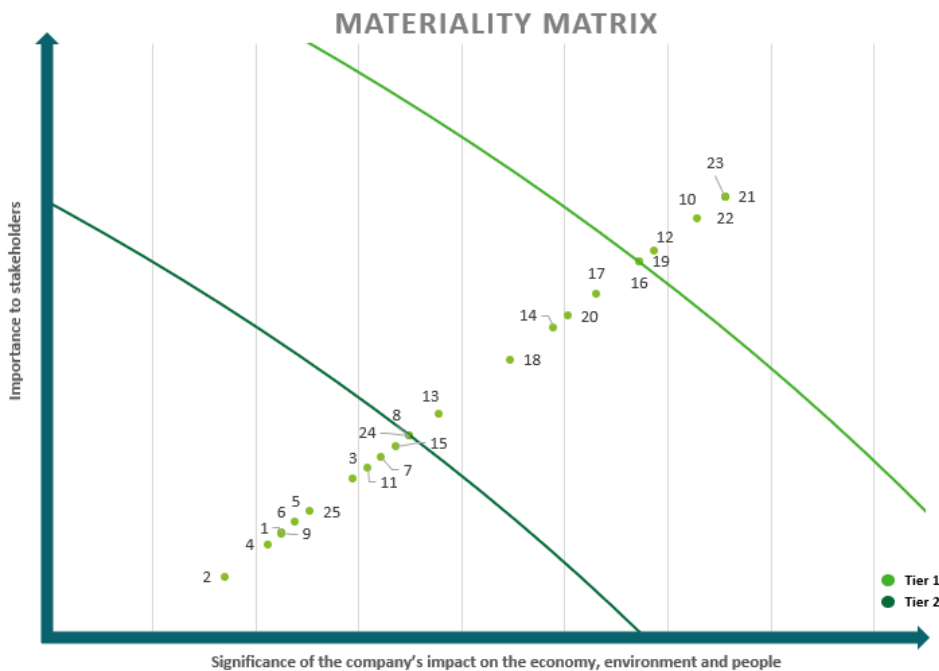
Materiality Assessment

The materiality assessment is an exercise through which we identify issues of importance to the Group from a sustainability perspective and prioritize those which are considered material. Through the engagement of the Group’s various stakeholders, ESG issues that are of most relevance to our stakeholders are identified, helping us to determine our long-term ESG goals and strategies in the coming years.

In 2022, we engaged an external sustainability consultant to conduct a comprehensive materiality assessment with various stakeholders. The findings are illustrated as below:

ESG issues which are most important to Lifestyle

| Environment | Business ethics | Social | Community |
|---------------------------------|--------------------|---|----------------------|
| Sustainable and Green Packaging | Business integrity | Customer data privacy | Community engagement |
| Environmental Friendly Shopping | Anti-corruption | Customer satisfaction and quality of services | Community investment |

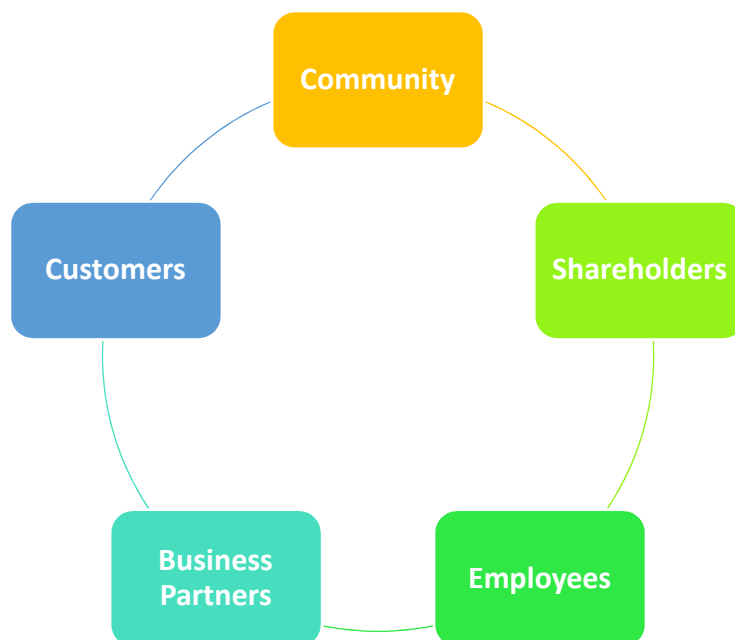


| Environment | 1 | Climate Change |
|-------------|---|-------------------------------------|
| | 2 | Energy efficiency |
| | 3 | Waste management |
| | 4 | Water and effluent management |
| | 5 | Carbon and air emissions management |
| | 6 | Green Leasing |
| | 7 | Environmentally Friendly Shopping |
| | 8 | Sustainable and Green Packaging |
| | 9 | Sustainable and Green Construction |

| | | |
|------------------------|----|---|
| Business Ethics | 10 | Business integrity |
| | 11 | Sustainability risk management |
| | 12 | Anti-corruption |
| | 13 | Responsible supply chain Management |
| | 14 | Fair and responsible marketing |
| | 15 | Concessionaire counters management |
| Social | 16 | Employee health and wellbeing |
| | 17 | Human rights and labour standards |
| | 18 | Diversity and inclusion |
| | 19 | Talent attraction and retention |
| | 20 | Training and development |
| | 21 | Customer satisfaction and quality of services |
| | 22 | Customer data privacy |
| | 23 | Customer health and safety |
| Community | 24 | Community engagement |
| | 25 | Community investment |

We shall devise our ESG strategies, initiatives and long-term targets based upon the findings of this assessment.

