SUN ART
Retail Group Limited

2024 / 2025

Environmental, Social and Governance Report

Contents

01
Beacon of Compliance
Anchoring Governance

02
Pinnacle of Quality
Nourishing Lives

03
Symphony of Ecology
Sustaining Nature

04
Responsible Supply
Weaving Progress

05
Mosaic of Talent
Resilient Culture

06
Compass of CSR
Navigating Tomorrow

About the Report

Report Statement

This report represents the eighth Environmental, Social and Governance (ESG) report issued by Sun Art Retail Group Limited (hereinafter referred to as "we", "Sun Art Retail" or "the Group"), disclosing key performance indicators across environmental, social and governance aspects during the reporting period from April 1, 2024 to March 31, 2025.

Preparation Basis

The report has been prepared in accordance with Appendix C1 *Corporate Governance Code* and Appendix *C2 Environmental, Social and Governance Reporting Code* under the *Listing Rules* of the Stock Exchange of Hong Kong Limited (the HKEX). The compilation process involved identifying and prioritizing key stakeholders and material ESG issues, determining reporting boundaries, collecting relevant materials and data, drafting the report content, and conducting comprehensive reviews to ensure completeness, materiality, authenticity and balanced representation.

Reporting Scope

The policies, statements, information and related data contained in this report are derived from Sun Art Retail and its consolidated subsidiaries during the 12-month reporting period.

Data Sources & Reliability Assurance

The report's content primarily derives from the Group's statistical reports and official documentation. We confirm this report contains no false records or misleading statements, and assume full responsibility for its authenticity, accuracy and completeness. Data sources include public information, Sun Art Retail's internal statistical reports, third-party questionnaires and interviews. All economic data aligns with the scope of information presented in Sun Art Retail's 2024/2025 Annual Report.

Report Access & Feedback

The report is available in both Chinese and English versions. Electronic copies can be accessed under the "Financial Statements/ESG Information" section of the Group's profile on the HKEX website or through the corporate website.

From our Board

Sun Art Retail has established a three-tiered collaborative governance system comprising "the Board of Directors – ESG Management Committee – ESG Working Group". Through organic coordination across all levels, the Group has deeply integrated the concept of sustainable development into its entire operational processes, continuously benchmarking against global best practices and standards in environmental, social, and governance (ESG). The Group actively responds to the national "Carbon Peaking and Carbon Neutrality" strategic goals and the global retail industry's green transformation trends.

As the central decision-making body for ESG governance, the Board of Directors assumes full responsibility for formulating and overseeing the implementation of the Group's ESG strategies. It regularly reviews the assessment results of ESG risks and opportunities, as well as related action plans, while providing strategic guidance to the ESG Management Committee and specialized working groups. The ESG Management Committee dynamically tracks the execution of the strategy and periodically reports progress to the Board of Directors, establishing a two-way feedback mechanism between decision-making and implementation.

The Board of Directors strictly adheres to the Group's ESG management framework, convening dedicated meetings to systematically evaluate the effectiveness of ESG strategy implementation, comprehensively assess mitigation measures for identified risks and opportunities, and review goal attainment progress. During the reporting period, the Board of Directors received dedicated briefings on the progress of environmental targets, conducted in-depth reviews of the identification for climate change-related risks and opportunities, and granted final approval for the public release of this Report.

Regarding materiality assessment of ESG issues, we have identified 29 core ESG topics by synthesizing stakeholder expectations, capital market trends, operational realities, and industry best practices. By allocating resources differentially based on issue materiality, the Group has effectively advanced ESG initiatives. Simultaneously, the Group continues to strengthen closed-loop ESG risk management to maintain industry-leading progress in sustainable development.

Looking ahead, the Board of Directors will further deepen its ESG governance responsibilities, leveraging strategic resilience to safeguard the achievement of sustainable development goals. By enhancing governance efficacy to integrate multi-stakeholder efforts, the Board will drive Sun Art Retail toward sustained sustainable development.
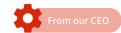
As of the end of the reporting period, the Board of Directors has granted final approval for:

critical ESG issues

11

highly significant ESG issues

15

important ESG issues

3

From our CEO

In FY 2024/2025, we deeply embedded sustainable development into our daily operations and strategic decision-making, achieving significant progress across environmental, social, and governance dimensions. Each step forward has strengthened our commitment to sustainable growth.

We have always regarded ESG governance as a core priority, establishing a robust governance framework and management system to integrate sustainability into our long-term strategy. Upholding the highest ethical standards, we continuously refine our internal controls, strengthen risk management, and collaborate with partners to foster a fair and compliant business ecosystem—ensuring sustainable and healthy development for years to come.

Recognizing the profound impact of climate change on global economies and societies, we actively support China's "Carbon Peaking and Carbon Neutrality" goal by prioritizing energy efficiency, waste reduction, and the promotion of circular packaging and green consumption. This year, we completed climate scenario analysis and risk assessments, identifying key climate risks and opportunities to enhance our resilience.

At Sun Art Retail, product quality and safety are paramount. Guided by our philosophy of "Assurance, Safety, Integrity and High-Quality", we have built a comprehensive quality assurance system, enforcing strict controls from sourcing to logistics. Aligning with evolving health-conscious trends, we expanded and optimized our product offerings while accelerating private-label development, delivering safe, healthy, and premium shopping experiences. Notably, no product recalls due to safety or health concerns occurred during the reporting period.

Mr. Hui SHEN

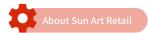Chief Executive Officer

July 2025

We continue to standardize and regulate end-to-end supply chain management, adopting localized procurement strategies and fostering supplier collaboration to share resources and synergies. Together with partners, we are building an environmentally and socially responsible supply chain ecosystem.

Our employees are invaluable drivers of sustainable growth. Dedicated to fairness and inclusion, we cultivate a diverse and equitable workplace through efficient HR systems, digital learning platforms, and occupational health safeguards, strengthening engagement and foster shared success.

As a responsible group, Sun Art Retail has actively fulfilled our social responsibilities through philanthropic donations and volunteer services to support community development and rural revitalization. Over the past year, we have consistently carried out public welfare initiatives across multiple areas including public health, rural education, and care for the elderly and children, weaving a better social fabric with responsibility and compassion.

> Looking ahead, we remain steadfast in our vision to become a world-class retailer beloved by customers and employees alike. Sustainability will continue to guide our journey toward balanced economic, social, and environmental progress. On behalf of Sun Art Retail's leadership team, I extend our deepest gratitude to customers, employees, partners, and all who support us.
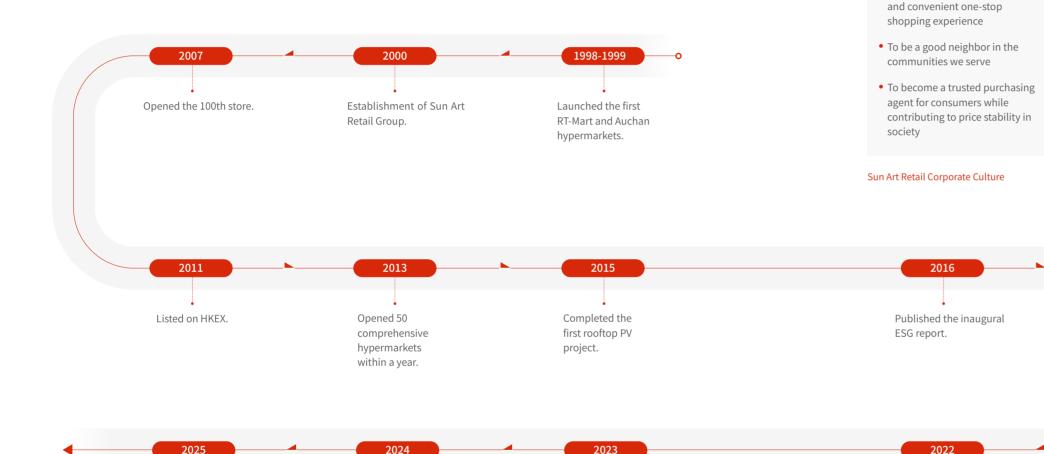
About Sun Art Retail

Sun Art Retail focuses on "product competitiveness, pricing power, experience excellence, and service capability", with the mission of being "every household's top choice for daily groceries and a trusted neighborhood companion". It upholds dual commitments to value-for-money and quality safety, adheres to a long-term vision, and deploys a differentiated multi-format strategy (hypermarkets, community supermarkets, and membership stores). By strengthening trust in pricing and quality, enhancing customer and employee satisfaction, and deepening community-centric services, it drives sustainable growth.

Corporate Mission

- To provide customers with a fresh, affordable, comfortable, and convenient one-stop shopping experience
- To be a good neighbor in the communities we serve
- To become a trusted purchasing agent for consumers while contributing to price stability in society

Corporate Vision

- To become a world-class international retailer that is most beloved and trusted by customers and a source of pride for employees

Core Values

- Trust, Sharing & Progress
- Caring for our people, Serving our customers & Pursuing excellence

Sun Art Retail Corporate Culture

2007
Opened the 100th store.

2000
Establishment of Sun Art Retail Group.

1998-1999
Launched the first RT-Mart and Auchan hypermarkets.

2011
Listed on HKEX.

2013
Opened 50 comprehensive hypermarkets within a year.

2015
Completed the first rooftop PV project.

2016
Published the inaugural ESG report.

2017
Launched the independent app "RT-Mart Fresh" to enhance store delivery efficiency.

2018
Completed the integration of Auchan and RT-Mart brands.

2025
- As of March 31, 2025, DCP Capital Partners II, L.P. indirectly held 79.16% of the Group's issued shares, becoming the ultimate controlling shareholder.
- Officially established an Independent Compliance Department, conducting audits reporting directly to the Chairman and CEO.
- Initiated clean energy procurement in Sichuan Province.

2024
Procured approximately 593.041 million kWh of clean energy across four provinces.

2023
Opened the first membership store (M Club) in Yangzhou.

Nearly 200 stores across three provinces transitioned to clean energy.

2022
Disclosed four environmental goals in its ESG report, committing to achieve carbon neutrality by 2030.

Completed the 20th rooftop PV project.

2021
Established a three-tier ESG governance structure (Board of Directors – ESG Management Committee – ESG Working Group).

2020
By year-end, launched "RT-Mini" to explore and refine the mini-store model.

Milestones of Sun Art Retail

We are moving swiftly to return to the fundamentals of retail, reconnecting with RT-Mart's original purpose and foundational principles. By reshaping price perception, we're delivering an expanding selection of quality products at progressively lower prices to a growing customer base. Building on our decades of accumulated strengths, we will focus on stabilizing revenue growth while continually refining and optimizing the business models of our membership stores and mid-sized supermarkets. Our commitment remains to provide customers with genuine savings and exceptional merchandise that delivers real value.

Annual Highlights

Beacon of Compliance: Anchoring Governance

Percentage of female directors
42.9%

Annual compliance certification completion rate
100%

Total number of compliance declarations
1,425

Data breaches or legal disputes related to information security
0

Pinnacle of Quality: Nourishing Lives

Food safety & quality training hours
638,803 hours

Product recalls due to safety & health issues
0

OFDC-certified organic farming bases
57

Data breaches or cybersecurity incidents
0

Food safety & quality training participants
384,525

Organic product SKUs available
400+

MSC-certified frozen aquatic products (by sales)
34%
of total frozen aquatic products

Symphony of Ecology: Sustaining Nature

Photovoltaic power generation total Approximately
29.73 million kWh

Percentage of green electricity, nuclear power & green certificate procurement in total electricity consumption
34.6%

Annual energy savings achieved
102.8 million kWh

Number of stores implementing waste sorting
450

Food waste reduction compared to same period last year Amount reduced Approximately
8,154.85 tons

Reduction rate
21.44%

Number of stores participating in waste oil recycling program
106

Number of stores using biodegradable plastic bags
282

Tapestry of Supply: Weaving Progress

Traceable branded dairy products (by sales value)
8% of total dairy sales

Traceable branded seafood products (by sales value)
35% of national fresh/frozen seafood sales

Traceable beef products in east China
100%

Suppliers with HACCP certification
3,448

Suppliers with ISO 22000 certification
3,850

Manufacturer audits conducted this fiscal year
1,022

Supplier "Integrity Pledge" signing rate
100%

Mosaic of Talent: Resilient Culture

Percentage of female employees in all management positions
52.41%

Percentage of full-time employees with special needs or disabilities
1.56%

Training coverage rate for full-time employees
100%

Average Training Hours per Employee
24.54 Hours

Compass of CSR: Navigating Tomorrow

Total social responsibility investment
254.3 kRMB

01

Beacon of Compliance
Anchoring Governance

Sound corporate governance and a well-established risk control and compliance management system form the cornerstone of our enhanced risk resilience and sustainable development. At Sun Art Retail, we remain dedicated to strengthening governance standards and internal control mechanisms, deeply embedding ESG principles into our core strategy while adhering to the highest standards of business ethics. By continuously advancing sustainable development across industries and society, we strive to create long-term value for all stakeholders and fulfill our responsibilities as a conscientious corporate citizen.

超市入口

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance:
Anchoring Governance

Pinnacle of Quality:
Nourishing Lives

Symphony of Ecology:
Sustaining Nature

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Weaving Progress

Mosaic of Talent:
Resilient Culture

Compass of CSR:
Navigating Tomorrow

ESG Governance

To better implement our sustainability commitments, we have established a three-tier ESG governance structure comprising the Board of Directors, ESG Management Committee, and ESG Working Group. This top-down framework ensures a systematic approach to ESG governance. Additionally, we strictly comply with ESG disclosure regulations, including the HKEX's *Environmental, Social, and Governance Reporting Code*, to guarantee the orderly and compliant execution of our ESG initiatives.

Board of Directors

- It bears ultimate responsibility for the Group's ESG strategy, risk oversight, target setting, progress review, and comprehensive ESG reporting.

ESG Management Committee

- Serving as our central ESG coordination body, this committee is co-led by the Group CEO and Investor Relations Director to facilitate cross-departmental collaboration.
- The duties include formulating ESG strategies and targets, identifying ESG-related risks, monitoring ESG implementation and regularly reporting progress to the Board.

ESG Working Group

- Composed of designated representatives from all departments - including division directors and regional managers, who serve as ESG leads.
- Under the guidance of the ESG Management Committee, the Working Group implements ESG strategies, policies and objectives across operations.

Sun Art Retail ESG Governance Framework & Responsibilities

Stakeholder Engagement

In our sustainability journey at Sun Art Retail, stakeholders serve as vital drivers for continuous ESG improvement. We place utmost importance on stakeholder dialogue, having established diversified communication channels to enhance their participation in our ESG governance. Throughout the reporting period, we maintained close connections with our stakeholders, attentively listening to and actively responding to their expectations and suggestions for the Group's sustainable development.

Stakeholders	Engagement Expectations	Communication Methods & Channels	Engagement Frequency
Government & Regulatory Authorities	• Compliance with laws and tax obligations • Employment promotion • Supply assurance • Food safety guarantees	• Liaison with designated officers • Regulatory inspections • Participation in official meetings • Policy consultations	• We engage with government and regulatory authorities as needed.
Industry Associations	• Promote industry development • Advance industry standards • Establish best practices	• Industry seminars & forums • Peer benchmarking visits	• Ad hoc basis
Shareholders & Investors	• Guarantee of investment returns • Protection of shareholder rights	• General Meeting of Shareholders • Board meetings • Investor roadshows	• Annual general meeting (with extraordinary meetings for special topics) • Quarterly • Ad hoc (no communication during "quiet periods")
Consumers	• Product quality & price assurance • Service optimization • Diverse need fulfillment	• Online/offline channels • After-sales service • In-store service centers	• Daily operations
Suppliers	• Fair trade practices • Information sharing • Sales efficiency • Timely payment settlement	• Dedicated manager communication • Information management systems	• Ad hoc basis
Employees	• Compensation & benefits • Career development & training	• Staff assemblies • Employee activities	• Ad hoc basis
	• Enhanced employer-employee relations	• Annual gala	• Annually
Media	• Corporate updates • Public oversight	• Press conferences • Media campaigns	• Ad hoc basis
Local Communities	• Community welfare initiatives	• Open house events • Community dialogues • Volunteer programs	• Ad hoc basis

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance: Anchoring Governance

Pinnacle of Quality: Nourishing Lives

Symphony of Ecology: Sustaining Nature

Responsible Supply: Weaving Progress

Mosaic of Talent: Resilient Culture

Compass of CSR: Navigating Tomorrow

Materiality Analysis

Under our ongoing engagement framework, we systematically analyze stakeholders' priorities on ESG issues and integrate them into our materiality analysis model. In strict compliance with the HKEX's *Environmental, Social, and Governance Reporting Code*, while dynamically tracking industry trends and societal concerns, we conduct a comprehensive materiality evaluation and prioritization of ESG topics. This process culminates in the Sun Art Retail ESG Materiality Matrix, providing precise guidance for our ESG strategy.

Materiality Metrics for Sun Art Retail Value Creation

Materiality Level	No.	Issue	Category
Critical	1	Employment & Labor Rights	Labor Responsibilities
	2	Occupational Health & Safety	Labor Responsibilities
	5	Customer Relationship Management	Operational Responsibilities
	6	Product Quality & Safety	Operational Responsibilities
	7	Responsible Supply Chain	Operational Responsibilities
	11	Food Safety	Operational Responsibilities
	16	Anti-Corruption	Governance Responsibilities
	18	Legal Compliance	Governance Responsibilities
	23	Energy Management	Environmental Responsibilities
	24	Greenhouse Gas Emissions	Environmental Responsibilities
	29	Climate Change	Environmental Responsibilities

Materiality Level	No.	Issue	Category
High	10	Nutrition & Health Opportunities	Operational Responsibilities
	12	Local Sourcing	Community Responsibilities
	17	Intellectual Property Protection	Governance Responsibilities
	19	Economic Performance	Governance Responsibilities
	20	Risk Management	Governance Responsibilities
	21	Stakeholder Engagement	Governance Responsibilities
	22	Water Resource Management	Environmental Responsibilities
	25	Pollutant Emissions	Environmental Responsibilities
	26	Waste Management	Environmental Responsibilities
	27	Packaging Materials Management	Environmental Responsibilities
	28	Supply Chain Environmental Management	Environmental Responsibilities

Materiality Level	No.	Issue	Category
High	3	Training & Development	Labor Responsibilities
	4	Employee Well-being	Labor Responsibilities
	8	Consumer Privacy Protection	Operational Responsibilities
	9	Compliance Promotion	Operational Responsibilities

Materiality Level	No.	Issue	Category
Moderate	13	Industry Development Promotion	Community Responsibilities
	14	Philanthropic Activities	Community Responsibilities
	15	Community Engagement	Community Responsibilities

Material ESG Issues of Sun Art Retail in FY 2024/2025

Corporate Governance

We uphold the highest compliance standards, establishing a comprehensive risk management system supported by robust governance structures. By fostering an ethical corporate culture and strengthening intellectual property lifecycle management, we continuously enhance governance effectiveness to solidify our sustainable development foundation.

As of the end of the reporting period

the Group's Board composition is as follows

Total Directors

7

Executive Directors

1

Independent Non-Executive Directors

3

Non-Executive Directors

3

Female Directors

3

Percentage of female directors

42.9%

Governance Framework

We consistently adhere to the highest standards of compliance, strictly following regulatory requirements including the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Corporate Governance Code* for Listed Companies, and the HKEX *Listing Rules*. Our governance framework, anchored by the *Corporate Governance and Compliance Manual*, ensures full alignment with all regulatory expectations.

Our governance structure follows a "Three-Tier System" model, where the Board of Directors oversees three specialized committees, Audit, Remuneration, and Nomination, each operating with clearly defined responsibilities, full transparency, and dynamic evaluation mechanisms. Through ongoing self-assessment and continuous improvement, we have established an efficient governance cycle with well-defined accountability, consistently strengthening the resilience of Sun Art Retail's governance framework.

During the reporting period, we revised and optimized our corporate governance policies in response to updates in the *Company Law*, with these changes being approved by the Board and implemented Group-wide. The Sun Art Legal Academy conducted four training sessions on the *New Company Law and Corporate Governance Planning*, ensuring our employees remain fully informed of the latest legal and regulatory developments.
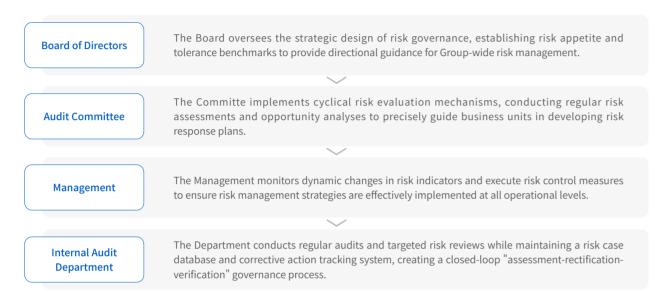
We embrace diversity in our Board structure by selecting directors who bring industry insights, professional expertise, and regional experience to create multidimensional decision-making perspectives. Our *Board Diversity Policy* clearly outlines the various factors, including gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry/regional experience, that the Nomination Committee must consider during director selection. Through our independent director evaluation system, we regularly assess both independence and performance effectiveness to ensure optimal strategic decision-making and oversight functions.