Stakeholder Engagement



Engagement Channels

- Shareholders' meetings
- Investors & Analysts meetings
- Results Presentations
- Financial Reports, Announcements & Circulars
- Training & Workshops
- Volunteer Activities
- Interviews & Meetings
- Project Collaborations
- Public Events & Social Gatherings
- Sponsorships & Donations
- Social media platforms
- Surveys
- Industry events

Corporate Governance



The Board is the highest governing body of the Company and holds the ultimate responsibility of the overall strategic development and corporate governance of the Company. The Board comprises of members with diverse backgrounds, including retail, property investment, finance, accounting and entrepreneurship. We believe that the maintenance of a diverse Board composition contributes towards the elevation of financial performance and promotes a more inclusive corporate governance of the Group.

To ensure high governance standards in ESG related matters, the Company has put in place a robust ESG governance structure with clearly defined responsibilities. The formulation of our ESG strategy and the day-to-day management and reporting on ESG matters resides with the ESG Committee, which is headed by our Executive Director and comprises of members from all major departments. The responsibilities of the ESG Committee includes the formulation of ESG strategies, sustainability reporting, stakeholder engagement, materiality assessment, regular monitoring of the performance of outlined ESG initiatives and the promotion of ESG matters both internally and externally.

A biannual report which covers the performance of ESG initiatives and forthcoming plans is distributed to Board members to provide them with timely updates regarding the progress of ESG activities and thus, enhancing the oversight of the Board upon the ESG developments within the Group.

To ensure the effective implementation of ESG strategies and identify any potential risks and opportunities, the ESG Committee conducts regular quarterly meetings to discuss a range of pre-defined ESG initiatives, set appropriate policies and follow up upon the progress of business units which are charged with carrying out related measures. The ESG Committee promotes the integration of sustainable and socially responsible best practices into our daily operations and decision-making processes across all levels of the Group with the supports of all business units.

Following establishment of the Lifestyle International Community Development Fund in 2022, a committee whose members comprising managers from various departments, has been set up during the year to better plan and organize the charitable activities of the Group.

Environment



Environmental Policy

Lifestyle International's Environmental Policy targets to reduce our environmental carbon footprint and promote an environmentally sustainable culture within our store operations. We will:

- Quantify the environmental impact of our operations and design measures to reduce our greenhouse gas emissions.
- Consistently work to improve the efficiency of our energy consumption.
- Ensure a healthy and comfortable environment within our business premises.
- Adopt green practices and technologies to better conserve our natural resources.
- Ensure compliance with applicable environmental and related legislations with our staff, business partners & other stakeholders.
- Minimize waste generation and manage it in a responsible manner.
- Cultivate an environmentally conscious mindset amongst all employees through regular internal communications and trainings.

Climate Change

Governance

The ESG Committee is responsible for setting sustainability strategy in accordance with the Group's environmental policy, as well as ensuring that the sustainability strategy is embedded into the Group's operations. The ESG Committee monitors and reviews climate-related issues to ensure that appropriate strategies, initiatives and procedures are in place to build a robust and effective risk management system for climate-related risks and opportunities.

Strategy

The Group recognizes the potential impact of climate change on our business operations. We are committed to managing climate change risks and devising mitigation measures in response to climate change and enhancing our climate change resilience. We strive to:

- Reduce our carbon footprint by the setting of long-term carbon emissions reduction targets.
- Monitor and regularly report upon the progress of reaching our carbon reduction targets.
- Incorporate climate-related risks and opportunities into our risk assessment management.
- Adopt green practices and technologies to improve energy efficiency within our business operations.
- Formulate appropriate procedures and measures to prevent and minimize the damage caused by climate change.
- Incorporate climate resilience considerations into renovation works and equipment procurement.
- Adopt energy efficient and environmentally friendly design within the Group's properties.
- Support the use of renewable energy, sustainable products and materials.
- Promote and encourage our customers, suppliers and business partners to adopt sustainable lifestyle and business practices wherever possible.
- Monitor and respond towards climate related policy and regulatory changes in a timely manner.

Risk Management

By incorporating climate-related risks into our risk assessment management, the following risks and opportunities have been identified:

| Risks | Consequences | Mitigation measures |
|---|--|---|
| 1) Physical Risks Extreme weather conditions, flooding, and heat stress. | <ul style="list-style-type: none"> - Damage to buildings and facilities. - Injuries to staff or customers. - Disruptions to business operations. - Increase in insurance premiums. - Increase in maintenance costs. - Higher operating costs, such as electricity charges resulting from more air-conditioning required. | <ul style="list-style-type: none"> - Operating procedures and guidelines in place for extreme weather conditions. - Adequate insurance policies in place. - Incorporation of climate resilience considerations into <ul style="list-style-type: none"> i) renovation works and equipment procurement of our stores, and ii) building design of the PKT. |
| 2) Transition risks More stringent laws and regulations with the transition towards a low carbon economy. | <ul style="list-style-type: none"> - Higher compliance costs. - Increase in capital expenditures on renovations. - Loss of reputation. | <ul style="list-style-type: none"> - Actively monitor and respond to regulatory changes as well as evolving market demands with respect to our business operations. |

| Opportunities | Benefits | Current practices |
|--|---|---|
| Higher operating efficiency | <ul style="list-style-type: none"> - Improvement in operating procedures. - Reduction in operating expenses. | <ul style="list-style-type: none"> - Replace and retrofit inefficient equipment. - Conduct regular service maintenance programs. |
| Increasing customer demand for products and services that promote a green and sustainable lifestyle. | <ul style="list-style-type: none"> - Develop new revenue stream through innovative products and services. - Enhance brand equity and improve customer loyalty and confidence. | <ul style="list-style-type: none"> - Regular customer engagement to better understand their needs and values. - Actively monitor market trends and customer preferences and adjust our business strategies accordingly. |

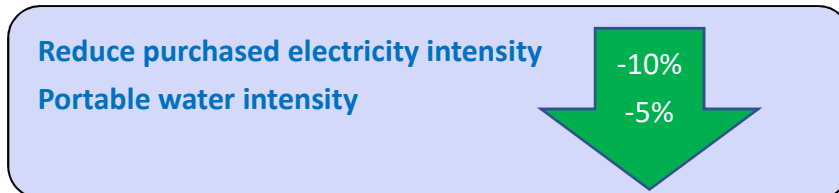
Metrics and Targets

Our current climate-related metrics and targets are, by 2030 (compare to 2020 base level), to reducing:

- purchased electricity intensity by 10%
- portable water intensity by 5%
- Scope 1 and Scope 2 GHG Emission intensity by 10%

Energy Management

2030 Target



As a leading department store operator in Hong Kong, we strive to reduce our overall energy consumption and maximize the efficiency of all the facilities within our buildings with respect to the consumption of electricity, water and gas, which are the main sources of energy used within our operations.

Energy consumption patterns are actively monitored to ensure the equipment and facilities are operating at optimal levels.

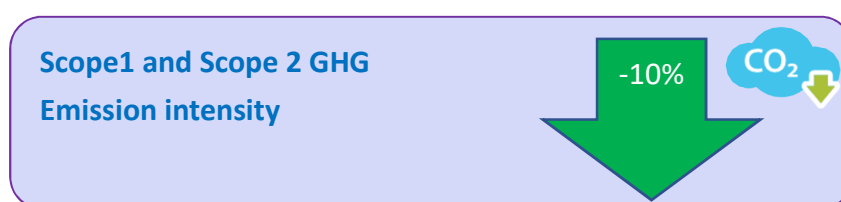
The Group's major energy consumption is electricity consumed by the air conditioning systems, general lighting, refrigeration systems, and other equipment such as lifts, escalators and I.T. facilities. Measures are in place to ensure that the facilities are maintained to function at their optimal operational conditions. Such measures include procurement of energy efficient equipment, timely replacement of inefficient parts, and regularly conducting preventive maintenance programs by our contractors and/or in-house maintenance team. In 2022, we replaced 2 sets of air handling units at SOGO CWB to enhance the efficiency of the air conditioning systems.

In 2022, fluorescent tubes have been replaced by LED lighting at customer toilets of SOGO CWB. In addition, to minimize the impact of light pollution, all external lighting

facilities of our stores such as LED screens, light boxes and logo signage are operated in full compliance with the requirements under “Charter on External Lighting” by the Environment Bureau.

In comparison to electricity, the consumption of water and gas is relatively insignificant within our business operations. Water is mainly used for sanitary facilities for both customers and staff within the department stores and office premises. Sensor water taps and flushing facilities have been installed to minimize the water consumption in washrooms. Gas is mainly used in the staff canteen and our Japanese restaurant in SOGO CWB.

Energy & Water Consumption and Greenhouse Gas Emissions 2030 Target



The aggregate energy & water consumption and Greenhouse Gas (“GHG”) Emissions at SOGO CWB and SOGO TST, and auxiliary supporting facilities for 2021–2022 is presented as below:

| GHG Emissions in total and intensity | Unit | 2022 | 2021 |
|--------------------------------------|--------------------------------------|------------|------------|
| (Scope 1) | Kg Co ₂ e | 15 | 26 |
| (Scope 2) | Kg Co ₂ e | 14,703,480 | 15,110,619 |
| Total GHG Emissions | Kg Co ₂ e | 14,703,495 | 15,110,645 |
| Intensity | Kg Co ₂ e/ft ² | 20.8 | 21.3 |

| | Total consumption | | | Intensity | | |
|------------------------------|-------------------|------------|------------|---------------------------------|------|------|
| | Unit | 2022 | 2021 | Unit | 2022 | 2021 |
| Energy consumption | | | | | | |
| Purchased Electricity | Kwh | 21,481,739 | 22,184,063 | kWh/ft ² | 30.3 | 31.3 |
| Purchased Towngas | Mega Joules | 1,166,160 | 1,270,896 | MJ/ft ² | 1.6 | 1.8 |
| Portable water | M ³ | 80,092 | 80,033 | M ³ /ft ² | 0.1 | 0.1 |

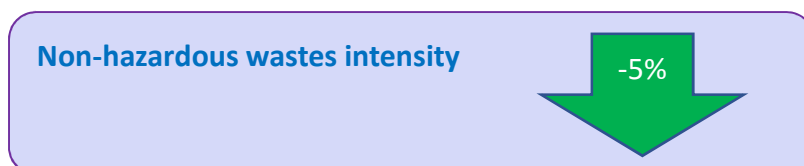
Remarks

1. Total operating area used for computation of energy intensity is 708,336 ft².
2. Emission Factor used for purchased electricity from Hong Kong Electric and CLP is **0.71** (2021: 0.71) and **0.39** (2021: 0.37) respectively. Emission Factor for Towngas from Hong Kong and China Gas is **0.065 per MJ** (2021: 0.065 per MJ).
3. Scope 1 GHG emissions are from sources that are owned or controlled by the Group, which includes combustion of diesel and petrol.
4. Scope 2 GHG emissions is calculated basing on purchased electricity and Towngas only, excluding those electricity consumptions by central air-conditioning systems which are not under our operating control that consumption data cannot be readily available and reliably measured.

The purchased electricity fell by 3% when compared to 2021. The decrease was mainly due to shorten business hours of SOGO CWB during the fifth wave of COVID-19 in the first quarter of 2022. The purchase of Towngas also dropped by 8% as the operating hours of the staff canteen were reduced amid the fifth wave of COVID-19 in 2022. The total GHG emissions as a result decreased by 3% this year.

Store Renovation

2030 Target



We encourage all concessionaire counters to reuse the fixtures such as false ceilings and floor tiles being left by exiting tenants for the counter renovations to minimize construction wastes. In 2022, 57 out of 92 concessionaire counters adopted the practice of reusing existing fixtures.