To strengthen investor relations, we have established multi-tiered communication channels including shareholder meetings and earnings briefings. We maintain transparent dialogue on critical matters such as audit compliance and related-party transactions while systematically enhancing ESG disclosures to safeguard investors' right to information and foster market recognition of our strategic value and sustainability philosophy.

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance: Anchoring Governance

Pinnacle of Quality: Nourishing Lives

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Compass of CSR: Navigating Tomorrow

Risk Management

We integrate risk management as a core governance dimension through a Board-led four-tier risk prevention system that systematically strengthens internal controls. Adopting a lifecycle management approach, we conduct regular risk identification and stress testing while dynamically optimizing our risk assessment models. Our closed-loop management process includes continuous monitoring of control implementation effectiveness, creating robust risk defenses to ensure the Group's stable operations.

Board of Directors	The Board oversees the strategic design of risk governance, establishing risk appetite and tolerance benchmarks to provide directional guidance for Group-wide risk management.
Audit Committee	The Committe implements cyclical risk evaluation mechanisms, conducting regular risk assessments and opportunity analyses to precisely guide business units in developing risk response plans.
Management	The Management monitors dynamic changes in risk indicators and execute risk control measures to ensure risk management strategies are effectively implemented at all operational levels.
Internal Audit Department	The Department conducts regular audits and targeted risk reviews while maintaining a risk case database and corrective action tracking system, creating a closed-loop "assessment-rectification-verification" governance process.

Sun Art Retail Risk Management Framework

In FY 2024/2025, our internal audit department conducted ongoing reviews of critical business operations and financial reporting-related internal controls. In compliance with SOX requirements, we implemented management self-assessment procedures, testing nine core processes including group-level controls, with particular emphasis on improving the accuracy of capital expenditure recognition, an area historically prone to discrepancies in fixed asset accounting. Concurrently, we executed targeted audits in high-risk domains such as billing systems and B2B operations, identifying root causes of risks while facilitating cross-functional collaboration to enhance billing accuracy and operational risk management effectiveness for management decision-making.

Entity-Level Controls (ELC)								
Store Revenue	Inventory & Cost Management	B2C Revenue	Long-term Assets	B2B Revenue	Leasing Operations	Human Resources	Treasury Management	Financial Reporting

SOX Process Coverage

Furthermore, we engage professional external audit teams on a regular basis to conduct independent risk and internal control assessments. During the FY 2024/2025, third-party auditors were appointed to evaluate our Group's internal control systems, with particular focus on the appropriateness of design and operational effectiveness of financial reporting-related controls. The external audits identified no material control deficiencies, and all recommended corrective actions have been fully implemented.

Throughout the reporting period, we established a comprehensive, real-time risk monitoring system by integrating legal entity master data with third-party risk surveillance platforms. The system incorporates 57 monitoring interfaces covering administrative penalties, business registration changes and other critical areas, enabling real-time risk tracking, proactive alerts, and regular multi-dimensional reporting. This advanced monitoring capability allows for precise identification of key risks and prevents potential risk escalation at the source.

Anti-Corruption

We are dedicated to fostering an ethical corporate culture and upholding integrity as our core value. We strictly comply with relevant laws and regulations including *Anti-Unfair Competition Law of the People's Republic of China* and *Anti-Money Laundering Law of the People's Republic of China* across all operating regions. Our comprehensive internal policies, the *Employee Handbook*, *Anti-Corruption Guidelines*, *Integrity Commitment Letter*, and *Gift Handling Regulations*, integrate business ethics compliance with employee performance evaluations, position assessments, and promotions to prevent misconduct.

To strengthen our integrity and compliance framework, we have established a comprehensive gift management mechanism supported by internal policies such as the Integrity Gift Disposal Procedures. By developing a digital declaration portal through the DingTalk system, we have implemented a fully traceable online process covering gift declaration, approval, and disposal, making compliance management more transparent and efficient. During the reporting period, our compliance platform recorded 1,425 declarations, including 1,369 internal employee relationship disclosures, 28 position-related declarations, 15 other cases, and 13 gift declarations, while our integrity charity account received monetary gifts totaling RMB3,035.

We maintain a robust integrity management structure where the Internal Control Task Force and Integrity Department serve as primary enforcement bodies. These units collaborate with Operations and Loss Prevention teams through a tripartite investigation mechanism to examine employee misconduct cases. The dedicated Integrity Department improves internal policies and participates in mid-to-senior level case investigations, with all business ethics findings reported directly to the CEO.

During the reporting period

compliance platform recorded declarations

1,425

integrity charity account received monetary gifts totaling

RMB 3,035

As of the end of the reporting period

Sun Art Retail concluded corruption litigation cases during this fiscal year:

Number of cases adjudicated

2

Individuals involved

3

Complaint Intake
- Internal employees, suppliers, external investors and other stakeholders may anonymously report misconduct in business operations through multiple channels including the "Integrity Reporting" portal on RT-Mart's official website, dedicated hotlines, postal mail, and the anti-corruption reporting system platform.

Case Acceptance
- The Internal Control Task Force handles complaint intake, categorizing reports by nature while encrypting sensitive information (such as whistleblower identities). The team tracks case progress weekly and compiles monthly summary reports for management review.

Investigation Protocol
- Corruption cases involving store managers (or equivalent) and director-level (or above) personnel are investigated by the Integrity Department
- Cases below store manager and director levels are investigated jointly by the Internal Control Task Force, Headquarters Loss Prevention Team, and regional general managers

Case Resolution & Archiving
- Upon investigation completion, the Loss Prevention Team produces a final report requiring approval from the CEO, CHO, and Head of Internal Control (with CFO copied). All investigations conclude within three months maximum. Approved reports are archived in the corporate system and case tracking is formally closed.

Sun Art Retail Whistleblowing Process

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance:
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Nourishing Lives

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Weaving Progress

Mosaic of Talent:
Resilient Culture

Compass of CSR:
Navigating Tomorrow

We are fully committed to protecting whistleblowers through comprehensive confidentiality measures and security safeguards, strictly prohibiting any form of retaliation against reporting parties. Our investigators rigorously adhere to internal protocols including the Anti-Corruption Guidelines, implementing robust protections such as restricted system access and mandatory non-disclosure agreements to ensure complete information security and personal safety for whistleblowers.

System Access Restrictions

Access to the anti-corruption system requires authorization exclusively granted by the highest-level administrator, a single designated senior internal control compliance expert.

Information Encryption

All reported cases undergo encryption by internal control administrators, with system access strictly password-protected to ensure case confidentiality.

Confidentiality Agreements

Lead investigators are required to execute non-disclosure agreements, legally binding them to protect whistleblower identities and case details.

Whistleblower Protection Measures

To maintain universal awareness of Sun Art Retail's business ethics standards, we require all employees to annually sign *Integrity Commitment Letters*. Complementing this, we conduct regular integrity training and cultural awareness campaigns to thoroughly communicate corporate ethics policies and corresponding disciplinary measures, thereby sustaining employee vigilance against misconduct.

We have continuously strengthened internal publicity on integrity branding, launching internal integrity branding initiatives include educational series such as "Mr. Integrity's Class", "Ethics Express", and "Leadership Integrity Guidelines", with 26 compliance advisories digitally distributed to all staff.

Beyond routine training, we conduct targeted anti-corruption sessions for high-risk departments.

During the reporting period

Sun Art Retail achieved the following in business ethics training

Total pparticipant engagements
50,527

Aggregate training hours
16,842.3

Board member training coverage
100%

Average training hours per director
1

Intellectual Property Protection

We strictly adhere to China's core intellectual property regulations including the *Patent Law of the People's Republic of China* and *Trademark Law of the People's Republic of China*, establishing a rigorous compliance framework. Our implemented *Intellectual Property Management System* provides clear governance protocols, standardized procedures, and systematic risk controls to safeguard innovation.

IP Infringement Screening

Prior to initiating any IP-related activities, novelty searches and comprehensive retrievals must be conducted to prevent authorization uncertainties and infringement claims.

IP Rights Enforcement

In the event of identified or suspected intellectual property infringement, all business units are required to take immediate action by reporting to and cooperating with the Legal Department for proper resolution. For significant IP infringement cases or litigation matters, the relevant business unit must first submit a formal report or request to the Legal Department, then develop and submit a proposed response plan for legal review and approval prior to implementation.

IP Safeguarding Procedures

Our comprehensive IP protection system involves proactive registration, filing, and rights confirmation procedures. We maintain rigorous daily monitoring to prevent unauthorized registration of our trademarks, patents, domain names, and trade names. When potential conflicts with Sun Art Retail's intellectual property rights are detected, the Legal Department will initiate appropriate protective measures. All business units must ensure active commercial use of successfully registered trademarks to mitigate risks of cancellation due to three years of non-use ("Three-Year Cancellation"[1]).

Intellectual Property Protection Mechanism

During the reporting period, we introduced a tiered trademark risk management mechanism, classifying trademarks by usage status and strategic value to prevent cancellation due to non-use ("Three-Year Revocation") and invalidation risks.

Class I Trademarks

Active-use trademarks requiring strengthened evidence preservation of commercial utilization.

Class II Trademarks

Defensive trademarks not currently in use, which may be employed incidentally with other trademarks in use or re-registered after three years.

Class III Trademarks

Inactive trademarks with no operational value, to be voluntarily abandoned upon expiration without renewal.

Trademark Classification System

To ensure comprehensive understanding of intellectual property regulations and corporate policies among relevant employees, Sun Art Legal Academy conducted a live training session titled "Corporate IP Policy Dissemination and Interpretation" in September 2024. The program provided in-depth analysis of our *Intellectual Property Management System*, incorporating practical case studies, management methodologies, risk control procedures, and consequences of non-compliance. This holistic approach significantly enhanced participants' theoretical knowledge and practical competencies in IP management.

As of period-end

we maintain valid patent
1

valid trademarks
867

valid copyrights
51

[1] The term "Three-Year Cancellation" is the abbreviated form of "Cancellation of a Registered Trademark for Three Consecutive Years of Non-Use." This critical provision under China's Trademark Law stipulates that any registered trademark not used for three consecutive years without proper justification may be subject to cancellation upon application by any entity or individual to the China National Intellectual Property Administration.

Pinnacle of Quality
Nourishing Lives

We steadfastly uphold our core philosophy of "Assurance, Safety, Integrity and High-Quality", going beyond merely meeting consumer demand for high-quality, healthy products to actively drive industry-wide quality advancement and create an improved consumption environment.

健康新选择

无抗、0激素鸡肉

无抗

0 激素

整个养殖过程中
不使用任何抗生素

饲养过程中
不使用人工激素

MEAT

国产原切
小公牛牛腱子

9.9

一口吃回儿时香

不仅香还要健康

冬瓜排骨汤
鲜香不腻

免费试吃

满59元财5元券

"无抗"鸡肉更健康？

为什么"0激素"鸡肉更放心？

生长过程中，不添加任何人工合成或天然激素物质，经过55项专业检测，0检出激素！

优质谷物、非笼养，遵循自然生长，可信赖，更放心。

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance:
Anchoring Governance

Pinnacle of Quality:
Nourishing Lives

Symphony of Ecology:
Sustaining Nature

Responsible Supply:
Weaving Progress

Mosaic of Talent:
Resilient Culture

Compass of CSR:
Navigating Tomorrow

Building Trust Through Quality

Product safety and quality form the bedrock of our operations. We rigorously implement national food safety standards in full compliance with the *Food Safety Law of the People's Republic of China* and the *Law on the Protection of Consumer Rights and Interests of the People's Republic of China*, safeguarding consumers' legitimate rights. Our comprehensive quality assurance system spans the entire product lifecycle, ensuring consumers receive safe and reliable products with complete confidence.

Quality and Safety Management System

We relentlessly pursue product excellence by implementing quality control throughout our entire value chain. Our scientifically rigorous quality management system comprehensively covers every operational stage, from sourcing and production to logistics, warehousing, distribution, in-store supply, and after-sales services. During the reporting period, we established internal regulations including the *Food Safety Disclosure Policy* and *Food Commission Management Rules*, continuously enhancing our systematic and standardized food safety governance framework.

To validate our internal quality systems, we actively pursue third-party certifications. By the end of the reporting period, we had obtained ISO 9000 Quality Management System, ISO 22000 Food Safety Management System, and HACCP Food Safety Control System certifications, demonstrating our unwavering commitment to premium standards. Furthermore, through active participation in industry associations, we continuously refine our quality management practices by incorporating best practices from food industry leaders.

China Chain Store & Franchise Association	**Consumer Goods Forum** retail and consumer goods industry
Shanghai Chain Business Association	**Federation of Industry and Commerce, Jing'an District**

Industry Associations Engaged by Sun Art Retail

Quality and Safety Risk Management

We continuously enhance our food safety management systems and accountability frameworks by establishing a primary responsibility system for food safety. Through intelligent monitoring systems, anomaly detection mechanisms, and strict shelf-life management, we ensure optimal food display and storage conditions, effectively reducing quality incidents while comprehensively mitigating food safety risks to protect consumer rights.

Food Safety Primary Responsibility System

We place food quality and safety at the heart of our brand value, implementing comprehensive preventive measures through our *Management Rules on Fulfillment of Entity Responsibility for Food Safety*. This system clearly defines the protocols for dedicated food safety supervisors at each store, emphasizing daily audits and strict adherence to operational standards, thereby integrating food safety management throughout every operational process.

To empower our food safety supervisor in fulfilling their responsibilities, we have implemented a performance evaluation and career advancement mechanism. Regular online assessments motivate continuous professional development, ensuring our teams maintain and enhance their expertise to consistently deliver safe and reliable food products to customers.

Daily Supervision
- Certified food safety supervisors conduct daily inspections and monitoring at all stores in strict compliance with corporate food safety audit protocols.

Third-Party Quarterly Audits
- Independent auditor SGS performs specialized food safety audits at every store quarterly to verify standardized implementation.

Quarterly Training Reinforcement
- Each quarter, food safety supervisors deliver targeted quality risk awareness training to store staff based on analysis of inspection findings.

Annual Risk Assessment
- SGS conducts systematic food safety risk evaluations across regional stores annually.
- Our Internal Control Department simultaneously organizes comprehensive inspections to develop risk summaries and improvement plans.

Food Safety Risk Control Mechanism

Automated Management System

We have implemented a web-based temperature monitoring (WEB) system for refrigeration and freezing units across all stores, enabling real-time dynamic tracking of storage conditions. The system incorporates intelligent alert mechanisms calibrated to different food preservation standards, when temperature deviations occur, it automatically sends alerts to each department head via DingTalk. If the issue remains unresolved within the specified timeframe, escalate it to the maintenance staff and then, step by step, to the designated specialists. For critical anomalies, immediately place an automated voice call to the maintenance staff and simultaneously notify the maintenance specialists, creating a closed loop tracking system that ensures optimal food storage temperatures are consistently maintained.

Store Abnormality Detection and Analysis

Leveraging the feedback mechanism of separation and recycling system, we conduct comprehensive abnormality analysis. Our Quality Control Department performs in-depth root cause analysis of store irregularities to pinpoint accountability, implementing daily closed-loop follow-up until 100% corrective action is achieved. For products or stores exceeding anomaly thresholds, we deploy additional quality checkpoints by assigning processing supervisors, weighers, inspectors, and sorters to intensify inspection density throughout the production chain, enabling proactive risk interception that significantly reduces quality incident rates.

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance:
Anchoring Governance

Pinnacle of Quality:
Nourishing Lives

Symphony of Ecology:
Sustaining Nature

Responsible Supply:
Weaving Progress

Mosaic of Talent:
Resilient Culture

Compass of CSR:
Navigating Tomorrow

Central China Region

- The Group has established processing center, and the proportion of sampling inspection is carried out in accordance with the "38 Principle" when inspecting products;
- The processing personnel will process the products according to the standard cards for products; the quality control and auditing personnel will conduct secondary inspection of the finished products on site.

Northeast Region

- Daily storage auditors conduct full auditing on processed goods in three time periods to check product quality, labeling, weight, packaging, etc. Abnormal products need to be reworked and reprocessed, and the responsible personnel will be punished;
- For quality abnormality reports from stores, relevant personnel will analyze the category and identify the cause of abnormality, provide additional employee education and intensify the proportion of internal spot checks on the following day, and the responsible personnel will be punished.

South China Region

- To improve the quality of source products, the sampling inspection ratio for SKUs with quality abnormality complaints on the current day will be doubled;
- Raw materials need to be inspected by the Team Leader/Divisional Leader before processing, those products with abnormal quality require quality control personnel conduct on-site reconfirmation;
- For SKUs with quality abnormality complaints on the current day, auditors are required to conduct sampling inspection on 20% of all finished products, with on-site supervision by the distribution Divisional Leader;
- For stores with more quality abnormality reports, we will further intensify the tracking and analysis of temperature abnormalities using temperature trackers;
- Strict punishment will be imposed for quality abnormality complaints according to the rules, and joint responsibility system is formulated for supervisors, to effectively urge supervisors in on-site supervision.

Regional Quality Control Mechanisms

Expiry Date Management

We prioritize effective shelf-life management through comprehensive measures to ensure product quality. Our *Matters Concerning the Management of the Packaged Products Expiry Dates of Vegetable and Fruit Division* establish product-specific expiration periods based on commodity characteristics, with sell-by dates embedded in barcode systems. Both online picking and offline checkout systems automatically block items exceeding shelf life, preventing register transactions of expired products. We maintain a robust shelf-life management process where the store's internal controllers photograph and report quality anomalies through our Product Quality Abnormality Feedback System. The quality controller of fresh product storage will determine responsibility for inbound quality issues, escalating product-related matters to procurement for resolution. When quality issues stem from store management deficiencies, the system immediately alerts the head of vegetable & fruit division to implement corrective actions.

For short-shelf-life products, we continuously optimize management through precise ordering and turnover control to maintain freshness. Our strict online release period policies require adherence to the "last-in-first-out" principle (e.g., fresh milk released only within the first half of its shelf life). Enhanced physical inventory monitoring and early warning systems enable timely handling of near-expiry products. Standardized clearance procedures, including designated clearance zones, strategic replenishment, and proper display, ensure appropriate management of soon-to-expire goods, minimizing waste while protecting consumer interests.

Quality and Safety Enhancement Initiatives

We are dedicated to fostering a culture of quality and safety by continuously optimizing every stage of product storage, transportation, and distribution. Through meticulous process management, we ensure all goods maintain optimal conditions throughout the supply chain, delivering comprehensive protection for product safety and quality.

Product Warehousing and Transportation

We strictly adhere to internal management protocols with a focus on packaging optimization during transportation and warehousing. For transportation, we implement precise temperature control during loading, transit, and unloading, utilizing insulated packaging materials and technologies to preserve product integrity. In our warehouses, we maintain customized temperature zones through advanced environmental designs including full-warehouse climate control, variable-temperature work/storage areas, and insulated docking stations, all tailored to specific product categories' preservation requirements. By perfecting cold chain management, heating processes, and packaging methodologies across all operations, we effectively safeguard product quality during storage and transportation. Our integrated approach combines specialized packaging improvements with precision temperature management to maximize product freshness at every stage.

Frozen & Refrigerated Products	Hot Prepared Foods	Live Aquatic Products
• Ice cream delivery: packaged with foil bags + dry ice/ice packs + insulated boxes • Frozen/refrigerated product delivery: packaged with frozen ice particle film + insulated boxes	• Upgraded packaging materials include high-transparency boxes, black-bottom snap-lock boxes, and fried food paper boxes to prevent soup leakage and product damage • Optimized heating service: products are heated in dedicated areas before shipment, then placed in packaging boxes, wrapped with foil bags for insulation, and finally placed in red bags for delivery	• To enhance vitality, we employ a triple-safeguard solution—oxygenated bags + ice particle film + insulated boxes: the seafood is sealed in an oxygenated bag along with its original tank water and crushed ice (extra ice packs in summer), the bag is then wrapped in an ice-grain film to lock in cold, and the entire package is placed in a professional insulated box for continuous temperature-controlled delivery.

Transportation Quality Optimization

Hot food products: After heating in dedicated microwaves, products are packaged with specified materials, placed in aluminum foil bags, sealed with foil, and affixed with product labels

Frozen and refrigerated products: Fully wrapped with frozen ice particle film before being placed in insulated boxes

Ice cream products: Packaged with foil bags + dry ice

Fragile items: Packaged with bubble wrap or air columns

Live aquatic products: Packaged in oxygenated bags

Pork and poultry: Added modified atmosphere packaging for freshness preservation

Raw/cooked and food/non-food separation: Packaged using continuous roll bags

Warehouse Storage Packaging Optimization

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance:
Anchoring Governance

Pinnacle of Quality:
Nourishing Lives

Symphony of Ecology:
Sustaining Nature

Responsible Supply:
Weaving Progress

Mosaic of Talent:
Resilient Culture

Compass of CSR:
Navigating Tomorrow

Order Picking and Delivery

We have implemented multiple measures to optimize batch order picking and delivery efficiency. By improving internal processes and operational models, we have enhanced the efficiency and effectiveness of warehouse picking and consolidated order delivery, better meeting consumers' demands for fast and accurate delivery services.

Warehouse Picking

- Pilot testing of integrated front-end picking and packing with zoned picking for low-volume stores to simplify replenishment and batch consolidation processes, thereby reducing costs
- Optimized dock types to flexibly accommodate orders from different channels, with adjusted batch consolidation models to improve processing efficiency
- Improved picking workflows to minimize staff movement and enlarged location markers to increase picking speed
- Eliminated scanning steps for certain order logistics boxes to save packaging time

Order Consolidation and Delivery

- Enhanced order consolidation efficiency by expanding single-order distances and adjusting delivery angles, improving consolidation rates while ensuring timeliness

Initiatives for Picking and Delivery Efficiency Enhancement

Quality Awareness Enhancement

Total training duration

638,803 hours

Participants covered

384,525 person-times

We prioritize quality awareness improvement through a comprehensive training and assessment system. We require internal controllers to complete new employee training assessments, participate in quarterly third-party professional training, and conduct training evaluations for store staff based on control results. In 2024, our Internal Control Department launched specialized advancement training, with controllers collaborating with HR to deliver food safety awareness and competency training for all employees. Additionally, we engaged third-party experts to train regional store staff and organized procurement departments to study new food safety regulations and central platform operating standards, training over 300 personnel with follow-up assessments to comprehensively strengthen quality awareness.

Product Traceability & Recall

We have established an end-to-end product traceability management system, utilizing digital platforms to achieve full supply chain tracking from production to sales, ensuring food safety. Simultaneously, we strictly comply with relevant regulations, maintaining a robust product recall protocol validated through annual recall drills to guarantee operational effectiveness.

the "Zhejiang Food Chain" system now covers

46 stores

in Zhejiang province

the "QR Code Traceability System" serves

66 Shanghai stores

Product Traceability Management System

We have established a comprehensive product traceability management system that enables end-to-end tracking of food products from production to sales through digital platforms, ensuring food safety. During the reporting period, we further optimized our traceability platform by expanding its coverage: the "Zhejiang Food Chain" system now covers 46 stores in Zhejiang province, tracing livestock/poultry products, aquatic products, vegetables, fruits, and prepackaged foods; while the "QR Code Traceability System" serves 66 Shanghai stores, primarily for meat products. These initiatives have enhanced traceability efficiency and store management capabilities while strengthening consumer confidence in food safety.

Product Recall

We strictly comply with regulations including the *Measures for the Administration of Food Recall* and *Interim Provisions on Consumer Product Recall Management*, having established internal policies like the *Product Recall and Disposal Regulations* (Food/Consumer Products) that define mandatory recall procedures. When receiving returned products due to quality issues, stores immediately conduct self-checks regarding production batches, dates, and manufacturers, while reporting to the Group's quality inspection department for source tracing. Upon identifying the root cause, we implement proactive recalls, document the entire process, and conduct thorough analysis for continuous improvement.

Product Safety Incident	Headquarter Notification	Quarantine of Affected Products
Documentation Archiving	Government Authority Reporting	Return/Destruction

Sun Art Retail Product Recall Process

During the reporting period

we experienced **zero** product recalls due to safety or health concerns

To ensure recall mechanism effectiveness, we conduct annual recall drills with 100% participation from all hypermarket stores nationwide, generating drill reports for store reference.

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance:
Anchoring Governance

Pinnacle of Quality:
Nourishing Lives

Symphony of Ecology:
Sustaining Nature

Responsible Supply:
Weaving Progress

Mosaic of Talent:
Resilient Culture

Compass of CSR:
Navigating Tomorrow

Delivering Nutritious & Healthy Products

We provide consumers with natural, healthy, and safe food products that meet their pursuit of high-quality living. Through owned and partnered brands, we offer low-sugar, low-fat, additive-free, and nutritionally fortified products, expanding organic varieties while reducing artificial ingredients and promoting plant-based alternatives to build a comprehensive healthy food matrix.

Diverse Nutritional Choices

At Sun Art Retail, our private label products strategically align with health-conscious consumption trends by developing a differentiated product portfolio through collaborations with health-focused brands/manufacturers, directly addressing contemporary consumers' demand for healthier dietary options. In FY 2024/2025, we expanded our health-oriented offerings to include reduced-sugar and clean-label bakery/snack items as well as zero-fat beverages. Our new bakery products feature sugar-free black sesame crisps and low-sugar coconut almond chips, while preservative-free snacks[2] include spiced duck gizzards, duck necks, and pitted prunes. The zero-fat beverage line now encompasses calamansi lime juice and ruby grapefruit jasmine tea, continuously enriching our healthy product matrix.

The reporting period performance of our low/no-sugar, low/zero-fat, and reduced/no-additive products is shown below:

OEM	SKU Count (units)	Sales Revenue (million RMB)
Low/No Sugar	35	32.26
Low/Zero Fat	29	60.86
Reduced/No Additives	24	26.72

We have established deep partnerships with health-certified brands/manufacturers, implementing resource exchanges including co-branded social media promotions, homepage featured placements and elevator advertising campaigns to jointly promote healthy food categories like low-sugar, reduced-sodium, and multigrain products.

[2] Refers to products containing no added preservatives (potassium sorbate, sodium dehydroacetate) during production.

Berries Category

- Secured direct contracts with local health-certified suppliers to source premium products

- Achieved RMB750,000 sales for selenium-rich strawberries and RMB200,000 for safety-certified strawberries, with suppliers holding respective certifications

Ready-to-Eat

- Implemented volume-locked pricing agreements with commodity traders

- Drove avocado sales to RMB7.88 million with 24% YoY growth

Collaboration with Haitian Flavor for Health Product Promotion

This year, we partnered with Haitian Flavor to jointly promote "additive-free, organic, and low-sodium" food products. Through this collaboration, we featured zero-additive soy sauce and low-sodium condiments on the homepage of RT-Mart Fresh App, while Haitian Flavor launched splash ads on Tencent Video to reach mass consumers and strengthen health brand awareness. During the campaign period, total sales of relevant categories reached RMB610,000, with the zero-additive/organic/low-sodium series contributing RMB76,000, accounting for 12.5% of total sales and showing an 18.6% sequential growth.

Nutrition-Enhanced Products

With consumer health needs as our core focus, we actively explore nutrition enhancement initiatives to further improve the nutritional value of our products while maintaining their delicious taste.

Nutrition Enhancement Dimension	FY 2025 Sales (kRMB)	FY 2025 % of Total Sales
RSPO	3,232,792	4.5%
Products that are reduced in saturated fat, trans fat, sodium, or sugar	663,523	0.9%
Products containing nutrients (such as fiber, vitamins, minerals, phytochemicals or functional food additives)	99,666	0.1%
Refurbished/reformulated products (products that have been modified or upgraded to improve the nutritional health of existing products)	5,495	0.01%
Sustainable Protein Products	166,864	0.2%

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance:
Anchoring Governance

Pinnacle of Quality:
Nourishing Lives

Symphony of Ecology:
Sustaining Nature

Responsible Supply:
Weaving Progress

Mosaic of Talent:
Resilient Culture

Compass of CSR:
Navigating Tomorrow

Organic Products

We actively expand our organic product assortment across vegetables, fruits, grains, meats and other categories to provide consumers with diverse choices. We strictly adhere to organic certification standards, ensuring every product carries authoritative certification so consumers can shop with confidence and truly experience a natural, healthy, and pollution-free organic lifestyle.

This year, we achieved RMB569 million in national organic product sales, with over 400 organic SKUs spanning daily fresh, snacks, dry goods, and prepared food categories. Our private label offers 46 organic SKUs (including rotated products), traceable to 17 certified organic farms, some categories originating from the same cultivation base.

Product Category	SKU Count	FY2025 Organic Product Sales (kRMB)	FY 2025 % of Total Sales
FMCG	270	457,062	0.64%
Fresh Produce	87	79,366	0.11%
Private Label	46	32,953	0.05%
Total	403	569,382	0.80%

This fiscal year, we have expanded organic certification coverage across four major categories, fruits, aquatic products, vegetables, and algae, by introducing multiple new certified organic SKUs, thereby enriching our premium organic fresh product matrix.

Organic Fruits

We added 2 new organic fruit items in East China, with organic fruits now accounting for 0.32% of national fruit sales.

Organic Aquatic Products

Partnering with 1 OFDC-certified producer for organic deep-sea yellow croaker, we maintained 1 organic fresh-frozen croaker SKU annually, available in 234 stores and representing 4% of fresh-frozen category sales.

Organic Vegetables

We established collaborations with 15 organic vegetable farms holding OFDC certification.

Organic Algae

Working with 2 certified organic algae producers covering items like organic nori and kelp, these products are available in 234 stores and contribute 20% of dried goods sales.

Naturally Healthy Products

We focus on "natural authenticity with fewer artificial additives" to build a naturally healthy product system, minimizing synthetic ingredients while actively advancing plant-based alternatives to meet consumers' demand for clean-label products.

Reduced Artificial Ingredients

Across daily fresh, snacks, dry goods, and prepared foods categories, we offer products with reduced or eliminated artificial additives, including preservative-free yogurt, emulsifier/stabilizer-free ice cream, additive-free dried fruits, clean-label condiments, and all-natural baby food, providing consumers with safer food choices.

During the reporting period

our reduced-additive product line comprised

395 SKUs

generating

RMB **270.498** million

in sales

accounting for approximately

0.4 %

of total revenue

Plant-Based Formulations

We promote natural plant-derived ingredients in daily essentials, dry goods, personal care, and household cleaning categories. Innovations include plant-based dairy alternatives with simplified formulations, organic seasonings free from preservatives/artificial colors, botanical-infused personal care products combining efficacy with natural skincare, and plant-extract cleaning solutions for eco-friendly stain removal - delivering transparent and trustworthy healthy options.

During the reporting period

these plant-based products achieved RMB

223.548 million

in sales through

310 SKUs

representing around

0.3 %

of total sales

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance:
Anchoring Governance

Pinnacle of Quality:
Nourishing Lives

Symphony of Ecology:
Sustaining Nature

Responsible Supply:
Weaving Progress

Mosaic of Talent:
Resilient Culture

Compass of CSR:
Navigating Tomorrow

Creating an Exceptional Shopping Environment

We adhere to our vision of "our ever-more personalized innovation and services simplify the everyday and change the lives of our customers, whose numbers grow by the day", dedicated to elevating service quality and crafting superior shopping experiences while continuously enhancing brand reputation. We prioritize user data security and privacy protection above all else, safeguarding all consumer's legitimate rights and interests.

Improving Services

We consider customer satisfaction fundamental to our growth. In strict compliance with the *Law on the Protection of Consumer Rights and Interests of the People's Republic of China* and other relevant regulations, we continually upgrade our customer service systems and response protocols. We maintain highly efficient consultation and feedback channels, addressing each customer's needs with professional expertise and prompt action, pledging to earn trust through genuine service.

Recording & Evaluation	The Customer Service Department records the complaint and evaluates the validity and materiality of the incident
Analysis & Explanation	Related departments analyze the possible causes and explain the solution to the customer(s) within 24 hours
Planning & Execution	The implementation of the solution must be in line with the original plan
Follow-up visits & Conclusion	The Customer Service Department records the follow-up visits and closes the case
Statistical analysis & summary	The Management Department conducts monthly statistical analysis and comprehensive reviews

Sun Art Retail Customer Complaint Handling Mechanism

Customer Service Hotline
Operating hours: 8:00-22:00
Performance metrics: Call answer rate and service satisfaction

Online Service
Operating hours: 8:00-22:00
Performance metrics: Response rate and service satisfaction

Refund Processing
2-hour review during business hours with same-day root cause analysis for refund cases

Order Evaluation
Proactive follow-up within 24 hours for dissatisfied customer reviews

Official Social Media Accounts
Three daily monitoring cycles (morning/afternoon/evening) with prompt response to messages

WeChat Community Groups
Dedicated staff manage corporate WeChat groups Collect and address user feedback

AI Hotline Service
24/7 automated consultation available

Sun Art Retail Customer Complaint Channels

To reduce customer complaints, we continuously optimize complaint handling procedures and implement early warning systems for pricing and quality issues, consistently improving customer satisfaction. This year, quality-related complaints accounted for approximately 0.136% of total orders, with all cases being properly resolved.

- Procurement Source Control
- Complaint-Triggered Alert System
- Fresh Warehouse Inspection
- Sensory Difference Notifications
- Store Freshness Verification

Customer Satisfaction Enhancement Measures

We prioritize customer communication through initiatives like consumer forums while actively developing new customer satisfaction feedback channels such as checkout counter evaluations. These innovative measures have expanded our customer feedback collection capabilities, enabling more precise and real-time satisfaction management.

Customer Forum: Listening to Voices, Driving Service Upgrades Through Demand

During the reporting period, we continued to conduct customer forums, actively listening to consumer feedback through various channels. By inviting customers to in-store discussions and visiting surrounding communities, we engaged in meaningful exchanges on product quality and service experience. Through these direct dialogues, we focused on uncovering genuine customer needs to continuously optimize our product assortment, service processes, and operational strategies.

In terms of customer satisfaction surveys, we conduct nationwide assessments for all RT-Mart consumers through satisfaction survey portals available on our official app and self-checkout terminals, aiming to understand customers' Net Promoter Score (NPS) regarding their RT-Mart experience. Benefiting from our continuous improvements across three key dimensions—digital service experience, product quality control, and post-purchase response efficiency—we have achieved steady growth in customer satisfaction. Based on NPS evaluation metrics, we demonstrated improved customer satisfaction in 2025 compared to the previous year.

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance:
Anchoring Governance

Pinnacle of Quality:
Nourishing Lives

Symphony of Ecology:
Sustaining Nature

Responsible Supply:
Weaving Progress

Mosaic of Talent:
Resilient Culture

Compass of CSR:
Navigating Tomorrow

Improving Shopping Experiences

In an increasingly competitive retail market, delivering exceptional consumer experiences has become a crucial differentiating factor for sustainable business growth. We at Sun Art Retail steadfastly uphold our "customer-first" philosophy, making service quality enhancement a strategic priority. We firmly believe that only through continuous service system optimization and adherence to ethical business practices can we earn consumers' long-term trust and loyalty.

We are relentlessly improving both online and in-store customer services, with particular emphasis on enhancing physical store experiences and digital shopping journeys. Moving forward, we plan to leverage our store environments to communicate ESG values directly to consumers, such as establishing dedicated ESG experience zones in select stores where customers can scan QR codes to view VR footage of our factories' carbon reduction initiatives, actively promoting Sun Art Retail's sustainable brand image.

✓ Restrooms: Added tissue and air fresheners

✓ Shopping area: Provided disposable gloves, tissues, food tongs, and heat-resistant gloves

✓ Product displays: Added key selling points, fruit sweetness indicators, cooking tips, and selection guides to facilitate quick product selection

Measures to Enhance In-Store Experience

Search Optimization
- Added graphic styles for trending keywords
- Upgraded "Popular Searches" to "Search Discoveries" with real-time recommendations and optimized "Everyone's Searching" algorithm
- Added floating tags in category navigation: seasonal, fresh-cut, trending, best-selling
- Enabled direct results for searches like "super savings" and "near-expiry"

Product Page Improvements
- Added new service indicators
- Compact UI redesign
- Limited display to 1 row for "Group Buying" and "Similar Recommendations" promo tags

Checkout Page Enhancements
- Added temperature-control product reminders
- Prominent delivery fee display
- Added non-returnable product notices
- Enabled overweight order interception
- Introduced "Add One More Item" module

Review Submission Upgrades
- Auto-expanded text box and image upload for first product review
- "One-Click Positive Review" confirmation toast message
- Default collapse for fourth product review (if applicable) with expandable option

Measures to Enhance Online Shopping Experience

Brand Publicity

We uphold "freshness, affordability, comfort, and convenience" as our core values, continuously building a trusted community shopping platform. We strictly comply with the *Food Safety Law of the People's Republic of China*, *General Standard for the Labeling of Prepackaged Foods*, *General Rules for Nutrition Labeling of Prepackaged Foods*, and *Food Labeling Management Regulations*, implementing rigorous oversight of product label compliance and ingredient information to ensure all details meet legal requirements and marketing content accurately reflects product realities, thereby providing consumers with a secure and reliable shopping environment.

Responsible Marketing

We maintain a steadfast commitment to responsible marketing principles, having established a comprehensive compliance management system that continuously enhances measures for truthful advertising, staff training, compliance reviews, and public sentiment monitoring.

Truthful Advertising
- Strictly comply with *Advertising Law of the People's Republic of China* and local regulations for reasonable promotional activities
- Absolutely prohibit exaggerated, deceptive, or false content in marketing campaigns
- Accurately disclose product, service, and pricing information

Responsible Marketing Training
- Conduct compliance training for marketing staff/new hires on marketing risks and response mechanisms
- Systematically organize and communicate relevant laws/regulations, with formal material reviews and internal training sessions
- Support marketing promotions for company's low-carbon, organic, and recyclable products

Compliance Review
- Marketing campaigns and materials require multi-layer approval from business units, brands, and legal department
- Archive all marketing materials for evaluation and audit purposes
- Ensure private label products fully comply with nutritional labeling, allergen disclosure requirements, and pass third-party testing

Public Sentiment Management
- Continuously optimize early warning and rapid response mechanisms while enhancing staff risk awareness
- No major public sentiment incidents occurred in FY2025

Responsible Marketing Management Measures

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance:
Anchoring Governance

Pinnacle of Quality:
Nourishing Lives

Symphony of Ecology:
Sustaining Nature

Responsible Supply:
Weaving Progress

Mosaic of Talent:
Resilient Culture

Compass of CSR:
Navigating Tomorrow

Brand Campaigns

We leverage innovative marketing initiatives to deeply understand social sentiments, transforming viral trends into brand communication opportunities while materializing brand values through product mediums. By infusing commercial activities with humanistic care, we elevate marketing into cultural practice, not only strengthening our differentiated brand image but also redefining how retail connects with consumers emotionally.

RT-Mart April Fools' Day Pop-up Event

On April 1, 2024, we capitalized on the viral meme "I've been filleting fish at RT-Mart for 10 years, my heart has grown as cold as my fish-cleaving knife" to launch an aquatic section pop-up. Our fishmongers brought netizens' creative adaptations to life through themed fish counters and interactive dialogue zones. Simultaneously, we penned heartfelt letters offering solace and support to those grappling with emotional struggles, extending warmth to people facing life's disappointments.

RT-Mart "Poetry of Daily Life" Mother's Day Special

During Mother's Day, we launched the special "Poetry of Daily Life" brand campaign with the conceptual theme "Embracing Life's Openness", using creative product displays and copywriting to profoundly interpret contemporary mothers' spiritual outlook. This cultural marketing initiative embodies our core philosophy of "encouraging women's self-expression and value realization", not only continuing the series' consistent humanistic care characteristics but also materializing our brand proposition through curated product mediums.

RT-Mart "Poetry of Daily Life" Olympic Edition - "Supermarket Cheerleaders"

As the Paris Olympics countdown began amid rising national enthusiasm, our "Poetry of Daily Life" IP timely introduced the "Supermarket Cheerleaders" special. Through anthropomorphic artistry, we transformed everyday grocery items into vibrant "cheerleaders", offering original creative tributes to athletes. Grounded in people's daily routines, the campaign ingeniously connected Olympic spirit with ordinary life, demonstrating our social responsibility while delivering warm, poetic encouragement to consumers striving in their own life arenas.

RT-Mart "Poetry of Daily Life" Olympics Sequel: Supermarket Cheerleaders X Taobao Sports Festival

Following the "Supermarket Cheerleaders" campaign, as the Paris Olympics opening ceremony approached, RT-Mart collaborated with Taobao to launch the cross-platform co-branded "Poetry of Daily Life" campaign – "Supermarket Cheerleaders X Taobao Sports Festival". This partnership responded to the national fitness initiative while continuing to craft creative copywriting around supermarket products. Themed promotional materials appeared simultaneously in RT-Mart stores across Hangzhou, Shanghai, and Guangzhou, creating unique Olympic-themed fun and atmosphere for the public.

RT-Mart X Shanghai Grand Theater "Theater Rising Stars"

As a valued community partner, RT-Mart was invited to participate in the Shanghai Grand Theater's 26th anniversary art market, introducing the co-branded "Poetry of Daily Life" installment – "Theater Rising Stars". This innovative marketing campaign brought supermarket fresh produce onto the theater stage, expanding artistic expression while enriching retail's cultural significance, ultimately infusing urban life with aesthetic experiences.

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance:
Anchoring Governance

Pinnacle of Quality:
Nourishing Lives

Symphony of Ecology:
Sustaining Nature

Responsible Supply:
Weaving Progress

Mosaic of Talent:
Resilient Culture

Compass of CSR:
Navigating Tomorrow

Privacy and Data Security

We place utmost importance on customer privacy rights and data security, strictly adhering to laws and regulations including the *Cybersecurity Law of the People's Republic of China*, *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, and GB/T 35273-2017 *Information Security Technology - Personal Information Security Specification*. We have revised and updated a series of internal policies such as the *Kangcheng Investment (China) Co., Ltd. Data Security Standards (Trial) V1.5*, *R&D Process V2.1*, *Product Security Checklist V1.4*, *Mini Program Product Security Checklist V1.0*, and *Supplier Product Security Checklist V1.0* to ensure standardized execution of information security practices. These policies cover all RT-Mart operations including physical stores, Fresh App, and other online platforms.