Waste Management and Recycling

Waste prevention and management play an indispensable role within our overall environmental policy. In addition to minimizing unnecessary environmental impact, we believe that waste prevention increases our overall operational efficiency and generates long-term cost savings. We recognize the importance of promoting waste consciousness amongst our various stakeholders in order to effectively implement our waste management policy that includes the promotion of recycling and practices that support the reduction of material consumption.

The aggregated non-hazardous solid waste generated from SOGO CWB and SOGO TST in 2022 was 1,370 tonnes (intensity: 0.0019 tonnes.ft²).

Workplace Conduct

Environmental sustainability is a central consideration in influencing our workplace conduct and plays an important part in our vendor selection.

Aging equipment are ensured to be collected for recycling where possible or properly disposed. The use of FSC[®] certified paper has been further adopted for gift certificates, price tags and delivery note this year. Meanwhile, designated recycling bins are in place for collection of used paper, plastic bottles, cans and coffee grounds.

In 2022, the Group was again awarded the “Green Office Awards Labelling Scheme (GOALS)” and “Eco-Healthy Workplace” label by the World Green Organization (“WGO”) for our continuous efforts in the promotion of a sustainable and healthy workplace environment. During the year, air purifiers have been installed in the meeting rooms of our head office to improve air quality of the workplace.

Environmentally Friendly Shopping

To advocate environmentally responsible shopping, we sell reusable shopping bags and provide P-life biodegradable plastic shopping bags as carrying options for our customers. Moreover, we regularly hold environmentally friendly activities and promotions within our stores to educate, arouse and encourage our customers to adopt a more sustainable and mindful lifestyle.

In 2022, we organized and supported the following initiatives to promote and raise awareness of environment related issues:

- WELL water refill station at SOGO CWB to provide lead-free drinking water to customers as well as staff while helping to reduce single-use plastic bottles.
- Adoption of e-offer in the SOGO Rewards App to replace physical redemption card for the co-branded card's birthday dining offer to customers to reduce paper usage.
- Collaboration with Casablanca "LOVE CASA LOVE ECO" promotion campaign to prelaunch new sustainable, organic and eco-friendly products.
- "100,000 bottles recycling challenge" at L'Occitane x Carbon Wallet Pop-up on G/F CWB store where customers could bring cleaned beauty bottles to earn double reward points for the redemption of L'Occitane products.



Food Recycling

We adopt proper food waste segregation procedures and support waste recycling to prevent waste generated at our stores from going to the landfill.

Cooking oil waste produced at the eateries of our stores is properly stored and recorded in accordance with the guidelines issued by the Environmental Protection Department. Qualified contractor is engaged to collect and transport the cooking oil waste to designated facilities of the Environmental Protection Department so that it is disposed in a proper and professional manner.

We strive to minimizing food waste. We reduce food waste by providing guidelines to staff on food waste segregation. Daily food waste collected under our food recycling program is turned into compost or animal feed. In 2022, around 20,017 kg of food waste was collected, saving approximately 11,369 kg of CO₂e emissions from the landfill.

We continue donating food to "Food Angel", our long-term local food bank partner, to provide help towards those in need and to raise the awareness towards treasuring food as a precious resource. In 2022, Food Angel has collected approximately 917 kg from our food sections as food rescue donation, a drop of 20% comparing to 2021 as the food collection services were suspended for around four months due to the fifth wave of the COVID-19 pandemic.

Initiatives for property development project at Kai Tak (“PKT”)



We uphold the environmental standards with our contractors through house rules, tender documents, method statements, and continuously monitor the environmental performance at the construction site of PKT.

Waste Management

We endeavor to minimize construction waste by putting in place effective waste management practices and offer our full support to the contractors in waste reduction. Measures implemented included:

- Erect dust proofing measures and hoarding to separate the construction site from the adjacent public facilities such as the Kai Tak Station Square and the Kai Tak Avenue Park.
- Recycling and proper storage of chemical waste, and disposal of general waste to licensed landfill sites.
- Ensure that contractors possess necessary licenses and operate in full compliance with relevant environmental regulations.
- Implementation of waste management plan.
- Adoption of modularization of building services installations and prefabrication on construction site to reduce wastage and pollution.

We actively engage with our suppliers and contractors to adopt sustainable management practices. To ensure our contractors are fully aware of our waste minimization approach to properly handle, reuse and recycle waste, regular workshops are held with contractors to review environmental performance of the construction site and the contractor, and to discuss and explore from time to time the latest low carbon and waste management initiatives.

Building Information Modelling (“BIM”)

BIM has been adopted to provide an accurate estimation of the quantity of building materials required, provide better coordination and avoid construction clashes on site. Compared with conventional construction methods, BIM helps minimize potential abortive works on site and facilitates building services team to pre-fabricate the materials for an expedition of the construction process. It also helps reduce the use of paper as space-use simulations and 3D models enhance the visualizations of the works for all working parties and enable swift changes in the modelling process.

Health & Safety

To safeguard the health and safety of workers and contractors, the main contractor of the project is responsible to devise the Project Health and Safety Plan to monitor workers and contractors for performing on-site inspection, incident reporting and regular audits. Site safety practices include:

- Periodic internal site inspections to identify hazards and risks.
- Monitoring of lost-time injuries, near-miss incidents as well as reportable and major injuries.
- Monthly meetings to review site safety performance with project staff, contractor, and sub-contractor safety supervisors.
- Organize regular occupational health and safety (OHS) training, well-being talks and safety workshops to promote site safety.
- Guidelines on precautionary measures and emergency plans to maintain

preparedness against bad and extreme weather events.

We maintain close collaboration with our contractors to ensure effective OHS management at our construction site. The tender documents for engaging the main contractor set out clearly the OHS conditions and safety guidelines to be observed regarding site safety, which include the requirement to prepare an Environmental Health and Safety Plan. During the term of the contract, we carry out ongoing monitoring to ensure contractors meet the requirements.