Information Security Management

We maintain rigorous focus on building a comprehensive enterprise information security system, continuously strengthening protective capabilities through multi-layered, systematic management measures. We consistently allocate resources to upgrade IT infrastructure, establish regular cybersecurity drills, and engage authoritative third-party security institutions for in-depth safety evaluations.

IT System Upgrades & Optimization

- Virus eradication: Handled numerous cybersecurity incidents by eliminating client-side mining viruses to ensure system security
- Web behavior management: Fixed video application blocking policy failures while reducing abnormal blocks and log storage to improve management efficiency
- Security log analysis platform: Unified and upgraded rule databases to enhance analytical capabilities
- Phishing emails & malicious IPs: Addressed phishing incidents and blocked malicious IPs to maintain email system integrity
- Wazuh server optimization: Improved server performance and stability
- Cloud antivirus scanning: Implemented real-time cloud scanning at East China headquarters to boost virus protection
- IPS policy enhancement: Optimized office network policies with new protections against specific remote control tools

Cybersecurity Drills

- Conducted network attack/defense exercises with Shanghai Jing'an District Cybersecurity Administration, earning award nominations and trophies

Third-Party Penetration Testing

- Engaged independent testers to evaluate RT-Mart Fresh APP, RT-Mart eRoad APP, M Membership APP, RT-Mart Fresh WeChat Mini Program, RT-Mart Fresh Alipay Mini Program, RT-Mart Premium Wine - Alipay Mini Program and M Membership Store - WeChat Mini Program

Sun Art Retail Information Security Management Measures

We have established a comprehensive information security training framework, delivering specialized programs tailored to different roles and business scenarios. These include new employee security orientation, supplier security training, email security training, data security training, privacy protection training, and account security training, significantly enhancing our organizational security capabilities.

Customer Privacy Data Protection

We prioritize customer privacy protection through multiple initiatives, including comprehensive privacy compliance testing across all apps and mini programs to ensure adherence to privacy standards. We promptly optimize compliance designs when identifying privacy issues, regularly update privacy policies and user agreements to transparently communicate data practices, and rigorously audit third-party SDK lists. These technical, administrative, and legal measures collectively strengthen privacy protection and deliver secure digital environments.

Privacy Compliance Testing: RT-Mart Fresh APP, E-Road APP, M Membership APP, RT-Mart Fresh Mini Programs, Alipay Mini Programs, Douyin Mini Programs, M Membership Mini Programs, and Membership Store Cafés have all completed privacy compliance testing and obtained corresponding test reports.

Optimized Privacy Compliance Design: Addressed and implemented compliant design solutions for clipboard pop-up privacy compliance issues on HarmonyOS APP.

Updated Privacy Policies & User Agreements: RT-Mart Fresh APP and Mini Programs, M Membership APP and Mini Programs, E-Road APP, and Moutai Mini Programs have all updated their user agreement fulfillment processes and released new versions.

Supplemented & Audited Third-Party SDK Lists: RT-Mart Fresh APP added Honor Push SDK privacy terms and supplemented its third-party SDK list. E-Road Delivery APP's third-party SDK list has been supplemented and passed legal review.

Measures for Customer Privacy Data Protection

03

Symphony of Ecology
Sustaining Nature

We consistently position environmental governance as the core driver of our strategic transformation. During the reporting period, guided by international sustainability agendas, we focused on environmental objectives and systematically advanced innovative environmental management initiatives. Confronting climate challenges, we have progressively built climate resilience across our operations through renewable energy deployment and enhanced climate scenario analysis models, strengthening foundational capabilities for low-carbon transition while actively exploring carbon-neutral business paradigms.

有机菜节

脆甜多汁 沙拉鲜食优选

中国有机产品OGA认证

种植过程不使用化学合成农药

有机水果甘蓝（青甘蓝）500g/份

清脆微甜

相带我回家

有机意大利生菜250g/份
8.50

有机机白菜270g
6.20

[蔬鲜有机] 采的鲜生小白
8.90

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2024 / 2025 | Environmental, Social and Governance Report

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Nourishing Lives

Symphony of Ecology:
Sustaining Nature

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Weaving Progress

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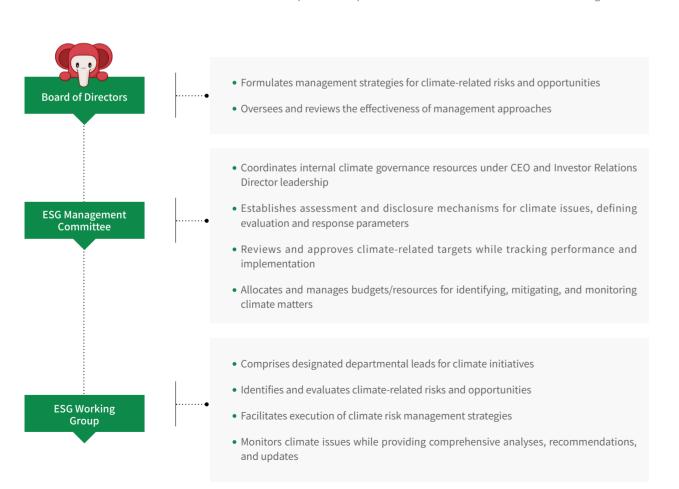Compass of CSR:
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Climate Change Response

Addressing the complex challenges posed by climate change and effectively capturing opportunities within the green transition has become a critical global imperative requiring collaborative solutions. We prioritize environmental management by integrating climate change risks into our ESG risk framework. Aligning with the Task Force on Climate-related Financial Disclosures (TCFD) and Hong Kong Exchanges and Clearing Limited's disclosure recommendations, we systematically identify, assess, and manage climate-related risks and opportunities through active stakeholder collaboration to advance sustainable value chains.
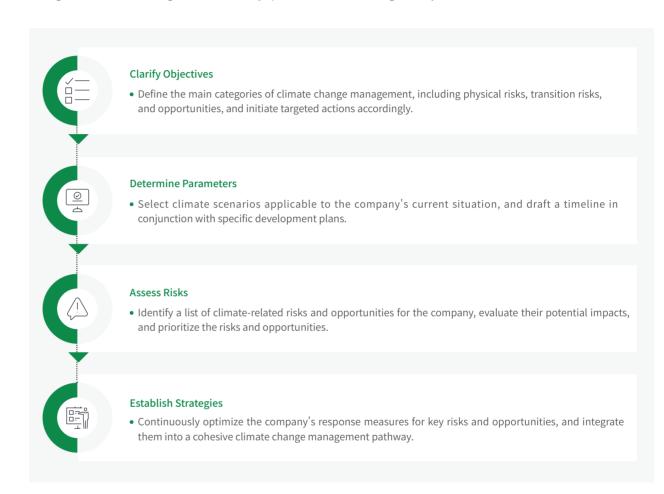
Climate Change Governance

We maintain rigorous focus on climate governance, continuously refining internal management systems and methodologies to enhance effectiveness. Our three-tier governance structure, comprising the Board of Directors, ESG Management Committee, and ESG Working Group, formally embeds climate responsibilities within the ESG framework. The ESG Management Committee regularly reports climate progress to the Board based on working group outputs. Furthermore, through expert-led knowledge sharing, we provide ongoing climate governance training to Board members, equipping them with specialized expertise for informed climate-related decision-making.

Board of Directors
- Formulates management strategies for climate-related risks and opportunities
- Oversees and reviews the effectiveness of management approaches

ESG Management Committee
- Coordinates internal climate governance resources under CEO and Investor Relations Director leadership
- Establishes assessment and disclosure mechanisms for climate issues, defining evaluation and response parameters
- Reviews and approves climate-related targets while tracking performance and implementation
- Allocates and manages budgets/resources for identifying, mitigating, and monitoring climate matters

ESG Working Group
- Comprises designated departmental leads for climate initiatives
- Identifies and evaluates climate-related risks and opportunities
- Facilitates execution of climate risk management strategies
- Monitors climate issues while providing comprehensive analyses, recommendations, and updates

Sun Art Retail Climate Change Governance Framework

Climate Change Management Strategy

We fully recognize the long-term impacts of climate change on our sustainable development and actively address related challenges through efficient initiatives that drive industry transformation. To enhance our climate response capabilities, we have established a comprehensive climate change management strategy process, operating across four dimensions, governance, strategy, risk management, and metrics/targets, to continuously optimize our climate management system.

Clarify Objectives
- Define the main categories of climate change management, including physical risks, transition risks, and opportunities, and initiate targeted actions accordingly.

Determine Parameters
- Select climate scenarios applicable to the company's current situation, and draft a timeline in conjunction with specific development plans.

Assess Risks
- Identify a list of climate-related risks and opportunities for the company, evaluate their potential impacts, and prioritize the risks and opportunities.

Establish Strategies
- Continuously optimize the company's response measures for key risks and opportunities, and integrate them into a cohesive climate change management pathway.

Climate Change Risk Management Process

We categorize identified climate-related risks into physical risks and transition risks, analyzing their temporal impacts to inform corporate development planning, thereby striving to achieve holistic climate change management.

For developing scientifically grounded strategies, we reference international standards, benchmark industry best practices, and select climate scenarios aligned with our operational reality. During the reporting period, we adopted SSP[3] 1-2.6 and SSP2-4.5 scenarios for physical risks, and IEA NZE[4] 2050 and IEA APS[5] scenarios for transition risks. We also defined temporal parameters for climate impacts: short-term (1 year), medium-term (2-5 years), and long-term (6+ years).

[3] Shared Socioeconomic Pathways
[4] IEA Net Zero Emissions by 2050 Scenario
[5] IEA Announced Pledges Scenario

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance:
Anchoring Governance

Pinnacle of Quality:
Nourishing Lives

Symphony of Ecology:
Sustaining Nature

Responsible Supply:
Weaving Progress

Mosaic of Talent:
Resilient Culture

Compass of CSR:
Navigating Tomorrow

Physical Risk Climate Scenario Selection

SSP1-2.6:

The SSP1-2.6 (low emission scenario) achieves net-zero emissions after 2050 through coordinated mitigation efforts, with a temperature rise limited to around 1.8° C by 2100.

SSP2-4.5:

The SSP2-4.5 (moderate emission scenario) assumes that global CO_2 emissions will remain at current levels until the mid-century but will not reach net-zero. The temperature rise by 2100 is projected to be 2.7° C.

Transition Risk Climate Scenario Selection

2025 Net-Zero Emissions (NZE) Scenario:

The NZE scenario is a normative pathway proposed by the IEA, requiring the energy sector to achieve net-zero emissions by 2050 without relying on external offsets.

Announced Pledges (APS) Scenario:

The APS scenario represents a future energy and emission development pathway based on the climate policies and commitments already announced by national governments, considering the impact of these policy pledges on energy demand, prices, and emissions.
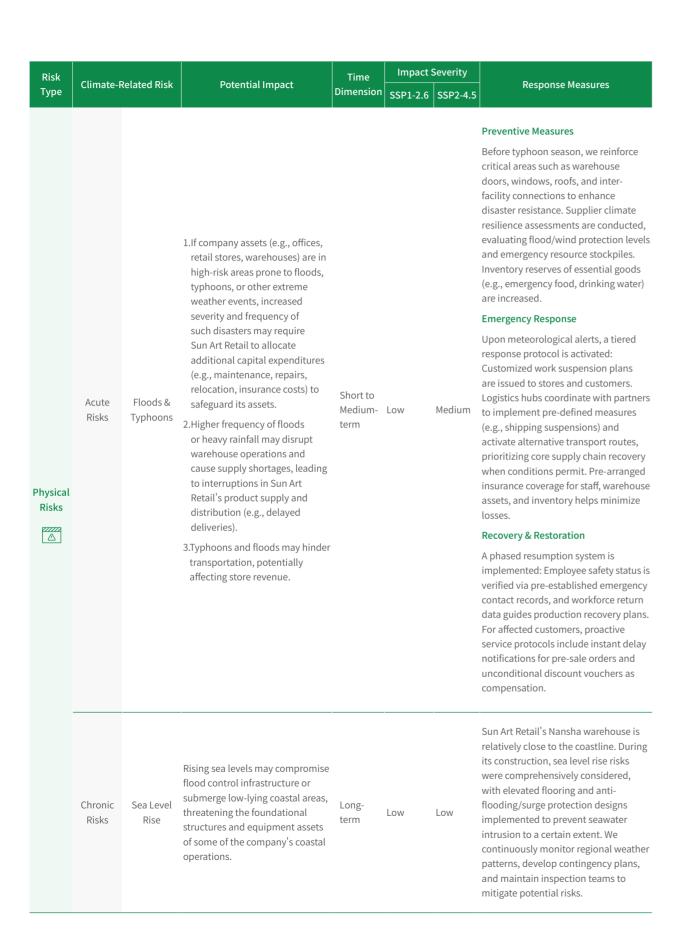
During the reporting period, we further updated the list of climate-related risks and opportunities based on the results of risk identification and assessment. The updated list includes 3 acute physical risks, 1 chronic physical risk, 3 transition risks, and 2 opportunities. The physical risks primarily impact three areas: logistics and transportation, store and warehouse operations, and construction projects. The transition risks mainly affect store and warehouse operations, logistics transportation, and market feedback. To further clarify the priority of actions for addressing climate change, we assessed the degree of impact of each risk and opportunity under different climate scenarios, resulting in a key list of climate-related risks and opportunities, which will serve as a reference for the company in formulating response measures.
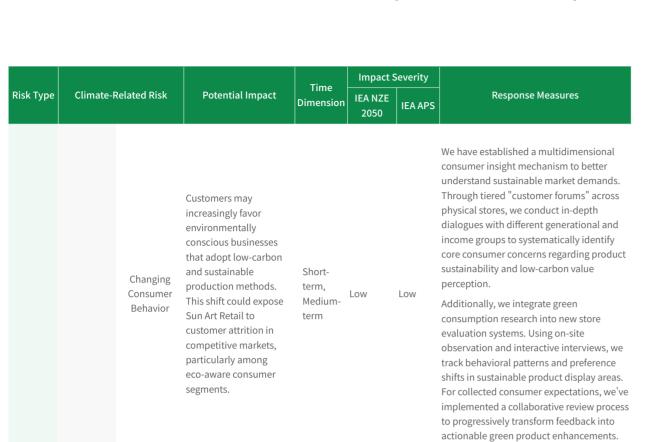
Risk Type	Climate-Related Risk	Potential Impact	Time Dimension	Impact Severity SSP1-2.6	Impact Severity SSP2-4.5	Response Measures
Physical Risks	Acute Risks — Extreme Heat and Drought	1. As global temperatures and the frequency of extreme heat events rise due to climate change, energy shortages (e.g., electricity) may occur. • Power outages causing production halts could disrupt Suning Retail's product supply. • Operational costs for running air conditioning or backup generators during outages will increase. 2. Prolonged high temperatures will raise operational and energy costs for stores and warehouses, as well as logistics and cold chain material expenses.	Short-term, Medium-term	Medium	High	**Energy System Optimization** We optimize energy use through hardware upgrades and digital management, implementing automated controls for air conditioning and lighting systems, improving energy efficiency of cold chain and fresh food processing equipment, and reducing standby power consumption with elevator radar sensors. We are also developing a digital energy management platform for real-time monitoring and anomaly alerts. Third-party photovoltaic projects under energy performance contracting are introduced to lower energy costs and carbon footprint. **Infrastructure Development** To ensure basic services during extreme weather, we established a multi-level emergency supply system. New stores require partners to provide dual-circuit power supply, with backup generators mandated for non-compliant projects. Emergency water storage tanks are installed in water supply systems to maintain basic functionality during municipal outages. Air conditioning and fans are installed in order-picking areas, and curtains and top panels are added to refrigeration equipment to reduce cold air loss. Full cold chain display management is implemented for perishables like vegetables and fruits, while the proportion of frozen goods in fast-picking warehouses is dynamically increased during hot weather to optimize efficiency. **High-Temperature Operations** We implemented a full-chain protection mechanism, using "blue packaging + ice film/dry ice" composite packaging for perishable goods. Delivery personnel are equipped with heatstroke prevention kits, cold drinks, and sunshades, and insulated bags are prohibited from being unpacked during picking. Fans, air conditioning, and sunshades are installed in handover areas. Based on weather forecasts, order fluctuations are predicted, and staffing and product display priorities are dynamically adjusted to align capacity with demand.
	Extreme Cold & Snowstorms	1. Blizzards accompanied by gale-force winds and temperature plunges may severely disrupt or even damage critical infrastructure including transportation networks, communication systems and power transmission lines, potentially causing urban power/water outages and building collapses that could adversely impact Sun Art Retail's supply chain and daily operations. 2. Extreme cold spells and snow disasters will significantly increase regional electricity demand, potentially subjecting Sun Art Retail stores and suppliers to government-imposed power rationing or blackouts, which may force reduced operating hours and disrupt normal business activities.	Medium to Long-term	Low	Low	Extreme cold and snowstorm risks primarily affect Sun Art Retail's operations in North, Northeast, and Northwest China. **Logistics & Distribution** We have prepared 12 alternative transport routes for key regions, allowing logistics teams to adapt based on real-time conditions. Days with snowfall exceeding 2cm are classified as special weather, triggering contingency plans: Drivers must promptly update stores on conditions, while logistics managers activate backup routes or arrange relay deliveries via reserve vehicles, with adjusted arrival times communicated in real time. Vehicles are equipped with insulation and temperature-monitoring devices to ensure product quality during transit. **Store Deliveries** During snow or icy road conditions, we deploy three- or four-wheeled vehicles for deliveries and enhance cold-protection measures for both riders and goods to maintain normal operations. Proactive capacity management is implemented, including demand forecasting and staff allocation to secure delivery capacity.

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Risk Type	Climate-Related Risk	Potential Impact	Time Dimension	Impact Severity		Response Measures
				SSP1-2.6	SSP2-4.5	
Physical Risks	Acute Risks	Floods & Typhoons	1.If company assets (e.g., offices, retail stores, warehouses) are in high-risk areas prone to floods, typhoons, or other extreme weather events, increased severity and frequency of such disasters may require Sun Art Retail to allocate additional capital expenditures (e.g., maintenance, repairs, relocation, insurance costs) to safeguard its assets. 2.Higher frequency of floods or heavy rainfall may disrupt warehouse operations and cause supply shortages, leading to interruptions in Sun Art Retail's product supply and distribution (e.g., delayed deliveries). 3.Typhoons and floods may hinder transportation, potentially affecting store revenue.	Short to Medium-term	Low	Medium	**Preventive Measures** Before typhoon season, we reinforce critical areas such as warehouse doors, windows, roofs, and inter-facility connections to enhance disaster resistance. Supplier climate resilience assessments are conducted, evaluating flood/wind protection levels and emergency resource stockpiles. Inventory reserves of essential goods (e.g., emergency food, drinking water) are increased. **Emergency Response** Upon meteorological alerts, a tiered response protocol is activated: Customized work suspension plans are issued to stores and customers. Logistics hubs coordinate with partners to implement pre-defined measures (e.g., shipping suspensions) and activate alternative transport routes, prioritizing core supply chain recovery when conditions permit. Pre-arranged insurance coverage for staff, warehouse assets, and inventory helps minimize losses. **Recovery & Restoration** A phased resumption system is implemented: Employee safety status is verified via pre-established emergency contact records, and workforce return data guides production recovery plans. For affected customers, proactive service protocols include instant delay notifications for pre-sale orders and unconditional discount vouchers as compensation.
	Chronic Risks	Sea Level Rise	Rising sea levels may compromise flood control infrastructure or submerge low-lying coastal areas, threatening the foundational structures and equipment assets of some of the company's coastal operations.	Long-term	Low	Low	Sun Art Retail's Nansha warehouse is relatively close to the coastline. During its construction, sea level rise risks were comprehensively considered, with elevated flooring and anti-flooding/surge protection designs implemented to prevent seawater intrusion to a certain extent. We continuously monitor regional weather patterns, develop contingency plans, and maintain inspection teams to mitigate potential risks.