Amid the COVID-19 pandemic, we maintained close communications with our contractors and proactively took measures to improve site hygiene conditions. The measures include:

- Automatic body temperature scanner.
- Hand sanitizers;
- “Leave Home Safe” QR codes at the entrance gate of the site.
- Staggered lunch hours for construction workers and the use of partitions at the canteens to maintain social distancing.
- Increase the frequency of cleaning common areas, toilets, lobbies and the canteens.

Sustainability

We are conscious of managing the environmental impacts of PKT and principles of sustainability have therefore been incorporated into the planning, design, construction and commissioning of the development to minimize impacts to the environment. We strive to create a greener and more sustainable development project and continue to leverage innovative technologies for the advancement of building efficiency and sustainability to the next level.

In 2022, the main contractor was awarded “Green Management Award – Project Management (Large Corporation) – Bronze” by Green Council. In addition, PKT has tentatively achieved “Provisional Platinum” rating under BEAM Plus New Building certification from the Hong Kong Green Building Council (“HKGBC”). Furthermore, we endeavor to ensure the development project will undergo the Life Cycle Assessment, and to further reduce its impacts to the environment with the following initiatives:

- Achieve BEAM Plus certification.
- Adopt sustainable building standards.
- Construct climate-proofing buildings by incorporating environmentally responsible designs and facilities.
- Utilize technologies to minimize GHG emissions and pursue innovative solutions.
- Encourage the use of electric vehicles in the community by installing electric vehicle charging stations.
- Promote and encourage the deployment of energy-efficient systems, including the use of renewable energy and new technologies such as bio-diesel generator and chilled panel radiation system.
- Improve the quality of the indoor environment and therefore benefit the long-term health, well-being, and productivity of its occupants.



Lifestyle International is committed to deploying innovative technologies to enhance sustainability of the design and construction of PKT and acknowledges the importance of close collaboration with our contractors in achieving these sustainability goals.

Employees





Staff and workplace

As at 31 December 2022, Lifestyle International employed a total of 630 staff and they are all based in Hong Kong. The gender and age distribution of our staff are as follows:

| Gender Distribution | | |
|--|------|------|
| | 2022 | 2021 |
| Male  | 252 | 261 |
| Female  | 378 | 414 |

| By Age Group | | |
|--------------|------|------|
| | 2022 | 2021 |
| 20 and below | NIL | NIL |
| 21-30 | 36 | 52 |
| 31-40 | 140 | 153 |
| 41-50 | 188 | 202 |
| 51-60 | 208 | 216 |
| Above 60 | 58 | 52 |

Turnover Rate

| By Gender | | |
|--|------|------|
| | 2022 | 2021 |
| Male  | 5.7% | 3.7% |
| Female  | 6.4% | 8.2% |

| By Age Group | | |
|--------------|------|------|
| | 2022 | 2021 |
| 20 and below | NIL | NIL |
| 21-30 | 3.4% | 4.0% |
| 31-40 | 4.1% | 4.2% |
| 41-50 | 2.6% | 3.0% |
| 51-60 | 2.0% | 0.6% |
| Above 60 | NIL | 0.2% |

Lifestyle International has consistently complied with the relevant laws, rules and regulations on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare throughout the year.

A performance management system is used to objectively review our staff members' performance level. Observations and evaluations of staff members' work behavior and accomplishments form the basis for decision making within the reward system. These decisions include wage, salary, and benefit determinations; promotion, demotion, transfer, or termination actions; and coaching and counseling, training, or career development options.

Lifestyle International has put in place appropriate policies and procedures to prevent the occurrence of forced labour or child labour, and also to ensure that such cases do not arise through indirect involvement with our suppliers or business partners,

including consignment counters, contractors, labour brokers or recruitment agencies. Throughout the reporting year, we had no reporting of non-compliance cases in the aforesaid areas.

Anti-corruption



Lifestyle International regards fair play, honesty and integrity as our important commercial assets in business. Our anti-corruption policy sets out the basic standard of expected conduct of all staff members. Seminars are arranged for the directors and our staff to reinforce their knowledge of recognizing and dealing with bribery and corruption. We have complied with relevant standards, rules and regulations on bribery, extortion, fraud and money laundering throughout the year. For the reporting year, there were no legal cases brought against the Group or its employees regarding corrupt practices.

The Group has whistleblowing policy in place to provide reporting channels and guidance for possible improprieties in matters of financial reporting, internal control or other matters, and to provide reassurance to whistleblowers of the protection that the Group will extend to them against unfair dismissal or victimization. Whistleblowing reports received by the Internal Audit Department are reviewed by the Audit Committee. No whistleblowing case has been reported during the reporting year.

Staff Training and Development



The percentage of employees trained by gender and employee category and the average training hours completed per employee by gender and employee category are as follows:

Percentage of employees trained

| By Gender | | |
|--|--------------|------|
| | 2022 | 2021 |
| Male  | Not material | 6.4% |
| Female  | Not material | 6.3% |

| By Category | | |
|-------------|--------------|-------|
| | 2022 | 2021 |
| General | NIL | NIL |
| Supervisory | NIL | NIL |
| Managerial | Not material | 37.7% |

Average training hours completed per employee

| By Gender | | |
|--|--------------|------|
| | 2022 | 2021 |
| Male  | Not material | 0.26 |
| Female  | Not material | 0.25 |

| By Category | | |
|-------------|--------------|------|
| | 2022 | 2021 |
| General | NIL | NIL |
| Supervisory | NIL | NIL |
| Managerial | Not material | 1.51 |

Lifestyle International considers human resources as the foundational asset within our organization. Our mission in talent development is closely intertwined with the goals and objectives of the Group.

In view of the COVID-19 pandemic, there were only a couple of seminars in respect of construction safety organized for project management staff during the year.