Risk Type	Climate-Related Risk	Potential Impact	Time Dimension	Impact Severity		Response Measures
				IEA NZE 2050	IEA APS	
Transition Risks	Policy & Regulatory Changes	Tighter compliance requirements	As carbon emission management becomes increasingly stringent, companies may face stricter carbon emission requirements and standards for retail operations and products. Compliance with these regulations will increase management and operational costs.	Short-term, Medium-term	Medium	Low	Sun Art Retail closely monitors emerging laws and regulatory requirements across operational regions, promptly adjusting corporate practices and enhancing disclosure quality to meet increasingly stringent reporting standards.
		Carbon Pricing Increase	Policy uncertainty exists in many countries where Sun Art Retail currently operates or plans to expand. The company may be affected by carbon trading mechanisms, with anticipated strengthening of border adjustment taxes and broader environmental taxation regulations.	Medium-term, Long-term	Medium	Medium	Since 2023, we have actively responded to the "Carbon Peaking and Carbon Neutrality" strategy by incorporating clean energy procurement into our core sustainability pathway. Through market-based trading mechanisms, we've established long-term strategic partnerships with electricity providers, prioritizing certified centralized wind and solar projects while introducing nuclear power as a stable energy source, creating a diversified clean energy portfolio. During the reporting period, green electricity, nuclear power and renewable energy certificates accounted for approximately 35% of total procurement.
	Transition Risks	Costs of the shift to low-carbon technologies	As policies drive green transformation across industries, green building design, intelligent temperature control, and smart cold chain have become essential approaches for retail enterprises to achieve energy savings and carbon reduction. However, these technologies face challenges including complex development, immature supply chains, and high investment risks.	Short-term, Medium-term	Medium	Low	In adopting low-carbon technologies, we conduct specialized feasibility studies to systematically analyze safety risk factors, investment return periods, and compatibility impacts on existing operations. Furthermore, we have established vendor qualification standards implementing a five-tier screening process including on-site capacity verification and certification validation. A dynamic monitoring mechanism ensures continuous alignment with business needs through biennial technology efficacy reviews and supplier performance reassessments.

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance:
Anchoring Governance

Pinnacle of Quality:
Nourishing Lives

Symphony of Ecology:
Sustaining Nature

Responsible Supply:
Weaving Progress

Mosaic of Talent:
Resilient Culture

Compass of CSR:
Navigating Tomorrow

Risk Type	Climate-Related Risk	Potential Impact	Time Dimension	Impact Severity		Response Measures
				IEA NZE 2050	IEA APS	
Transition Risks	Market Risks	Changing Consumer Behavior	Customers may increasingly favor environmentally conscious businesses that adopt low-carbon and sustainable production methods. This shift could expose Sun Art Retail to customer attrition in competitive markets, particularly among eco-aware consumer segments.	Short-term, Medium-term	Low	Low	We have established a multidimensional consumer insight mechanism to better understand sustainable market demands. Through tiered "customer forums" across physical stores, we conduct in-depth dialogues with different generational and income groups to systematically identify core consumer concerns regarding product sustainability and low-carbon value perception. Additionally, we integrate green consumption research into new store evaluation systems. Using on-site observation and interactive interviews, we track behavioral patterns and preference shifts in sustainable product display areas. For collected consumer expectations, we've implemented a collaborative review process to progressively transform feedback into actionable green product enhancements.
		Fluctuations in Resource & Raw Material Prices	Climate change may disrupt commodity and energy supply chains, leading to increased procurement costs for Sun Art Retail.	Short-term, Medium-term	Medium	Low	**Supplier Collaboration Strategy** We establish long-term agreements with core suppliers, defining price adjustment ranges and negotiation mechanisms during extreme climate events to balance cost control with reasonable supplier margins. We prioritize FMCG tier-1 suppliers with multi-regional production networks, leveraging their climate-resilient facilities and cross-regional production allocation capabilities to ensure supply stability. Joint cost optimization initiatives include alternative material R&D and production process improvements, with established cost-saving benefit-sharing mechanisms. **Financial Safeguard Strategy** We implement an end-to-end climate risk assessment system to systematically analyze cost-inflation risks from energy price volatility and logistics disruptions, with dedicated contingency reserves for sudden cost surges. Risk mitigation includes property and business interruption insurance to hedge asset losses, combined with futures and options to lock in key material prices, insulating our supply chain from climate-induced market volatility and maintaining cost structure stability.

Risk Type	Climate-Related Risk	Potential Impact	Time Dimension	Impact Severity		Response Measures
				IEA NZE 2050	IEA APS	
Transition Risks	Energy Sources	China is prioritizing the large-scale development of photovoltaic and wind power generation, with supporting energy storage technologies for renewables entering a critical industrialization phase. As the stability of clean energy supply continues to improve, the industrial sector is expected to achieve structural growth in clean energy adoption, presenting Sun Art Retail with opportunities to reduce both energy costs and carbon emission intensity.	Short-term, Medium-term	Medium	Low	Sun Art Retail's clean energy procurement strategy demonstrates distinct regional progression. Building on mature green electricity trading mechanisms in Jiangsu, Zhejiang, Guangdong, and Anhui, we've expanded green power procurement (including renewable energy certificates from electricity retailers) to Sichuan, and Shaanxi, with plans for nationwide implementation.
	Resource Efficiency	Amid rising material costs, labor expenses, and supply chain disruptions, enterprises can systematically enhance resource utilization efficiency through automated production/warehousing equipment upgrades, end-to-end process optimization, and transportation network improvements, achieving better input-output ratios.	Medium-term, Long-term	Low	Low	Through equipment upgrades and management optimization, we continuously improve resource efficiency. By collaborating with suppliers on cost-reduction initiatives - including alternative material R&D and production process improvements - we have established a shared-benefit mechanism for cost savings.

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance:
Anchoring Governance

Pinnacle of Quality:
Nourishing Lives

Symphony of Ecology:
Sustaining Nature

Responsible Supply:
Weaving Progress

Mosaic of Talent:
Resilient Culture

Compass of CSR:
Navigating Tomorrow

Climate Change Risk Management

We have established a comprehensive climate change risk management process encompassing risk identification and assessment, prioritization and response, as well as monitoring and control. This systematic approach strengthens our climate resilience through a robust risk management framework.

Identification and Assessment
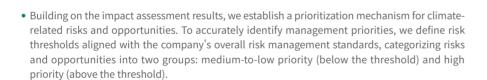
- Based on industry-specific analysis and input from stakeholders and external experts, we identify climate-related risks and opportunities relevant to the company and compile them into a comprehensive list. We continuously review and update this inventory by monitoring global climate policy developments, evolving customer demands regarding climate change, and adjustments to the company's low-carbon strategy, ensuring both completeness and timeliness.

- For each identified risk and opportunity, we conduct qualitative and quantitative analyses of their likelihood, severity, and business relevance to assess their potential impact on the company.

Prioritization and Response

- Building on the impact assessment results, we establish a prioritization mechanism for climate-related risks and opportunities. To accurately identify management priorities, we define risk thresholds aligned with the company's overall risk management standards, categorizing risks and opportunities into two groups: medium-to-low priority (below the threshold) and high priority (above the threshold).

- For medium-to-low-priority risks and opportunities, we integrate them into routine monitoring systems and periodically evaluate potential changes in their impact. For high-priority items, we develop customized response plans, systematically refine management strategies, and enhance overall climate risk management capabilities.

Monitoring and Control

- We incorporate climate risk monitoring into the company's overarching risk management processes, continuously evaluating the impact levels of climate risks to maintain controllability. Designated owners for each climate risk conduct regular monitoring and control activities, ensuring that climate-related risks and opportunities are managed across all operational workflows.

- For key climate-related risks and opportunities, the ESG Management Committee periodically reviews their impact and reports to the Board of Directors. The Board evaluates risk control outcomes and makes final decisions on whether to update management strategies.

Climate Change Risk Management Process

Climate Change Metrics and Targets

We have set four environmental targets covering greenhouse gas emission reduction, energy efficiency, water conservation, and waste management. The ESG task force oversees the implementation of these targets, while the ESG management committee monitors progress and reports regularly to the board of directors. The board reviews target achievement and manages all target-setting matters in alignment with corporate development and external factors.

Greenhouse Gas Emissions Management

Our greenhouse gas emissions stem from gasoline, diesel, and natural gas combustion, refrigerant usage, and purchased electricity. We conduct data collection and analysis for each emission source, systematically evaluating their contribution to total emissions and corresponding reduction potential. Based on this assessment, we develop scientifically viable decarbonization pathways.

Objective Dimension

Greenhouse Gas Emission Reduction

Target Details

Sun Art Retail commits to achieving carbon neutrality for Scope 1 and 2 emissions across its operations by 2030.

Progress Status

This fiscal year witnessed a 16% reduction in total Scope 1 and Scope 2 greenhouse gas emissions compared to the previous fiscal year.

During the reporting period, we implemented the following emission reduction measures across our stores, warehouses, and transportation operations:

- As of March 31, 2025, we have newly constructed 17 stores equipped with photovoltaic power generation systems, bringing the total number of stores with completed PV projects to 47. The total PV power generation this fiscal year reached approximately 28.00 million kWh.

- In FY2025, we upgraded refrigeration systems in 1 additional store to use more environmentally friendly R448A refrigerant (total: 75 stores), covering approximately 15% of our store network. This builds upon the 74 stores converted in the previous year.

- We continued advancing our clean energy transition in FY2025: Green electricity procurement exceeded 55% for stores in Jiangsu, Anhui, and Zhejiang provinces; Nuclear power utilization reached nearly 85% for Guangdong stores; In Sichuan (new expansion region), 14 stores initiated green electricity procurement, representing over 10% coverage.

Store-Level Emission Reduction Initiatives

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance:
Anchoring Governance

Pinnacle of Quality:
Nourishing Lives

Symphony of Ecology:
Sustaining Nature

Responsible Supply:
Weaving Progress

Mosaic of Talent:
Resilient Culture

Compass of CSR:
Navigating Tomorrow

- In East China's Nanjing warehouse, we completed a 40,000 sq.m photovoltaic project with an installed capacity of 4 MW.

- The South China Nansha warehouse project covers 19,000 sq.m of solar panels with 4.3MW installed capacity.

- North China's Jiyang warehouse installed 24,000 sq.m of photovoltaic systems achieving 5.3MW capacity.

- During the reporting period, photovoltaic systems at Suzhou, Nanjing and Jiyang warehouses became operational, generating approximately 1.72 million kWh this fiscal year.

Warehouse Emission Reduction Initiatives

- In Northeast China's Shenyang warehouse, we optimized delivery routes by prioritizing national highway transportation during favorable road conditions while simultaneously implementing backhaul services to reduce empty runs. During the reporting period, we completed 541 backhaul trips.

- Central China operations maintained external backhaul services while meeting store demands. Through optimized load consolidation, our Chibi warehouse achieved 76% loading rate, with all return trips to external stores operating at full capacity.

- East China's Suzhou warehouse streamlined transport routes for Wuxi and Zhangjiagang deliveries, reducing average daily mileage by approximately 9km per store.

- In North China's Jinan warehouse, route optimizations yielded 5km savings per trip, accumulating 9,000km in annual mileage reduction.

- South China's Xiamen warehouse achieved 30km single-trip distance savings through route optimization.

Transportation Emission Reduction Initiatives

During the reporting period, our greenhouse gas emissions across all operations are as follows:

Indicator Name	Unit	FY 2023/2024	FY 2024/2025
Scope 1 Emissions			
Refrigerants[6]	tCO_2e	242,332.56	261,175.22
Mobile Sources[7]	tCO_2e	12,335.33	11,051.41
Stationary Sources - Gasoline/Diesel[7]	tCO_2e	39.16	32.28
Stationary Sources - Natural Gas[7]	tCO_2e	2,200.76	1,548.71
Fire Extinguishers[8]	tCO_2e	12,481.88	13,023.28
Scope 2 Emissions			
Purchased Electricity[9]	tCO_2e	985,573.91[10]	762,841.52
Purchased Heat	tCO_2e	0	163.97
Scope 3 Emissions			
Purchased Packaging Materials	tCO_2e	66,213.28	57,633.10
Purchased Warehouse Services	tCO_2e	0	8,676.02
Transportation	tCO_2e	30,562.35	23,105.70
Employee Commuting	tCO_2e	519.95	330.03
Total Emissions			
Total GHG Emissions (Scope 1&2)	tCO_2e	1,254,963.60	1,049,836.39
GHG Emission Intensity (Scope 1&2)	tCO_2e/million RMB revenue	17.29	14.67
Total GHG Emissions (Scope 1-3)	tCO_2e	1,352,182.28	1,139,581.24
GHG Emission Intensity (Scopes 1+2+3)	tCO_2e/million RMB revenue	18.63	15.93

[6] GWP values sourced from the IPCC Fifth Assessment Report (AR5) and IPCC Fourth Assessment Report (2007). Leakage rates referenced from Table 7.9 (Refrigerants) in Chapter 7 (Ozone Depleting Substances and Fluorinated Substitutes) of Volume 3 of the 2006 IPCC Guidelines for National Greenhouse Gas Inventories (2019 Refinement)

[7] Emission factors derived from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories and the IPCC Fifth Assessment Report (AR5)

[8] GWP values obtained from the IPCC Fifth Assessment Report (AR5). Leakage rates referenced from Table 7.6.2.2 (Fire Extinguishers) in Chapter 7 of Volume 3 of the 2006 IPCC Guidelines for National Greenhouse Gas Inventories (2019 Refinement)

[9] CO_2 emission factors for electricity provided by China's National Development and Reform Commission (NDRC)

[10] FY2024 purchased electricity emissions data have been recalculated using FY2025's updated electricity emission factors, resulting in revisions from previously disclosed figures.

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance: Anchoring Governance

Pinnacle of Quality: Nourishing Lives

Symphony of Ecology: Sustaining Nature

Responsible Supply: Weaving Progress

Mosaic of Talent: Resilient Culture

Compass of CSR: Navigating Tomorrow

Fulfill the Responsibility of Environmentally Friendly Operation

Environmental Management System

Environmental Policy

We strictly comply with national and local regulations in all our operational jurisdictions, including but not limited to the *Environmental Protection Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Solid Waste Pollution Environment Prevention and Control Law of the People's Republic of China*, and the *SB/T10814-2012 Supermarket Waste Disposal Guidelines*. To ensure effective implementation of environmental management, we have established internal governance instruments such as the *Environmental Protection Charter* and *Energy Control Management Standards*, which define environmental performance benchmarks, clarify departmental environmental responsibilities, and continuously enhance our corporate environmental management standards.

Governance Structure

We have established environmental management frameworks at corporate, organizational, and store levels to ensure rigorous implementation of environmental management practices across our operations. The Group's Board of Directors and executive management serve as the supreme responsible body for environmental governance, with all management structures adopting a top-down approach that clearly defines responsibilities at each level and implements specialized management protocols.

Board of Directors/ Executive Management	• Approve corporate environmental management strategies and long-term goals • Ensure resource allocation complies with environmental regulations	• Review annual environmental performance reports • Make decisions on significant environmental risk matters
Environmental Management Committee	• Formulate corporate-level environmental policies and standards • Oversee cross-departmental implementation of environmental objectives	• Approve major environmental protection investment projects • Submit annual environmental reports to the Board
Environmental Management Team	• Decompose and implement corporate environmental targets • Develop departmental environmental operation procedures	• Conduct daily environmental data collection and reporting • Manage maintenance of environmental protection equipment
Store/Project-Level Implementation Units	• Execute specific environmental measures (waste sorting, energy consumption control, etc.) • Conduct on-site environmental compliance self-inspections • Provide first-response to emergency incidents	• Supervise employee environmental behaviors • Maintain real-time recording of environmental data

Sun Art Retail Environmental Management Structure

Management System & Environmental Audits

During the reporting period, we maintained ISO 14001 Environmental Management System certification. We conduct regular internal environmental audits and external reviews to verify the effectiveness and regulatory compliance of our environmental management system, covering 100% of operational locations.

Environmental Objectives

We have established three key environmental objectives focusing on energy efficiency, water conservation, and waste reduction. The ESG Working Group is responsible for implementing the roadmap to achieve these targets, while the ESG Management Committee oversees execution progress and regularly reports to the Board of Directors. The Board conducts periodic reviews of target achievement and progress assessment.

Environmental Objectives	Energy Use Efficiency	Water Conservation	Waste Management
Target Details	By 2030, Sun Art Retail will achieve 100% carbon neutrality for electricity used in operations and gasoline/diesel for owned vehicles	Reduce water consumption per store by 3% by 2025 (baseline: 2021)	Promote resource utilization of food waste; achieve 100% store implementation of waste sorting and 100% cardboard recycling by 2030

Energy Management

We continuously enhance our Energy Maintenance Management System to strengthen Sun Art Retail's digital management capabilities and improve environmental responsiveness. Jointly operated by regional monitoring centers and the headquarters control center, this system supports store operations in multiple aspects including data collection, energy consumption analysis, system alerts, and electricity usage audits. During the reporting period, we optimized system functionalities to further elevate our digital energy management standards.

Refrigeration System Alarms

To enhance risk early-warning capabilities for store cold chain systems, we implemented functional upgrades to the refrigeration equipment monitoring system, with a focus on adding new alert mechanisms for abnormal data collection and network communication interruptions. This effectively prevents delays in alarm notifications caused by network transmission failures or controller malfunctions, reduces food safety risks resulting from equipment monitoring failures, and provides dual safeguards for food storage environment safety.

Energy Data Upload Notifications

To strengthen energy data governance efficiency, we implemented standardized management by integrating store energy usage records into the energy management system while simultaneously adding an intelligent audit function module. Through deploying an active warning mechanism for missing documentation, the system can instantly identify and flag unsubmitted data, shortening manual verification cycles while improving the energy data traceability system. This substantially enhances the completeness and reliability of operational data.

New Features of Energy (Maintenance) Management System

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance: Anchoring Governance

Pinnacle of Quality: Nourishing Lives

Symphony of Ecology: Sustaining Nature

Responsible Supply: Weaving Progress

Mosaic of Talent: Resilient Culture

Compass of CSR: Navigating Tomorrow

During the reporting period, leveraging the Energy (Maintenance) Management System enabled 24/7 dynamic monitoring of store operations. We successfully identified and addressed four categories of abnormal incidents while achieving precise energy consumption control, with estimated energy savings of 8 million kWh for this cycle.

Identified a total of 108 cases of abnormal air conditioning system operation (including parameter setting deviations and failure to promptly shut down during non-business hours).

Conducted 190 corrective actions to address equipment management gaps as part of the special project to enhance kitchen exhaust fan operational efficiency.

Detected 358 instances of abnormal electricity usage during energy audits.

Triggered 132 significant abnormal shutdown warnings for refrigeration equipment (including 56 occurrences during night hours).

Energy (Maintenance) Management System Energy-Saving Initiatives

We have also implemented the following initiatives across all stores to further reduce energy consumption:

Elevator 3D Radar Project

We have installed radar motion sensors on infrequently used elevators at select stores, enabling automatic activation when customers approach and delayed shutdown after departure. As of the reporting period, 261 elevators across 89 stores have been retrofitted, projecting annual electricity savings of approximately 1.6 million kWh.

Refrigeration Cabinet Management

We conducted comprehensive audits of all store refrigeration units through online and offline methods, implementing operational parameter adjustments chainwide. Simultaneously, we refined compressor suction pressure regulation for refrigeration systems, achieving annual energy savings of around 3 million kWh through optimized equipment performance.

Store Energy-Saving Initiatives

During the reporting period, our energy consumption performance[11] was as follows:

Indicator Name	Unit	FY 2023/2024	FY 2024/2025
Direct Energy Consumption	MWh	55,786.22	48,059.53
Direct Energy Intensity	MWh/RMB million revenue	0.77	0.67
Indirect Energy Consumption	MWh	1,815,839.12	1,477,718.55
Indirect Energy Intensity	MWh/RMB million revenue	25.02	20.65
Renewable Energy from PV	MWh	18,104.22	29,724.83
Renewable Energy from Green Power Procurement	MWh	365,670.06	599,987.87
Renewable Energy from Nuclear Power Procurement	MWh	227,370.61	224,476.83
Total Energy Consumption	MWh	2,482,770.23	2,379,967.62
Total Energy Intensity	MWh/RMB million revenue	34.21	33.26

Emissions Management

We generate various emissions in our operations, including greenhouse gases, air pollutants from vehicle operations, wastewater, and waste materials. We strictly comply with relevant laws and regulations, adhere to compliant disposal principles, consistently commit to reducing emissions at source, and actively implement recycling initiatives.

To systematically monitor and control operational emissions, we have established comprehensive management systems addressing three key dimensions: waste, wastewater, and gaseous emissions.

Waste

We require all stores to input daily waste data into the system, with designated specialists conducting monthly audits of the entered data to promptly identify anomalies, determine their causes, and develop corrective action plans.

Wastewater

Using water consumption as our core monitoring metric, we mandate stores to record daily water usage data, followed by monthly tracking and analysis across all locations. We investigate any data anomalies or fluctuating trends and promptly address irregularities.

Gaseous Emissions

With energy consumption and refrigerant usage as key monitoring indicators for greenhouse gas sources, we have established a comprehensive management and analysis system covering all refrigerant lifecycle stages. This enables real-time monitoring of store consumption and inventory levels, allowing operational status assessments based on safety stock levels. We investigate abnormal consumption patterns at stores and implement timely resolutions.

Emissions Management System Functions

[11] The energy consumption is converted into megawatt-hours (MWh) in accordance with the "GB/T 2589-2020 General Principles for Calculation of Total Production Energy Consumption".