With an emphasis upon personal development and growth, staff members are encouraged to proactively pursue their own continuous development. Through the performance management system, staff members regularly meet their immediate supervisors and managers to discuss their work performance and identify personal objectives and potential training opportunities.

Based on the performance review and regular discussions, staff members are able to obtain feedback on their work and share their aspirations and expectations with their superiors. Training plans are developed and appropriate resources are allocated to help achieve both the staff member's personal as well as corporate development goals.

Health and Safety

Lifestyle International considers the health and safety of its' staff, customers, visitors and members of the public at large to be of the greatest importance. There were no reported cases of fatality from 2019 to 2022. During 2022, a total of 104 man-days were lost due to work-related injuries.

To provide a risk and hazard-free environment for all, we are committed to:

- Conduct regular inspections of all parts of the Group's premises.
- Conduct fire drills for staff members to practice evacuation procedures of the premises in the event of a fire or other emergencies.
- Obtain professional advice on best health and safety practices where necessary.
- Provide staff members with advisory services on health and safety matters.
- Provide updates and training to enhance staff members' awareness on health and safety issues.
- Promote health & safety at work and gather staff members' feedback through the Health & Safety Committee.

Every staff member is expected to participate and share the responsibility in helping the Group to formulate and monitor the procedures and arrangements in respect of workplace health and safety. Through the Health & Safety Committee, which comprises representatives from different departments within the Group, staff members share duties in:

- Identifying, reporting and rectifying workplace hazards in relation to health and safety and report such hazards promptly.
- Assisting investigation of any accident, injury or near accident to minimize re-occurrence.
- Adopting safe working methods and procedures.
- Providing advice and suggestions for the improvement and maintenance of health and safety standards.

Mental health is an integral part of one's personal health. To take care of the mental well-being of our staff members, consultative services provided by a professional organization under the Employee Assistance Program has been made available since June 2018. Confidential consultative services are provided by qualified counsellors to staff members through a 24-hour hotline or face-to-face appointments, covering both work and non-work related issues.

COVID-19 Response

To safeguard the health and safety of our customers and staff members amidst the COVID-19 pandemic, the following measures were implemented this year:

Measures at stores

- An emergency response team, which comprises of store managers and managers from the Human Resources and Administration departments, is tasked to devise the strategies and procedures for virus preventive measures.
- Issue guidelines to front-line staff for implementing precautionary measures.
- Set up mask disposal points on shop floors and at office areas.
- Adjust store business hours in response to the changing virus situation.
- Require staff and customers to wear face masks within the premises.
- Provide hand sanitiser dispensers for customers in main traffic spots.
- Disinfect all public areas and facilities regularly.

Customers

- Promote our eStore platform as an alternative sales channel for our customers.
- Offer different collections of protective face masks and related hygiene products for sale to customers.

Concessionaires

- Offer rental concession and other financial relief measures to our concessionaires.
- Strengthen targeted promotion campaigns to drive up customer traffic of the stores.
- Apply for government subsidies on behalf of eligible cafes.

Employees

- Provide personal protective equipment to staff, such as surgical face masks, disposable rubber hand gloves and face shields.
- Provide Rapid Antigen Test kits for staff.
- Schedule flexible working arrangements for staff.
- Use of digital tools such as video conferencing to minimize in-person meetings.
- Arrange social distancing seating plans at the staff canteen.
- Provide 2 days paid leave to staff for each COVID-19 vaccination dose.

Others

- Produce our own videos on the CVISION LED screen to help promote social-distancing practices and raise public awareness about the latest virus containment measures.



Social and Community Support

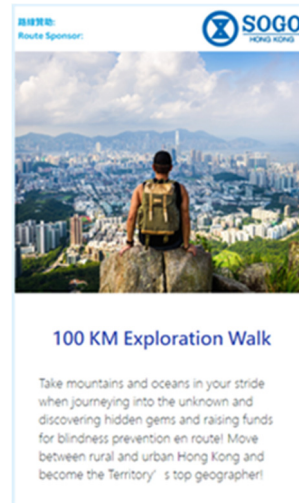


Lifestyle International is committed to actively connecting and interacting with the community and fostering harmony between people and the environment. The Group focuses on contributing our time and resources towards the following four main aspects:

- Community support.
- Environmental protection and sustainability.
- Education and youth development.
- Arts and Culture Promotion.

In 2022, we organized and participated in the following charitable activities:

- 111 staff participated in the Orbis Moonwalker 2022 and SOGO was the route sponsor of the 100 KM Exploration Walk.
- “Live in Pink” charity sale / redemption events in-store and on SOGO Rewards mobile App to help raise funds for Hong Kong Breast Cancer Foundation.
- Participated in WWF’s Earth Hour.
- “Gift of Love” event in collaboration with BGCA (“The Boys’ & Girls’ Clubs Association of Hong Kong”), where SOGO would match every designated toy purchased by customers at CWB store for donation to BGCA.
- AIGLE “Bring Your Own Bag!” Campaign where every HK\$1 shopping bag charge to customers was donated to WWF Hong Kong.



Operating Practices

Supply Chain Management

We are committed to managing our supply chain in a socially and environmentally responsible manner. The Group has two main types of suppliers, namely product/service vendors and concessionaire counters. We continue to enhance our working procedures and strengthen collaboration with them to mitigate and manage potential risks within our supply chain. We have an established green procurement policy for general office supplies. In the selection process of suppliers, we place emphasis on the environmental friendliness aspect of their product and services provided.

The Group has around 140 key product/service suppliers, of which around 94% are based in Hong Kong, 4% are based in mainland China and 2% are based in other regions. We are committed to source locally to minimise the carbon footprint generated from the transportation of products. In addition, this helps to reduce operating cost, enhance supply stability and improve timeliness of delivery.

Supplier Code of Conduct

The Supplier Code of Conduct helps us to control supply chain risks, engage with our suppliers, uphold the standards of our products and services, and promote ethical business practices. The Code sets out the requirements for compliance with relevant rules and regulations, labour rights and working conditions, environmental standards and documentation policy. In 2022, a Supplier Code of Conduct audit was conducted by the Internal Audit Team to assess the standards of selected suppliers and the results were satisfactory. We will continue to conduct the audit on a regular basis so as to maintain the monitoring, management and engagement of our suppliers.

Concessionaire Counters

We maintain close business relation with our concessionaire counters. We work together to determine categories of merchandise for sale, devise shop design, organize joint marketing and promotion activities, and identify their day-to-day operational needs. Our concessionaire counters are required to operate their counters in compliance with our house rules and guidelines. The performance of our concessionaire counters is regularly monitored by designated managers who closely interact with brands on issues such as sales performance, customer experience and growth opportunities. We also regularly collaborate with our concessionaire counters in the promotion of environmentally friendly products and lifestyle practices to our customers as well as to support the local community through joint charitable sales activities.

Product Safety

Product safety is of utmost importance to our business and our Product Safety Policy reinforces our commitment towards the sale of safe merchandise, particularly under the Kids Fashion & Toys product category which includes all baby and children products. Our product safety practices are vigorously executed to ensure that our merchandise selection is in strict compliance with relevant laws and regulations.

We require all our suppliers to assure upon the quality of their products, with primary concern placed upon the health and safety of the end users. We maintain a manual which documents the latest requirements under relevant ordinances and regulations, including the Toys and Children's Products Safety Ordinance; Toys and Children's Product Safety Regulation; Consumer Goods Safety Ordinance & Regulations; The Trade Mark Ordinance; The Copyright Ordinance; The Trade Descriptions Ordinance; and the Prevention of Copyright Piracy Ordinance. All our suppliers are required to be in strict compliance with the relevant regulations.

Lifestyle International will:

- Strive to fully comply with the Toys and Children's Products Safety Ordinance and the Consumer Goods Safety Regulation.
- Conduct regular assessments on our suppliers and business partners to ensure that the products they supply are in strict compliance with the listed safety standards.
- Act in accordance with the Trade Mark Ordinance and perform continuous inspections as set out in the standards.
- Keep abreast of the latest changes of standards, evaluate their impact and develop up-to-date policies to maintain continuous safety control on our merchandise.
- Continuously enhance the standards on product safety by adopting best practices.
- Provide regular training to staff to update their awareness on product safety concerns at all times.

During the reporting year, the quantity of products sold which was subject to recalls for safety and health reasons was not material.

Food Safety

We attach great importance to food products offered to our customers at our stores and make every effort, from sourcing ingredients, product selection to food quality control, in order to provide assurance on the quality and safety of our food products.

Multiple control measures are in place to ensure that the source of our products meet the highest quality and safety standards. All suppliers must go through stringent selection processes, under which their track records as well as their commitment in offering socially and environmentally sustainable products are taken into consideration.

Our policies and procedures require regular site visits being made to the suppliers' production facilities and that selected products must comply with all regulatory requirements and are accompanied by qualified certificates.

We engage the SGS Group to conduct food testing twice a year to ensure the safety and quality of our food products offered to our customers. A designated staff member is tasked with handling food safety inspections from government bureaus, conducting on-site hygiene inspections, and checking proper labelling of food products.

Customer Engagement

Our mission is to satisfy the needs of our customers and to provide them with a world-class shopping experience. Maintaining and providing high-quality customer services is a core part of our business philosophy. We respect, listen and take into serious consideration the views, concerns and feedback from our customers. We actively work to improve our dialogue (via comment notes, emails, social media and phone calls) with our customers to better understand their needs and expectations.

Customer services play an important and direct role in our shoppers' in-store experience as well as our overall store service proposition. Our customer services team acts as an effective communication channel between our stores and the customers we serve, which in turn contributes towards the building of long-term customer loyalty. We strive to provide a swift, sincere and helpful response to any queries or issues raised by our customers, in order to fully meet and exceed their expectations.

We attach great importance to customer feedback and have a standardized and well-established feedback-handling system to ensure customer enquiries and complaints are dealt with in a consistent and effective manner. To facilitate our customer experience and cater to their evolving communication expectations, we have

established a variety of feedback and complaint channels, including our online platform, telephone hotline and email, to allow our customers to reaching us anytime and anywhere. Customers can also express their opinions and share their thoughts in person to a dedicated customer service specialist stationed at the in-store concierge during our business hours.

Management recognizes the importance of standard of services and regularly reviews reports on customer suggestions, compliments and complaints. Understanding the customer feedback and swiftly communicating to our vendors, consignment partners and related staff helps contribute towards the continuous improvement of our product and service offering. During the reporting period, we received monthly average of 161 enquiries or complaints which required follow-up and there were no cases of serious non-compliance in relation to our products and services.

In addition, we are committed to ensuring that our marketing and communications materials comply with relevant rules and regulations. Our marketing communications do not contain false or deceptive messages and the omission of important information. Procedures are in place to uphold intellectual property rights when using all advertising materials, graphics and designs in compliance with trademark, patent and copyright regulations.

Advertising and Marketing

In 2022, the following major store marketing and customer engagement activities were held:

- Joint ESG-themed promotion with SOGO & SEIBU that invited Japanese artist – Mr. Kazuhiko Ifuku to create a key visual with the message of “Choice for the Future” to promote sustainability and environmentally friendly lifestyle. Merchandise ranging from eco bag, eco seed color pencil set and towel set were created with environmentally friendly material for our customers to purchase or redeem. HK\$25 was donated to Suicide Prevention Services for every eco bag sold.
- Launch New Parent’s Club (Himawari) membership tier within our SOGO Rewards loyalty program which provides helpful information, special privileges and merchant benefits for our members throughout their life milestones from pregnancy to the different life stages of their children.
- Enhancement of our POINTASTIC redemption points scheme under the SOGO Rewards loyalty program to allow members to redeem privileges and gifts at a more affordable point level.