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance:
Anchoring Governance

Pinnacle of Quality:
Nourishing Lives

Symphony of Ecology:
Sustaining Nature

Responsible Supply:
Weaving Progress

Mosaic of Talent:
Resilient Culture

Compass of CSR:
Navigating Tomorrow

Gaseous Emissions Management

Gasoline and diesel combustion from our owned vehicle fleet constitutes Sun Art Retail's primary source of gaseous pollutant emissions. We are progressively replacing conventional fuel vehicles with new energy vehicles to reduce total air pollutant emissions. As of the reporting period, our fleet includes 10 new energy vehicles deployed in daily operations.

During the reporting period, our gaseous emissions[12] (excluding greenhouse gases) were as follows:

Indicator Name	Unit	FY 2023/2024	FY 2024/2025
Pollutants from Vehicle Operations			
Sulfur Oxides (SO$_x$)	ton	0.07	0.06
Sulfur Oxides (SO$_x$)	ton	85.13	74.99
Particulate Matter (PM)	ton	6.31	5.60
Carbon Monoxide (CO)	ton	46.21	37.66

Wastewater Management

Our wastewater primarily originates from store water consumption. We adhere to compliant discharge principles, channeling all operationally generated wastewater through municipal sewage networks for centralized treatment. Committed to source reduction, we have implemented wastewater storage and recycling systems on purified water equipment, redirecting process wastewater to cleaning points for reuse, achieving wastewater recycling.

Indicator Name	Unit	FY 2023/2024	FY 2024/2025
Total Wastewater Discharge	tons	14,215,230.15	13,691,927.22
Wastewater Discharge Intensity	tons/RMB million revenue	195.89	191.36

Waste Management

We generate waste streams comprising paper products, plastics, corrugated cardboard, foam materials, food waste, used oil, metals, and minimal hazardous waste. Implementing tri-zone segregation principles across stores, we deploy categorized waste bins tailored to shopping arcades, sales floors, and office areas, ensuring comprehensive waste collection and sorting.

[12] The gaseous emissions data is calculated with reference to the HKEX *Environmental Key Performance Indicators Reporting Guide*.

During the reporting period

we recycled

102,277.17 tons

of cardboard waste

The reporting period saw an

8,154.85 -ton

reduction in food waste

decrease

21.44 %

Cardboard Management

- As our primary recyclable waste, we govern cardboard handling through standardized *Store Cardboard Recycling Procedures*, specifying full-process operational protocols. Store departments deposit eligible cardboard at receiving area holding points, where warehouse staff coordinate manufacturer personnel for joint weighing and documentation under surveillance. Post loss-prevention checks, materials are baled externally, with standardized data recording for audit trails. Headquarters conducts monthly data verification to identify anomalies, determine root causes, and implement corrective actions.

Waste Oil Recycling Program

- We launched the waste oil recycling initiative in FY2024. Partnering with specialized collaborators, we employ biomass utilization technology to transform waste grease from stores into high-quality bio-based raw materials. These materials serve dual applications: production of renewable diesel and hydrogenated vegetable oil as alternatives to conventional diesel, and manufacturing of sustainable aviation fuel.

- As of the reporting period, 106 stores have enrolled in this recycling program.

Waste Sorting

- We strictly comply with municipal regulations across all operating cities, implementing standardized internal sorting procedures for food waste, with dedicated staff verifying proper dry-wet separation at stores. Through strategically placed categorized waste bins, we enhance customer awareness of eco-conscious waste classification.

- Currently, 450 stores across 150 cities have adopted our waste sorting system.

Food Loss & Waste Reduction

- We maintain stringent disposal protocols and standardized operating procedures for expired food products, with comprehensive system monitoring to prevent unauthorized circulation. To minimize food waste, we implement full-chain loss control management spanning procurement, storage, processing, and retail operations. Professional third-party partners facilitate closed-loop treatment of organic waste.

- The reporting period saw an 8,154.85-ton reduction (21.44% decrease) in food waste, surpassing our FY2023/2024 target of 5% reduction. We have established a new FY2025/2026 target to achieve 5% further reduction compared to FY2024/2025 levels.

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance:
Anchoring Governance

Pinnacle of Quality:
Nourishing Lives

Symphony of Ecology:
Sustaining Nature

Responsible Supply:
Weaving Progress

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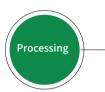Resilient Culture

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Navigating Tomorrow

Procurement

We dynamically adjust procurement plans by analyzing store sales performance and logistics factors to prevent food loss from excess inventory or transportation delays.

Warehousing

We maintain hygienic storage conditions and enforce standardized food preservation protocols. Temperature-sensitive products undergo strict climate-controlled storage to prevent spoilage.

Processing

Our food processing personnel strictly adhere to standardized operating procedures, ensuring sanitary conditions throughout production to minimize operational waste.

Retail

We implement online pre-sales programs based on historical data and foot traffic analytics to forecast demand, optimizing production and procurement quantities to prevent overproduction.

Food Loss and Waste Full-Chain Control Management (Partial Processes)

Waste-Related Data of Sun Art Retail During Reporting Period:

Indicator Name	Unit	FY 2023/2024	FY 2024/2025
Non-hazardous Waste Generation	tons	180,678.69	165,400.55
Non-hazardous Waste Generation Intensity	tons/RMB million revenue	2.49	2.31
Recyclable Waste Generation	tons	117,030.48	111,558.28
Non-recyclable Waste Generation	tons	63,648.21	53,842.27
Hazardous Waste Generation	tons	174.95	157.08
Hazardous Waste Generation Intensity	kg/RMB million revenue	2.41	2.20

Water Resource Usage

We prioritize responsible water resource utilization at Sun Art Retail, implementing water-saving devices, wastewater recycling systems, and conservation signage to continuously reduce water consumption throughout our operations.

Automatic Store Air Conditioning Automation Renovation Scrubbers

By reducing both electricity usage and water consumption for air conditioning, each store saves approximately 1,500 tons of water annually, and the total annual water savings for the entire group reach 700,000 tons, achieving dual energy-saving effects.

Water Management Mechanism

In-store maintenance personnel conduct daily inspections of water facilities and promptly address any abnormalities. The headquarters generates monthly water usage analysis reports and conducts timely inspections when abnormalities are detected, thereby reducing the risk of major leaks.

During the reporting period, all water resources used by Sun Art Retail were sourced from municipal supply networks, with detailed usage as follows:

Indicator Name	Unit	FY 2023/2024	FY 2024/2025
Water Consumption	tons	16,730,746.26	16,113,543.30
Water Consumption Intensity	tons/RMB million revenue	230.56	225.20

Plastic Reduction & Packaging Materials

Plastic Reduction Management

We are dedicated to reducing plastic usage in our operations to minimize environmental impact. During the reporting period, we strictly implemented the *CS00086 Garbage Bag Allocation and Usage Standard* across all stores, enforcing standardized supervision of garbage bag specifications for various waste bins. By identifying potential reuse scenarios and safety protocols for garbage bags, we help stores reduce unnecessary plastic bag consumption. Additionally, we deployed corporate specialists to track garbage bag usage, conducting monthly audits of store expenditures on garbage bags and performing onsite inspections to ensure compliant and efficient operations. As of the end of the reporting period, our expenditure on garbage bags decreased by 2.7% year-on-year.

We have implemented multiple plastic reduction initiatives focused on increasing plastic product reuse rates and prioritizing biodegradable alternatives.

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance:
Anchoring Governance

Pinnacle of Quality:
Nourishing Lives

Symphony of Ecology:
Sustaining Nature

Responsible Supply:
Weaving Progress

Mosaic of Talent:
Resilient Culture

Compass of CSR:
Navigating Tomorrow

Recyclable Plastic Logistics Containers	During the reporting period, we standardized procurement of all fresh produce warehouse transport vehicles through headquarters, achieving 100% adoption of recyclable plastic logistics containers across our operations.
Expansion of Biodegradable Plastic Bag Usage	As of the reporting period, 282 Sun Art Retail stores have implemented biodegradable plastic shopping bags, representing a net increase of 31 stores compared to the previous fiscal year.
"Empty Bottles for New Products" Eco-Collaboration	RT-Mart partnered with Procter & Gamble to launch the "Empty Bottles for New Products" joint initiative, establishing a closed-loop recycling system through container return mechanisms. Consumers can exchange any number of empty bottles for exclusive Olympic champion notebooks at participating stores, with select locations offering personalized plastic upcycling workshops. Participants may also contribute to subsequent community programs where the company donates ping pong tables to neighborhood centers.

Plastic Reduction Initiatives

Packaging Material Management

We continuously evaluate and analyze packaging material usage scenarios to reduce consumption. During the reporting period, we promoted more efficient mobile packaging machines and actively identified opportunities to minimize stretch film usage in operational processes.

Promotion of High-Efficiency Mobile Packaging Machines

To enhance nationwide store logistics efficiency and merchandise delivery quality, we officially launched a mobile packaging equipment upgrade initiative. Current workflows suffer from excessive manual packaging and inefficient loose pallet handling, while traditional fixed packaging equipment fails to meet dynamic store needs due to space constraints and inflexibility. The upgrade focuses on deploying new mobile packaging systems that will systematically improve consumables efficiency (including stretch film) and transform store receiving processes toward standardization and consolidation.

Reducing Packaging Material Usage in Business Operations

To minimize unnecessary packaging consumption, improve recycling rates, and advance green supply chain development, we have implemented region-specific eco-friendly operational solutions: In Central China, we established a graded recycling system for cardboard waste, transforming used cartons into reusable logistics containers through standardized sorting, while also repurposing them as pallet protective padding, creating a complete secondary utilization chain for paper products. In South China, we comprehensively optimized packaging structures by introducing reusable fabric wrapping systems during return sorting to replace traditional consumables. For shelf stocking, we adopted adjustable strapping solutions for standard-sized products, enhancing storage efficiency while systematically reducing non-essential material consumption, thereby improving overall resource utilization.

During the reporting period, our packaging material usage data is as follows:

Indicator Name	Unit	FY 2023/2024	FY 2024/2025
Wood/Paper Fiber Packaging	tons	4,041.83	2,065.87
Plastic Packaging	tons	19,260.62	16,535.57
Total Packaging Material Usage	tons	25,857.07	20,676.96
Packaging Material Intensity	tons/RMB million revenue	0.36	0.29

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance:
Anchoring Governance

Pinnacle of Quality:
Nourishing Lives

Symphony of Ecology:
Sustaining Nature

Responsible Supply:
Weaving Progress

Mosaic of Talent:
Resilient Culture

Compass of CSR:
Navigating Tomorrow

Biodiversity and Animal Welfare

Biodiversity Conservation

Maintaining ecological resource integrity serves as a fundamental pillar for achieving sustainable socioeconomic development and plays a crucial regulatory role in addressing climate change challenges. As a modern retail service provider, while we have no direct involvement in ecological resource exploitation within our commodity circulation processes, we consistently integrate eco-friendly principles into our operational systems. Through collaborative efforts with upstream and downstream supply chain partners to establish an environmental responsibility ecosystem, we continuously explore innovative pathways for low-carbon operations. We transform resource conservation awareness into tangible green consumption behaviors, advancing ecological civilization from industry practice to societal consensus.

RT-Mart + Lux Green Hada Initiative

The "Lux Green Hada" represents Lux's plateau grassland restoration philanthropic program. Since its 2011 launch, the project has scientifically cultivated over 20,000 mu (≈ 1,333 hectares) of pastureland on plateaus, sequestering nearly 9,000 tons of CO_2. During the reporting period, RT-Mart renewed its partnership with Lux, promoting the Green Hada campaign across 500 nationwide stores to rehabilitate grasslands in Damxung, Qinghai and other Tibetan Plateau regions. The initiative supported nearly 30,000 local farmers and herders in increasing productivity and income, with cumulative philanthropic contributions reaching approximately RMB13.5 million.

RT-Mart + P&G Empty Bottle Recycling 3.0 - Store Ping Pong Table Donation

In 2024, RT-Mart partnered with P&G to launch the "Empty Bottle Recycling 3.0" campaign. The initiative comprised two components, "Empty Bottles for New Products" and "Bottle Ping Challenge", inviting customers to redeem prizes by returning empty containers at stores and participate in follow-up ping pong tournaments. Through coordinated efforts across 20+ nationwide stores, locations in East, North, and Central China have donated tournament tables to community centers and rural schools, spreading environmental vibrancy while co-creating healthier lifestyles.

Animal Welfare

We actively expand our assortment of animal welfare-certified products, strengthening animal rights awareness throughout our supply chain. We rigorously supervise and collaborate with suppliers to scientifically develop and implement animal husbandry and processing solutions that meet international welfare standards.

Non-Teeth-Clipped Pork
- We partnered with Henan Muyuan Group to eliminate traditional teeth-clipping practices, ensuring animal welfare. During the reporting period, we achieved RMB27 million in welfare pork sales at 15 pilot stores in East China, representing 4.2% of pork category performance at these locations.

Cage-Free Chicken/Eggs
- We proactively source poultry from Fujian Sunner Group and Tyson Foods' cage-free systems, prioritizing chicken products meeting humane slaughter standards. Our welfare-compliant poultry products reached 234 stores nationally, generating RMB36.86 million in sales (6.25% of RT-Mart's poultry category).
- Following successful piloting in East China, we officially expanded cage-free egg distribution to South China. This fiscal year witnessed cage-free egg sales exceeding RMB10 million with 200% year-over-year growth.

Free-Range Australian Beef
- Our grass-fed beef products come from traditionally free-grazed cattle on Australian natural pastures. Available in 234 stores nationwide, these products delivered RMB225.06 million in sales, accounting for 80% of RT-Mart's beef category revenue.

Hormone-Free/ Antibiotic-Free Poultry
- East China's 232 stores successfully introduced six antibiotic-free poultry products (RMB3.18 million sales) alongside six hormone-free variants (RMB16.86 million sales), demonstrating strong market acceptance.
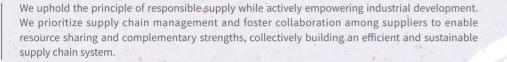

Animal Welfare Product Certifications

Responsible Supply
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We uphold the principle of responsible supply while actively empowering industrial development. We prioritize supply chain management and foster collaboration among suppliers to enable resource sharing and complementary strengths, collectively building an efficient and sustainable supply chain system.

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ASC认证是责任水产品
强调环境和社会责任
针对养殖品种

FDA 美国食品药品监督管理局
对其所管理的产品的一个监管

MSC 国际认证服务机构 (ASI)
进业认证
针对野生捕捞

HACCP 中国质量认证中心
国际上共同认可和接受的
食品安全保证体系

BEST AQUACULTURE PRACTICES CERTIFIED

全球水产品联盟 (GSA)
水产养殖规范认证
BAP认证是知名
水产养殖规范认证
凡是获得BAP认证的产品，
持有此认证的工厂产品，
都是优质食品安全方面需要
追求的一个标准的产品。

international food standard IFS

IFS国际
修订的食品标准
IFS国际

海鲜

大润品
Instant Powder

鱼

水

天福 天心 茗茶

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance: Anchoring Governance

Pinnacle of Quality: Nourishing Lives

Symphony of Ecology: Sustaining Nature

Responsible Supply: Weaving Progress

Mosaic of Talent: Resilient Culture

Compass of CSR: Navigating Tomorrow

Sustainable Procurement

We are establishing a comprehensive traceability system covering products' entire lifecycle. We prioritize sourcing products certified with MSC, OFDC, RSPO, and FSSC 22000 standards, strengthening supply chain traceability across all suppliers to create a closed-loop sustainable procurement ecosystem.

During the reporting period

Our origin-traceable products realized about

RMB **4,000** million in sales

Dairy Products Traceability

During the reporting period, we achieved full origin-to-shelf traceability for 80 dairy product SKUs, generating RMB424 million in sales.

Beef Products Traceability

As of the reporting period, 234 stores in East China achieved 100% origin traceability for all beef products, with complete origin labeling on packaging. Regional beef sales reached RMB240 million this year.

Seafood Traceability

Our origin-traceable seafood products realized over RMB95 million in sales, representing 35% of national fresh aquatic sales. MSC-certified products contributed more than RMB58 million, accounting for 34% of packaged frozen seafood performance.

Palm Oil Traceability

14.4% of snack foods and 10.1% of dry groceries obtained palm oil certifications (e.g. RSPO), ensuring supply chain transparency.

Guaranteed High-quality Supply

We are dedicated to building an efficient supply chain management system that enhances risk control through standardized supplier access process, daily management, and rigorous evaluation processes. Through close collaboration and capacity-building initiatives, we provide suppliers with professional training and resource support to drive sustainable supply chain development.

Supplier Access

We have developed a comprehensive supplier qualification and audit system based on national food safety standards, international quality requirements, and our operational characteristics. The audit covers multiple dimensions including supplier credentials, corporate risks, transportation risks, and packaging materials. Suppliers must submit a "Qualification Evaluation Form", with our procurement team reviewing compliance and risk factors, while the Quality Inspection Department evaluates product quality and production environments. Additionally, product compliance reports issued by third-party testing agencies serve as critical approval criteria.

Own-Brand Suppliers

- Internal & External Audits: The qualification audit process is jointly conducted by our corporate Quality & Safety Department and accredited third-party agencies. Our audit protocol specifies clear pass criteria with tiered classifications (e.g. intermediate level requires ≥ 75% overall score), with corresponding surveillance audit frequencies assigned based on supplier performance ratings.

- Audit Focus Areas: Our evaluations comprehensively assess manufacturing site quality control capabilities, quality system design, environmental/social responsibility compliance, and sustainable development initiatives to enhance risk management.

Non-Own-Brand Suppliers

- Supplier Compliance: Completion of our "Qualification Assessment Form" with procurement teams evaluating regulatory compliance and corporate risks

- Manufacturer Compliance: Verification of actual manufacturers' legal operating credentials

- Product Compliance: Review of product certifications and third-party inspection reports

- Factory Audit Compliance: On-site assessments of production environments and risk control systems to facilitate operational improvements

Sun Art Retail Supplier Access Requirements

Throughout the qualification process, we incorporate sustainable development criteria including environmental management, climate change response, and labor rights protection as key selection metrics, awarding bonus points to exemplary performers. We prioritize suppliers with HACCP/ISO 22000 certification, and particularly favor food producers with registered capital exceeding RMB5 million that hold CGF14-recognized system certifications.

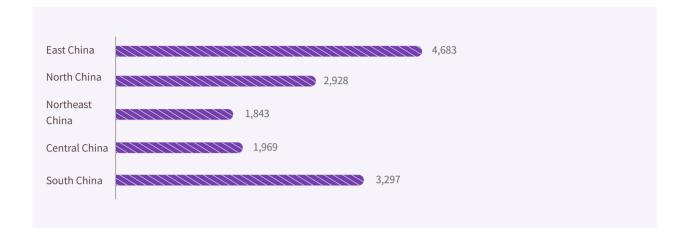**During the reporting period**

suppliers with HACCP certification

3,448

suppliers with ISO 22000 certification

3,850

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance:
Anchoring Governance

Pinnacle of Quality:
Nourishing Lives

Symphony of Ecology:
Sustaining Nature

Responsible Supply:
Weaving Progress

Mosaic of Talent:
Resilient Culture

Compass of CSR:
Navigating Tomorrow

FY2024/2025 Supplier Geographic Distribution (Mainland China only, excluding Hong Kong, Macao & Taiwan):

Region	Value
East China	4,683
North China	2,928
Northeast China	1,843
Central China	1,969
South China	3,297

Supplier Management

To ensure stable supply chain operations, we continuously optimize our supplier management mechanisms. Through regular supplier risk assessments and proactive implementation of localized procurement strategies, we effectively mitigate risks in transportation and sourcing processes, thereby strengthening the foundation for building a sustainable supply chain system.

Post-access Management

We implement tiered classification management for qualified suppliers and establish comprehensive end-to-end control mechanisms to enhance supply chain risk management. Our approach includes pre-assessment evaluation, real-time monitoring, and post-transaction tracking of key supplier performance indicators such as raw material traceability, product qualification rates, and delivery efficiency. This enables us to closely monitor supply chain risks while systematically improving supply chain resilience.

- **JBP Suppliers** — Industry-leading brands
- **Strategic Suppliers** — Brands supporting strategic development needs
- **Contract Suppliers** — Brands fulfilling consumer demand

Sun Art Retail Supplier Categories

To ensure supply chain stability and efficiency, we conduct regular on-site inspections of supplier facilities to comprehensively evaluate their operations. During these assessments, we focus on multiple critical aspects including documentation updates and compliance, business ethics, labor rights, and environmental management. Throughout the reporting period, we identified no incidents of employee rights violations within our supply chain.

Vehicle matching and external vehicle carrier suppliers

- All vehicles are required to be equipped with GPS. While ensuring the traceability of purchased materials, information technology should be used to optimize distribution routes, improve transportation efficiency, and achieve energy conservation and emission reduction.

- When the contract expires every year, open bidding will be conducted for the suppliers of external carriers to filter underperforming transportation companies.

- Suppliers' performance in delivery punctuality rate, receipt timeliness rate, customer satisfaction, driver cooperation, and accident rate, are assessed on a monthly basis.

- By creating electronic files for trucks and controlling the temperature throughout the process, we aim to ensure food safety and reduce food waste.

Suppliers of consumables, equipment, and engineering

- The suppliers shall provide various qualification certificates to ensure their accuracy and validity.