To support the promotion of arts and culture, we worked with an overseas artist during the year and organized the following event:

- Collaboration with Slimy Oddity, a Singaporean art collective to design the key visual, merchandise, Whatsapp stickers and comics with the key theme “Be Yourself” and “LOVE is GIVING” for SOGO Rewards Days and Christmas campaign respectively, conveying the importance of self-love, self-discovery and love & care during the festive season. Proceeds from sales of specially made merchandise for the Christmas campaign were donated to Make-A-Wish Hong Kong.



Consumer Privacy

With the aim of enhancing our customers' shopping experience and deepening their engagement with our SOGO stores via events and promotions, Lifestyle International has leveraged upon consumers' personal information, to the extent allowed by the relevant privacy laws, for our various direct marketing (including cross-marketing) purposes. We respect the privacy and inviolability of the rights of our customers and do not reveal or use customer information for any other purpose. Customers have the right to request us to update their personal information or delete their data from our records.

Lifestyle International takes into serious account personal data protection and strives to ensure that adequate resources are deployed to protect customers' personal data against any unauthorized use, access, modification or disclosure. Compliance procedures are in place to ensure strict adherence to applicable laws, rules and regulations, including but not limited to the Personal Data (Privacy) Ordinance.

We place utmost importance in protecting the privacy of our customers throughout the cycle of collection, processing and usage of their personal data. We strive to ensure that our customers' personal data is always securely processed and stored and only for the purposes for which it has been collected. Regular network security assessment is performed by external consultants.

During the reporting year, no complaint was received concerning possible breaches of customer privacy laws or the loss of customer data.

Environmental, Social and Governance Reporting Guide of The Stock Exchange of Hong Kong Limited

| A. Environmental | Reference |
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| A1 Emissions | |
| General Disclosure | Environment — Environmental Policy, Climate Change, Energy Management, Waste Management and Recycling |
| KPI A1.1 The types of emissions and respective emissions data | Environment — Energy & Water Consumption and Greenhouse Gas Emissions |
| KPI A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity | Environment — Energy & Water Consumption and Greenhouse Gas Emissions |
| KPI A1.3 Total hazardous waste produced and intensity | Considered to be not material |
| KPI A1.4 Total non-hazardous waste produced and intensity | Environment — Waste Management and Recycling |
| KPI A1.5 Description of emission target(s) set and steps taken to achieve them | Environment — Energy Management, Climate Change |
| KPI 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 | Environment — Waste Management and Recycling |
| A2 Use of resources | |
| General Disclosure | Environment — Environmental Policy |
| KPI A2.1 Direct and/or indirect energy consumption by type in total and intensity | Environment — Energy & Water Consumption and Greenhouse Gas Emissions |
| KPI A2.2 Water consumption in total and intensity | |
| KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them | Environment — Energy Management |
| KPI 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 | Environment — Energy Management |
| KPI A2.5 Total packaging material used for finished products | Considered to be not material |
| A3 The environment and natural resources | |
| General Disclosure | Environment — Environmental Policy |
| KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them | Environment — Climate Change, Energy Management, Waste Management and Recycling, Initiatives for property development project at Kai Tak |
| A4 Climate Change | |
| General Disclosure | Environment — Climate Change |
| KPI 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 | |

| B. Social | | Reference |
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| Employment and Labour Practices | | |
| B1 Employment | | |
| General Disclosure | KPI B1.1 Total workforce by gender, employment type, age group and geographical region KPI B1.2 Employee turnover rate by gender, age group and geographical region | Employees — Staff and workplace |
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| B2 Health and safety | | |
| General Disclosure | | Employees — Health and Safety, COVID-19 Response, Initiatives for property development project at Kai Tak |
| KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year | | Employees — Health and Safety |
| KPI B2.2 Lost days due to work injury | | |
| KPI B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored | | Employees — Health and Safety, COVID-19 Response, Initiatives for property development project at Kai Tak |
| B3 Development and training | | |
| General Disclosure | KPI B3.1 The percentage of employees trained by gender and employee category KPI B3.2 Average training hours completed per employee by gender and employee category | Employees — Staff Training and Development |
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| | | |
| B4 Labour standards | | |
| General Disclosure | | Employees — Staff and workplace |
| KPI B4.1 Description of measures to review employment practices to avoid child and forced labour | | |
| KPI B4.2 Description of steps taken to eliminate such practices when discovered | | |
| Operating Practices | | |
| B5 Supply chain management | | |
| General Disclosure | KPI B5.1 Number of suppliers by geographical region KPI 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 KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored | Operating Practices — Supply Chain Management, Supplier Code of Conduct, Concessionaire Counters |
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| KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored | |
| B6 Product responsibility | |
| General Disclosure | Operating Practices — Product Safety, Food Safety |
| KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons | Operating Practices — Product Safety |
| KPI B6.2 Number of products and service related complaints received and how they are dealt with | Operating Practices — Customer Engagement |
| KPI B6.3 Description of practices relating to observing and protecting intellectual property rights | Operating Practices — Customer Engagement |
| KPI B6.3 Description of practices relating to observing and protecting intellectual property rights | Operating Practices — Customer Engagement |
| KPI B6.4 Description of quality assurance process and recall procedures | Considered to be not material |
| KPI B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored | Operating Practices — Consumer Privacy |
| B7 Anti-corruption | |
| General Disclosure | Employees — Anti-corruption |
| KPI 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 | |
| KPI B7.2 Description of preventive measures and whistleblowing procedures, how they are implemented and monitored | |
| KPI B7.3 Description of anti-corruption training provided to directors and staff | |
| Community | |
| B8 Community Investment | |
| General Disclosure | Social and Community Support |
| KPI B8.1 Focus areas of contribution | |
| KPI B8.2 Resources contributed | |