- The suppliers are required to provide the information including the performance and proportion of major customers, the number of employees, the area/ownership, the source of goods, etc., in order to ensure its traceability in products.

- We verify the authenticity of information provided by the suppliers through relevant websites, and check any regulatory violation through Qichacha website to ensure the suppliers' conformancewith business ethics

Labor dispatching suppliers

- We ensure that dispatched employees get equal pay and compensation for equal work in the same workplace. The rules on employment, assessment, rewards and disincentives are made open and consistent, to safeguard the rights and interests of employees.

- We maintain regular communication with dispatched suppliers to keep abreast of market conditions and employees' working conditions, so as to make active and timely adjustments accordingly. We regularly screen and replace disqualified suppliers according to the cooperation situations.

- We perform monthly interviews and surveys with dispatched employees to understand the suppliers' operation conditions in a timely manner, so as to maintain supply chain stability

Fresh Warehouse Carriers

- Transport vehicles are required to be equipped with the G7 system and related equipment to enable automatic alarming in case of abnormal temperature events, so as to prevent quality and safety problems and waste of fresh products caused by transportation.

- The auditors review carriage temperatures during the distribution process and inform the transportation companies of any abnormalities on a daily basis, requesting and assisting the suppliers to make improvements.

- Goods delivery receipts shall be signed and confirmed by the carriers, Loss Prevention Department, and stores, and the traceability and quality assurance of food shall be strictly controlled.

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance:
Anchoring Governance

Pinnacle of Quality:
Nourishing Lives

Symphony of Ecology:
Sustaining Nature

Responsible Supply:
Weaving Progress

Mosaic of Talent:
Resilient Culture

Compass of CSR:
Navigating Tomorrow

As to own-brand suppliers, we implement three-tier quality control for own-brand suppliers through on-site factory audits, large-scale product testing and first-production verification inspections. This comprehensive approach safeguards product quality and brand reputation across all own-brand offerings.

On-site factory audit
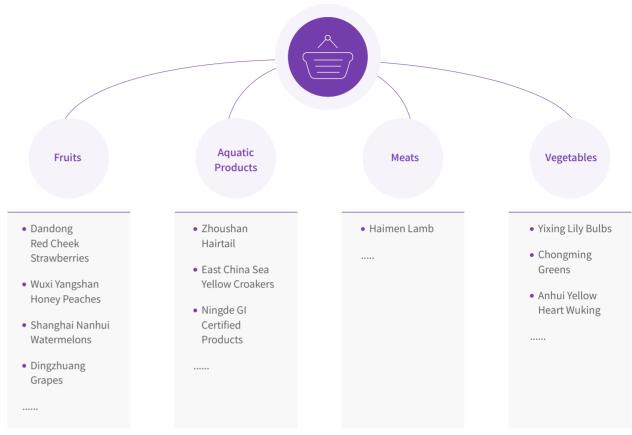
Any potential manufacturers that have been screened out must pass the on-site factory audit by the Own-Brand Quality Department. During the audit, the factory will be evaluated from many aspects, including its overall condition, production management, quality system, simulation traceability, environmental and social responsibilities

Large-Scale Product Testing

Any own-brand products can be finalized and launched only after being confirmed to be qualified after product testing

First Production Run Audits

During initial production runs, we dispatch own-brand quality controllers to conduct on-site monitoring. They verify the entire production process - including raw material usage, ingredient quantities, technical parameters, and final product sensory attributes, before authorizing shipment upon meeting all quality standards.

To strengthen long-term supplier relationships and ensure supply chain stability, we conduct regular manufacturer audits to comprehensively evaluate partners' production capabilities, identify potential risks, and implement timely corrective actions. This fiscal year, we have completed audits for 1,022 manufacturers.

Localized Procurement

We actively promote localized procurement, expanding our assortment of regional fruits, seafood, meats, and vegetables through direct contracts with local producers. By increasing geographical-indication product offerings and shortening supply chains, we significantly reduce transportation waste and enhance fresh product quality.

Fruits
- Dandong Red Cheek Strawberries
- Wuxi Yangshan Honey Peaches
- Shanghai Nanhui Watermelons
- Dingzhuang Grapes

......

Aquatic Products
- Zhoushan Hairtail
- East China Sea Yellow Croakers
- Ningde GI Certified Products

......

Meats
- Haimen Lamb

.....

Vegetables
- Yixing Lily Bulbs
- Chongming Greens
- Anhui Yellow Heart Wuking

......

Sun Art Retail Localized Sourcing Specialty Products

Supplier Business Ethics Management

We prioritize business ethics management, standardizing our own commercial conduct while actively guiding suppliers to uphold integrity. During supplier qualification audits and first production engagements, we clearly communicate and require suppliers to sign the *Commitment Letter on Integrity and Trustworthiness*, simultaneously establishing feedback channels for ethical concerns to ensure suppliers understand and comply with ethical business terms. For own-brand suppliers, we include a *Cooperation Integrity Confirmation Letter* on the first page of the *Own-Brand Procurement Agreement*, explicitly stating complaint reporting procedures to reinforce ethical requirements. Should any supplier violate commitments or demonstrate untrustworthy behavior, Sun Art Retail immediately blacklists them and terminates cooperation.

During the reporting period, we achieved 100% signing rate of the *Commitment Letter on Integrity and Trustworthiness* with all partnered suppliers. Furthermore, we treat all anti-corruption cases with utmost seriousness, guaranteeing case acceptance within 5 business days and investigation launch within 7-14 business days to ensure efficient resolution. All investigations are completed within a maximum three-month period, rigorously maintaining ethical business standards.

During the reporting period

we achieved **100**%
signing rate of the *Commitment Letter on Integrity and Trustworthiness* with all partnered suppliers

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance:
Anchoring Governance

Pinnacle of Quality:
Nourishing Lives

Symphony of Ecology:
Sustaining Nature

Responsible Supply:
Weaving Progress

Mosaic of Talent:
Resilient Culture

Compass of CSR:
Navigating Tomorrow

Seamless and Effective Bidirectional Communication

We prioritize close collaboration and seamless communication with our suppliers. We have established an open, transparent, and diversified supplier communication mechanism. Through various initiatives such as supplier training programs and supplier support projects, we continuously optimize resource allocation and enhance operational synergy during our partnerships. These efforts significantly contribute to building a sustainable supply chain while laying a solid foundation for mutual market expansion and shared success.

Communication with Suppliers

We actively conduct diverse supplier exchange and training activities covering critical areas including food safety and logistics management. These initiatives aim to strengthen communication and coordination with manufacturers, jointly ensuring efficient and stable supply chain operations.

Regular Nationwide Warehouse Training Sessions

Our warehouses across China regularly organize training sessions for manufacturers, inviting both newly onboarded and existing suppliers. These comprehensive sessions detail warehouse logistics workflows and operational standards, enabling suppliers to better align with our storage and distribution requirements to improve delivery efficiency and quality. Furthermore, the meetings systematically compile and analyze historical delivery issues, providing targeted guidance and solutions to help suppliers familiarize themselves with operational procedures and enhance service quality.

Supplier Empowerment

We remain dedicated to mutual growth and win-win collaboration with our suppliers. Through technical guidance, resource coordination, and management optimization initiatives, we fully support supplier development to enhance their core competitiveness, building a tightly integrated, stable, and synergistic supply chain ecosystem.

Quality Mentorship for Local Specialty Producers

During the reporting period, we conducted in-depth quality mentorship programs for specialty product manufacturers in Fuyuan, Heilongjiang. These efforts helped improve their quality control systems and product standards while actively expanding sales channels to bring Fuyuan's distinctive products to broader markets. Building on our established partnership, we introduced Far East International's fresh corn into our own-brand lineup, achieving remarkable sales performance through superior quality and effective marketing. This empowerment initiative not only provided substantial support for Fuyuan's specialty industry development but also enriched our product portfolio, creating shared value for both parties.

Mosaic of Talent:
Resilient Culture

We uphold "people-oriented" as our core value, recognizing talent as the fundamental engine driving sustainable corporate development. We continuously optimize our employee rights protection system, establishing fair and transparent career development pathways and long-term incentive mechanisms to comprehensively enhance staff satisfaction and organizational belonging. Through our multi-dimensional talent cultivation framework, we implement customized capability-building programs that empower employees to achieve professional growth within an open and inclusive workplace ecosystem. From onboarding new hires to advancing managerial leadership, we are committed to creating a virtuous cycle of shared value between enterprise and talent, enabling every contributor to co-author our high-quality growth story in a culture of equality and respect.

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance:
Anchoring Governance

Pinnacle of Quality:
Nourishing Lives

Symphony of Ecology:
Sustaining Nature

Responsible Supply:
Weaving Progress

Mosaic of Talent:
Resilient Culture

Compass of CSR:
Navigating Tomorrow

Safeguarding Employee Rights

We prioritize employee rights protection at the strategic level, implementing comprehensive safeguards covering the entire employment lifecycle. We strictly comply with national regulations including the *Labor Law of the People's Republic of China* and *Social Insurance Law of the People's Republic of China*, having established standardized systems such as our *Employee Handbook*. Our closed-loop management system oversees critical phases from recruitment to ongoing employment, with specialized protocols for protecting female employees and preventing workplace injuries. We maintain zero tolerance for violations, ensuring all employees benefit from dual legal and institutional protection.

Employment Practices

We rigorously adhere to local regulations including the *Prohibition of Child Labor Regulations*, while aligning with international standards like ILO conventions and OECD Guidelines for Multinational Enterprises. Our standardized recruitment processes explicitly prohibit child and forced labor, with all candidates undergoing multi-tiered verification through our HRIS. To ensure labor compliance, we will immediately activate contingency protocols upon identifying any irregularities (including but not limited to child labor or unsigned employment contracts), implement corrective actions in accordance with laws, and proactively cooperate with regulatory authorities to safeguard workers' lawful rights and interests. Multiple grievance channels including email, hotline, and whistleblower mailbox ensure employee voices are heard. As of the reporting period, we have recorded zero incidents of illegal employment practices.

We consistently implement campus recruitment and social hiring strategies to attract high-caliber talent through multiple channels. Furthermore, we continuously optimize our flexible employment platform by exploring outsourced staffing models for roles such as customer acquisition and product sampling. Through platform features including visual scheduling, fragmented shift arrangements, and real-time monitoring of working hour limits, we have significantly improved job matching efficiency while achieving closed-loop management of the entire recruitment, employment, and payroll process. Additionally, we have established a 24/7 risk response team and implemented advance salary payments when third-party platforms experience settlement delays, ensuring all employees, including dispatched workers, receive their lawful entitlements.

we have established

a **24/7** risk response team
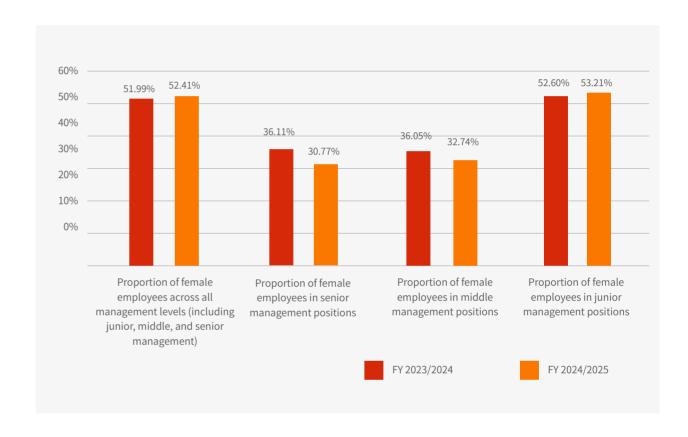
Workforce Diversity

We integrate diversity, equity, and inclusion principles throughout our hiring and employment processes, establishing transparent and impartial selection, placement, and promotion mechanisms to foster an inclusive workplace. We explicitly prohibit all forms of discrimination based on age, race, religion, gender, sexual orientation, or nationality. During the reporting period, we received zero reported incidents of discrimination.

Women's Leadership Development

We remain dedicated to enhancing female representation in the workplace, firmly believing that professional competence is gender neutral. Through equitable recruitment/promotion systems and targeted leadership programs for women, we actively cultivate a diverse and egalitarian work environment.

Gender diversity performance metrics during the reporting period:

	FY 2023/2024	FY 2024/2025
Proportion of female employees across all management levels (including junior, middle, and senior management)	51.99%	52.41%
Proportion of female employees in senior management positions	36.11%	30.77%
Proportion of female employees in middle management positions	36.05%	32.74%
Proportion of female employees in junior management positions	52.60%	53.21%

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance: Anchoring Governance

Pinnacle of Quality: Nourishing Lives

Symphony of Ecology: Sustaining Nature

Responsible Supply: Weaving Progress

Mosaic of Talent: Resilient Culture

Compass of CSR: Navigating Tomorrow

Employment Support for Persons with Disabilities

We consistently provide diverse employment opportunities for persons with disabilities and ethnic minorities, offering suitable positions such as graphic designers, mailroom clerks, warehouse staff, and customer service representatives based on individual capabilities. We ensure equitable treatment and equal pay for equal work for all employees with disabilities.

As of the reporting period, we employ 69,095 full-time staff, including 1,080 individuals from special populations and persons with disabilities (representing 1.56% of total workforce).

Category	Unit	FY 2023/2024	FY 2024/2025
By Employment Type			
Full-time Employees	Person(s)	78,937	69,095
Part-time Employees	Person(s)	10,524	14,232
By Region			
East China	Person(s)	42,494	37,455
North China	Person(s)	7,831	6,733
Northeast China	Person(s)	7,702	6,797
Central China	Person(s)	6,589	5,554
South China	Person(s)	14,321	12,527
Hong Kong/Macao/ Taiwan, China	Person(s)	36	29
Overseas Employees	Person(s)	1	0
By Gender			
Male Attrition Rate	Person(s)	27,278	24,565
Female Attrition Rate	Person(s)	51,659	44,530
By Age			
<31 years	Person(s)	6,935	4,920
31-50 years	Person(s)	64,367	56,833
≥ 51 years	Person(s)	7,635	7,322
By Position Level			
Senior Management	Person(s)	36	26
Middle Management	Person(s)	760	733
Junior Management	Person(s)	20,858	18,778
General Staff	Person(s)	57,283	49,558

Compensation & Benefits

We uphold compliance and fairness as fundamental principles of our compensation management, strictly adhering to national and local wage regulations while maintaining equal pay for equal work. Through continuous refinement of our compensation and benefits system, we effectively enhance employee motivation and organizational commitment. Our market-aligned compensation policies, designed with industry benchmarking, attract and retain top talent with highly competitive packages.

Compensation Management

Leveraging our robust digital compensation management system, we have achieved centralized, unified, and standardized salary administration. This integrated platform consolidates previously decentralized store-level payroll functions at headquarters, significantly improving operational efficiency. Our corporate compensation team maintains regular communication with stores to collect feedback and iteratively optimize processes, ensuring system fairness and transparency. Furthermore, we strengthen internal training and knowledge sharing to enhance staff competencies, providing solid support for effective compensation management.

We strictly comply with all local labor regulations, providing compensation that exceeds regional minimum wage standards for every employee. Our position-based salary system directly links remuneration to job performance, institutionally guaranteeing equal pay for equal work regardless of gender.

Regarding salary structure, we have established a unified incentive compensation system offering all staff both fixed and variable pay components, with performance-based variable bonuses. Our total rewards package comprises base salary, performance bonuses, equity incentives and retirement benefits. Eligible employees may participate in long-term incentive programs including the Employee Trust Benefit Schemes (ETBS) alongside retirement savings plans.

For non-employee direct workers (e.g., hourly, temporary, and promotional staff), we implement annual pay adjustments based on project and outsourcing arrangements to offset rising living costs and ensure basic livelihood security.

During the reporting period, we reformed our incentive structure by increasing the proportion of mid-to-long-term incentives, fostering employee ownership mentality and encouraging sustainable business practices.

Employee Benefits

We fully meet legal requirements under the *Labor Law of the People's Republic of China*, providing comprehensive social insurance (pension, medical, unemployment, work injury, maternity) and housing provident fund contributions. Beyond statutory benefits, we offer extensive welfare programs including festival allowances, team-building activities, commercial insurance and employee wellness events.

Paid Annual Leave

We provide paid annual leave commensurate with employees' job levels and years of service, fully respecting their right to take vacations.

Holiday Benefits

We organize team-building activities during holidays to enrich employees' personal lives and strengthen team cohesion.

Commercial Insurance Benefits

We provide supplemental commercial health insurance to reduce employees' medical expenses and deliver comprehensive healthcare protection.

Special Care Benefits

We offer congratulatory gifts for new parents and hardship assistance funds, demonstrating care and support during employees' significant life events or difficulties.

Meal Benefits

We provide either complimentary work meals or meal allowances to address dining needs and enhance job satisfaction.

Parental Benefits

We grant parental leave and paternity leave, enabling employees to better balance work and family commitments.

Employee Share Ownership Benefits

Eligible employees participate in the ETBS, sharing long-term company gains while strengthening organizational commitment.

Sun Art Retail Employee Benefits

For female employees, we provide comprehensive parental leave benefits including maternity leave, childbirth leave, and childcare leave for female employees. In full compliance with local regulations, married full-time male employees are entitled to fully paid paternity leave upon their legal spouse's childbirth, with the leave duration determined by regional government policies.

Empowering Employee Development

At Sun Art Retail, we consider our employees the core driving force behind corporate growth and are committed to building a multi-dimensional development ecosystem where every individual can unlock their potential and achieve career advancement. We have established a comprehensive performance evaluation system supported by structured training programs and digital learning platforms to guide and facilitate employee progression. Our training curriculum encompasses both tailored job-specific skill enhancement courses and advanced modules covering cutting-edge industry insights and leadership development, enabling continuous professional growth amidst evolving business landscapes and fostering mutual development for both employees and the company.

Career Advancement

We place talent retention at the heart of our strategy by cultivating a people-oriented culture and implementing diverse development mechanisms including career planning, cross-functional rotations, and project-based learning opportunities. Our well-established promotion management system evaluates candidates based on role competency and professional capabilities rather than seniority, allowing strategically minded individuals with transformational abilities to advance. During the reporting period, we enhanced our online assessment platform, streamlining evaluation processes while standardizing talent benchmarks across all locations.

To address industry-wide talent mobility challenges, we have intensified our corporate culture initiatives and workplace experience optimization efforts to improve overall retention rates. The company's total employee turnover rate for the reporting period stood at 16.39%, with category-specific breakdowns as follows:

Category	Unit	FY 2023/2024	FY 2024/2025
Overall Turnover Rate	%	29.87%	16.39%
By Age			
<30 years	%	54.76%	40.59%
30-50 years	%	25.88%	13.94%
>50 years	%	37.06%	17.08%
By Gender			
Male	%	29.69%	16.68%
Female	%	29.96%	16.24%
By Region			
East China	%	24.45%	16.78%
North China	%	32.01%	14.25%
Northeast China	%	37.27%	13.05%
Central China	%	34.47%	20.24%
South China	%	37.35%	16.42%
Hong Kong/Macao/Taiwan, China	%	54.37%	27.27%

2024 / 2025　|　Environmental, Social and Governance Report

Beacon of Compliance:
Anchoring Governance

Pinnacle of Quality:
Nourishing Lives

Symphony of Ecology:
Sustaining Nature

Responsible Supply:
Weaving Progress

Mosaic of Talent:
Resilient Culture

Compass of CSR:
Navigating Tomorrow

Performance Management

We have established a comprehensive and scientific performance management system that utilizes evaluation results as key reference indicators for talent pipeline development. By applying objective management methodologies to conduct performance assessments, we systematically cascade corporate strategic objectives across all levels to ensure effective strategy implementation. Tailoring our approach to different position characteristics, we implement a tiered and categorized performance management mechanism that continuously optimizes the fairness, transparency, and effectiveness of evaluation criteria, thereby fully unleashing employee potential and team vitality. We conduct ongoing performance evaluations and feedback processes adapted to various organizational levels and positions, implementing annual assessments with quarterly reviews for management, quarterly evaluations for stores and staff, and combined monthly/annual appraisals for procurement personnel, all designed to empower continuous employee development.

Through the establishment of the "Striving Forward Incentive Fund", we have deeply aligned core team performance with critical indicators such as store operational efficiency and innovation project implementation. This approach effectively drives the decomposition and execution of strategic objectives, creating an integrated performance management system across all levels. During the reporting period, we collaborated with multiple departments to upgrade the performance program, closely aligning with strategic development needs. We optimized short- and medium-term incentive mechanisms for businesses including membership stores and private labels. Additionally, we implemented innovative incentive systems for business segments such as local development, investment promotion, and merchandising, along with project-based incentives like the "Campaign Bonus" program, achieving the dual objectives of corporate cost optimization and employee income growth.

Allocation Criteria
- The total bonus pool is established upon achieving phased profit targets during the fiscal year. Following board approval, incentives are distributed based on the annual KPI growth rates of evaluated personnel.

Distribution Principles
- Procurement Directors and above receive bonuses determined by a weighted combination of sales growth rate and gross margin growth rate.
- Regional Operations General Managers' bonuses are calculated using a specific ratio of sales growth rate and net profit growth rate.
- Store General Managers and comprehensive support Directors/above receive bonuses based solely on their respective regional sales growth performance.

Striving Forward Incentive Fund

Employee Training

We place paramount importance on employee learning and growth, providing diverse training and development opportunities to enable continuous workplace advancement and value realization, ultimately achieving mutual growth for both employees and the enterprise. Our digital learning platform "RT-Mart Academy" addresses historical challenges including data inaccuracies, integration difficulties, complex training processes, and limited application scenarios, establishing unified training system management that enhances our lifecycle training governance while reducing costs and improving outcomes. During the reporting period, we dynamically updated online course content and optimized presentation formats in response to evolving business requirements.

We consider employee development the core driver of corporate progress, having built a comprehensive career-cycle talent cultivation system. Leveraging the intelligent "RT-Mart Academy" platform with its smart learning path matching and real-time progress tracking capabilities, we effectively resolve traditional pain points like data silos and fragmented management, achieving centralized training resource allocation and visualized talent development oversight. During the reporting period, we further refined the curriculum architecture and delivery methods to continuously enhance learning experiences and effectiveness.

Online learning participation **3,834,779**	Online surveys conducted **1,075 (397,936 participants)**
Examinations administered **2,633 (693,625 participants)**	In-person training sessions **22,441 (867,138 participants)**

"RT-Mart Academy" platform performance highlights

We continuously develop and optimize targeted training programs for critical positions based on operational needs, including "Fresh Food Technician Training", "Logistics Store-Warehouse System Training", "Corporate Culture Training", and "Management Trainee Programs". Additionally, we conduct professional training sessions to address emerging skill requirements as our business evolves.

Online Learning Zone	We have established an online learning zone to significantly improve the efficiency of content search and learning. The zone includes: "Corporate Culture Section", "Integrity Section", "Trainer Section", and "Store Operations Section".
Learning Content Review and Update	We conducted a comprehensive review of professional courseware and various learning materials online, removing outdated content and updating with new materials that better align with business needs.
Expanded Employee Coverage	We extended the service from originally supporting only full-time employees to now offering comprehensive online learning for all staff (including full-time employees, temporary employees, and labor-dispatched employees).

Xinli Program

Through our strategic Xinli Program talent pipeline initiative, we identify high-potential candidates across omnichannel business units and our Xinhai management trainee pool. This customized leadership development and professional competency enhancement program serves as an executive talent incubator. During the reporting period, we completed 2 Xinli training cycles, developing 21 department manager-level and 63 divisional supervisors-level trainees, thereby strengthening our strategic talent pipeline.

Customer Service Training

We have established an omnichannel customer service competency matrix, developing a micro-course system through our intelligent learning platform. This includes standardized courses such as online "5-Minute Micro-Courses" and offline "High-Potential CSR Advancement Programs", covering service etiquette, consumer protection regulations, and particularly emphasizing core competencies like complaint resolution and emergency response. During the reporting period, we achieved 100% training coverage across all customer service teams.

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance:
Anchoring Governance

Pinnacle of Quality:
Nourishing Lives

Symphony of Ecology:
Sustaining Nature

Responsible Supply:
Weaving Progress

Mosaic of Talent:
Resilient Culture

Compass of CSR:
Navigating Tomorrow

Carrier Training Initiatives

In East China region, we host monthly carrier coordination meetings to review KPI performance, operational metrics, scoring details, and collaboratively develop improvement plans.

Our Jinan fresh produce warehouse in North China region has implemented an innovative monthly evaluation system for supplier performance assessment. The facility also conducts biannual stratified training covering logistics operations and safety compliance for suppliers, drivers, and loading personnel.

South China region has established a bimonthly training platform reaching 50+ core suppliers per session, featuring standardized warehouse induction courses and peak-season capacity planning mechanisms. Prior to major sales seasons, we convene all carriers for operational preparedness meetings to ensure fulfillment capability.

Train-the-Trainer Program

We have implemented a certified internal trainer accreditation and advancement system as the cornerstone of organizational capability building. Our Talent Development Center annually initiates trainer cultivation programs, evaluating instructors' professional competencies and role fitness through scenario-based assessments. The reporting period saw completion of our training material system overhaul, which deeply integrates master-apprentice knowledge transfer mechanisms with standardized curriculum development, creating a virtuous cycle of knowledge preservation and skill advancement to continuously strengthen our talent development foundation.

In February 2025, we conducted nationwide trainer certification and promotions according to the Internal Trainer Management Guidelines, with all instructor rating certifications scheduled for completion by mid-March.

Associate Trainer

- Passed basic teaching capability assessment

3-Star Trainer

- Certified as an internal trainer for at least 1 year
- Annual cumulative teaching hours: 6+
- Average trainee evaluation score: 80+
- Completed TTT (Training the Trainer to Train) assessment

Internal Trainer Rating Criteria

- Certified as a 3-Star Trainer for at least 1 year
- Cumulative teaching hours: 12+ (including at least 4 hours for manager-level employees)
- Average trainee evaluation score: 85+
- Participated in the development of at least 1 standardized course
- Passed the regional 4-Star Trainer interview and defense

- Certified as a 4-Star Trainer for at least 1 year
- Annual cumulative teaching hours: 16+ (including at least 4 hours for director-level or above employees)
- Average trainee evaluation score: 90+
- Participated in the development of at least 2 standardized courses
- Passed the headquarters 5-Star Trainer interview and defense

4-Star Trainer

5-Star Trainer

Internal Trainer Rating Criteria

Indicator Name	Unit	FY 2023/2024	FY 2024/2025
Number of Trainees Among Active Employees	Persons	78,937	69,095
Average Training Hours per Employee	Hours/Person	43.54	24.54
Training Participation Rate of Active Employees	%	100	100
Training Participation Rate by Gender			
Male Employees	%	100	100
Female Employees	%	100	100
Average Training Hours by Gender			
Male Employees	Hours/Person	42	23
Female Employees	Hours/Person	44	25
Training Participation Rate by Job Level			
Senior Management	%	100	100
Middle Management	%	100	100
Junior Management	%	100	100
General Staff	%	100	100
Average Training Hours by Job Level			
Senior Management	Hours/Person	33	9
Middle Management	Hours/Person	29	15
Junior Management	Hours/Person	47	27
General Staff	Hours/Person	43	24

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance:
Anchoring Governance

Pinnacle of Quality:
Nourishing Lives

Symphony of Ecology:
Sustaining Nature

Responsible Supply:
Weaving Progress

Mosaic of Talent:
Resilient Culture

Compass of CSR:
Navigating Tomorrow

Fostering a Culture of Care

At Sun Art Retail, we deeply integrate the "people-oriented" philosophy into our ESG governance framework. Through diverse communication channels such as employee assemblies and satisfaction surveys, we continuously strengthen emotional connections and enhance organizational cohesion. Simultaneously, we consistently upgrade our occupational health and safety system by introducing psychological support hotlines and regular emergency drills, establishing dual safeguards for both physical and mental well-being. This reflects our unwavering commitment to employee welfare.

Employee Communication and Care

We have established employee labor unions to safeguard workers' freedom of association and collective bargaining rights, providing reliable and accessible communication channels. In daily operations, we invite representatives from both sides to jointly discuss and determine the structure and functions of the unions, ensuring transparency in communication and the protection of workers' rights. As of the end of the reporting period, 76.25% of our employees were represented by independent unions or covered under collective bargaining agreements.

The unions actively monitor employees' family circumstances, offering special care and financial assistance to those facing hardships, helping them overcome urgent challenges. Additionally, the unions provide support such as hospital visit allowances, bereavement compensation, and congratulatory gifts for weddings and childbirths, further demonstrating our commitment to employee well-being.

We provide a range of communication channels, including regular staff meetings, employee forums, and complaint mailboxes, to enable workers to voice their opinions and suggestions, thereby helping our Group stay informed about their needs and provide timely assistance and feedback. In handling complaints and reports, we have clear policies requiring personnel responsible for collecting and processing complaints to never disclose complainants' personal information in any form. Additionally, we strictly prohibit retaliation against whistleblowers, with violators facing severe penalties, including potential legal action in serious cases.

Our Group places great emphasis on employee mental health by continuously offering psychological support services and regularly organizing open dialogues to encourage employees to seek professional counseling when needed. During the reporting period, we introduced a dedicated counseling hotline for senior management, further strengthening our mental health support system.

76.25%

of our employees were represented by independent unions or covered under collective bargaining agreements

Cornerstone Surveys

We conduct regular "Cornerstone Surveys" to measure employee satisfaction and engagement, fostering two-way communication between the company and its workforce. These surveys help us gain deeper insights into employee challenges and concerns while enabling prompt follow-up actions. Beyond detailed questionnaires, we also conduct extensive one-on-one interviews, including executive discussions, middle-management roundtables, and frontline staff surveys, ensuring representation across all job levels. By integrating satisfaction surveys with newly added organizational diagnostic tools, we assess employee sentiment across six key dimensions. During the reporting period, our overall employee satisfaction score reached 4.33 out of 5, while managerial satisfaction averaged 4.53, reflecting year-on-year improvements.

Mission/Purpose · Leadership/Management · Relationships/Processes · Support/Resources · Rewards/Motivation · Organization/Structure

Cornerstone Survey Six Key Dimensions

Employee Health and Safety

We at Sun Art Retail strictly comply with relevant laws and regulations including the *Work Safety Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*. We have established and continuously improved our safety training system and management protocols, dedicated to enhancing all employees' safety awareness and their capabilities in accident prevention and emergency response. During the reporting period, the Group recorded three work-related fatal accidents among employees.

Guided by our safety objectives of "Safety First, Zero Violations, Zero Hazards, Zero Accidents", we consistently refine and update our internal rules and regulations. In daily production and operational activities, we conduct regular workplace safety risk assessments and strengthen supervision and inspection of safety regulation compliance and potential hazards. We are progressively advancing the revision and enhancement of our public safety inspection database, categorizing inspection items into three levels, critical, major, and general, to guide operations managers in implementing precise controls for high-risk matters.

Furthermore, we have optimized and upgraded all workplaces to safeguard employee health and safety. These improvements include installing eye-protective lighting systems and adding greenery, among other measures, to protect employees' physical and mental well-being and prevent potential occupational disease risks.

We implement scientific working hour planning to minimize overtime and prolonged labor

We adopt flexible work arrangements for specific positions, enabling employees to balance work and rest based on individual needs

We create comfortable work environments equipped with eye-protective lighting systems and greenery

Employee Health Initiatives at Sun Art Retail

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance:
Anchoring Governance

Pinnacle of Quality:
Nourishing Lives

Symphony of Ecology:
Sustaining Nature

Responsible Supply:
Weaving Progress

Mosaic of Talent:
Resilient Culture

Compass of CSR:
Navigating Tomorrow

Safety Training

We conduct regular safety education and training for risk-related positions, complemented by comprehensive safety knowledge assessments. We ensure all employees fully understand job-specific safety requirements, establishing a systematic and targeted occupational safety training system

Safety Education & Training

We conduct annual safety training for nationwide store employees through both online and offline channels, covering topics such as safety belt usage standards and elevated work procedures, effectively reducing safety risks and minimizing workplace accidents.

Fire Safety Training

We implement biannual fire safety training for all employees and delivery riders, combining theoretical knowledge with practical drills to ensure mastery of fire extinguishing and crowd evacuation skills.

Anti-Terror & Emergency Drills

We organize semi-annual anti-terrorism and emergency response drills with 100% employee participation.

Leveraging our well-established fire safety management system and regular training mechanism, we have secured "Advanced Fire Safety Unit" awards for 9 stores, "Fire Safety Individual Excellence" honors for 4 employees, and a "Five-Star Fire Safety Management Unit" certification for 1 store as of the reporting period's end.

For logistics, warehousing and delivery personnel, we conduct regular job-specific safety training tailored to regional operational requirements.

We conduct monthly training for all warehouse staff at Wuhan Fresh Food Warehouse.

Central China Region

We implement monthly safety training for drivers with 100% coverage rate.

East China Region

We hold monthly driver safety meetings covering road safety, safe driving habits, and safety accident case studies.

North China Region

Workplace Safety & Health Training

During the reporting period, we launched occupational health and safety courses on our online training platform "RT-Mart Academy". These courses cover workplace health protection, office safety essentials, emergency response and rescue, helping employees understand the importance of workplace health and safety while enhancing their awareness.

Additionally, we have established a safety incentive program to reward compliance with safety regulations, motivating employees to actively participate. Our improved monitoring mechanism ensures timely identification and correction of violations for effective safety policy implementation.

职场安全与健康

Key employee health and safety metrics during the reporting period are as follows:

Indicator Name	Unit	FY 2022/2023	FY 2023/2024	FY 2024/2025
Number of Work-related Injuries	Cases	562	262	271
Fatalities from Work-related Accidents	Persons	7	5	3
Lost Workdays Due to Work Injuries - Employees	Days	29,568	17,296	12,674
Work-related Fatality Rate per 100 Employees	Persons/100 persons	0.006	0.006	0.004
Work Injury Frequency Rate per Million Work Hours	Cases/million hours	1.87	1.14	1.88
Occupational Disease Incidence per Million Work Hours	Persons/million hours	0	0	0

Compass of CSR:
Navigating Tomorrow

We at Sun Art Retail proactively shoulder social obligations and actively fulfill our corporate social responsibilities, consistently prioritizing people's livelihoods and rural revitalization while deepening our commitment to public welfare. Leveraging our retail expertise, we continue to implement distinctive philanthropic programs focused on supporting vulnerable groups and rural assistance, maximizing our social impact through company-specific strengths.

2024 / 2025 | Environmental, Social and Governance Report

Beacon of Compliance:
Anchoring Governance

Pinnacle of Quality:
Nourishing Lives

Symphony of Ecology:
Sustaining Nature

Responsible Supply:
Weaving Progress

Mosaic of Talent:
Resilient Culture

Compass of CSR:
Navigating Tomorrow

Spreading Compassionate Impact

We maintain an ongoing dedication to public welfare initiatives, utilizing our extensive retail network to explore brand partnerships that amplify charitable efforts. During the reporting period, we took concrete actions in health education, diverse community support, and social development, fully dedicating ourselves to social responsibility.

The reporting period saw Sun Art Retail contribute

RMB **254,300** in charitable donations

Promoting Social Wellness

Capitalizing on our corporate advantages, we partnered with brands to launch diversified public welfare campaigns focusing on oral health and other areas, mobilizing consumer awareness around health issues and advancing social philanthropy.

RT-Mart × Crest Smile Protection Initiative

During the reporting period, we partnered with Crest to launch the Smile Protection Initiative, providing children with professional and scientific oral care guidance. For every Crest product purchased at any RT-Mart nationwide store, consumers contributed to this meaningful program. Throughout the campaign, we donated dental care products worth approximately RMB600,000 to children in mountainous regions.

RT-Mart × Zhonghua Oral Health Donation Campaign

We continued our collaboration with Zhonghua brand to conduct the "Oral Health China Tour" nationwide public welfare initiative. During the campaign period, for each purchase of Zhonghua Enzyme, Anti-Sugar, or Children's series products at RT-Mart stores nationwide, Zhonghua Toothpaste joined us in donating one children's toothpaste to village kindergartens through the China Development Research Foundation. This initiative resulted in the donation of 34,071 toothpaste units to children in remote areas, with a total value of approximately RMB430,000.

2024 / 2025 | Environmental, Social and Governance Report

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Advancing Social Development

We focus on addressing core societal needs by implementing public welfare initiatives in key areas such as rural revitalization, collaborating with ecosystem partners to build sustainable communities with consumer participation, and promoting coordinated urban-rural development.

RT-Mart × Kindness 100 Rural Quality Education Initiative
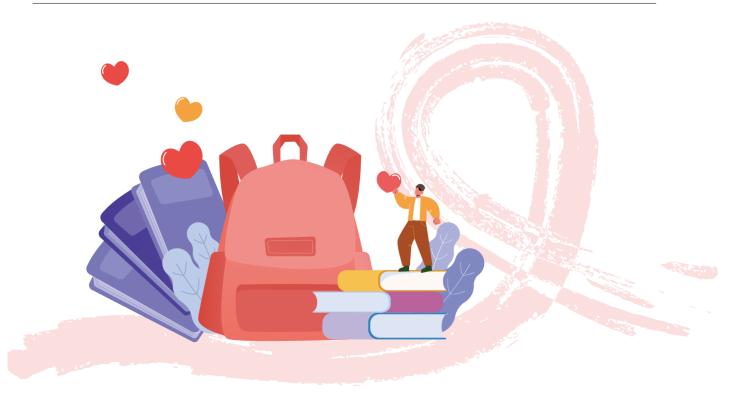
The Kindness 100 program, launched by the China Foundation for Rural Development, is a nationwide university student volunteer initiative dedicated to providing quality education opportunities for elementary students in underdeveloped rural areas. During the reporting period, RT-Mart continued its support as a caring partner by transforming physical stores into volunteer hubs, helping rural students access art education. Since 2012, we have enabled over 100,000 students from underdeveloped regions to receive care packages.

The campaign engaged students from 26 universities across 39 RT-Mart stores, raising a total of 868,200 yuan in donations.

Caring for Diverse Groups

We focus on addressing the developmental needs of diverse social groups by collaborating with nonprofit organizations to establish multidimensional support programs, encouraging public participation in inclusive care initiatives to promote social inclusivity.

Chongyang Festival Event - "Grandma's Blossoming Knitted Flowers Exhibition"

During the 2024 Chongyang Festival, we hosted a knitted flower exhibition for Grandma Pan at RT-Mart Shanghai stores, extending our annual "She Makes Life Blossom" campaign theme to celebrate women's diverse charms across generations. Each knitted flower displayed represents Grandma Pan's emotional dedication and life philosophy, embodying her journey of self-discovery, passion preservation, and life appreciation.

On the festival day, our Shanghai stores specially presented fresh flowers to elderly customers through the ongoing "A Blossom from RT-Mart" gifting initiative. This annual tradition consistently conveys RT-Mart's brand warmth while enhancing our image as a caring community neighbor.

RT-Mart × Whisper "I Am a Girl" Rural School Restroom Renovation Project

Since 2019, Whisper has partnered with the China Foundation to annually upgrade restroom facilities in 10 rural schools, ensuring clean and private sanitation for students. In August 2024, Whisper joined forces with RT-Mart to relaunch this initiative, addressing girls' developmental needs and empowering their confident growth. During the reporting period, the school restroom renovation project was officially completed at Yanji School in Yilan Town, Yanji City, delivering vividly designed facilities that significantly improve sanitary conditions for rural children.

Appendix

Category of HKEX's *Environmental, Social and Governance Reporting Code*

Part C: "Comply or explain" Provisions

Subject Areas, Aspects, General Disclosures and KPIs		Corresponding Chapter(s)
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	3.1 Climate Change Response 3.2 Fulfill the Responsibility of Environmentally Friendly Operation.
KPI A1.1	The types of emissions and respective emissions data.	3.1 Climate Change Response
KPI A1.2	[Repealed 1 January 2025]	3.1 Climate Change Response
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.2 Fulfill the Responsibility of Environmentally Friendly Operation.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.2 Fulfill the Responsibility of Environmentally Friendly Operation.
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	3.1 Climate Change Response
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.	3.2 Fulfill the Responsibility of Environmentally Friendly Operation.
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	3.2 Fulfill the Responsibility of Environmentally Friendly Operation.
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	3.2 Fulfill the Responsibility of Environmentally Friendly Operation.
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	3.2 Fulfill the Responsibility of Environmentally Friendly Operation.
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	3.2 Fulfill the Responsibility of Environmentally Friendly Operation.
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.	3.2 Fulfill the Responsibility of Environmentally Friendly Operation.
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	3.2 Fulfill the Responsibility of Environmentally Friendly Operation.
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	3.1 Climate Change Response
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3.1 Climate Change Response

Subject Areas, Aspects, General Disclosures and KPIs		Corresponding Chapter(s)
Aspect A4: Climate Change		
General Disclosure	[Repealed 1 January 2025]	3.1 Climate Change Response
KPI A4.1	[Repealed 1 January 2025]	3.1 Climate Change Response
B. Social		
Employment and Labour Practice		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	5.1 Safeguarding Employee Rights
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	5.1 Safeguarding Employee Rights
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	5.2 Empowering Employee Development
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	5.3 Fostering a Culture of Care
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	5.3 Fostering a Culture of Care
KPI B2.2	Lost days due to work injury.	5.3 Fostering a Culture of Care
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	5.3 Fostering a Culture of Care
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.2 Empowering Employee Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	5.2 Empowering Employee Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	5.2 Empowering Employee Development
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	5.1 Safeguarding Employee Rights
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	5.1 Safeguarding Employee Rights
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	5.1 Safeguarding Employee Rights

Subject Areas, Aspects, General Disclosures and KPIs		Corresponding Chapter(s)
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	4.2 Ensuring Superior Supply Quality
KPI B5.1	Number of suppliers by geographical region.	4.2 Ensuring Superior Supply Quality
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.	4.2 Ensuring Superior Supply Quality
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4.2 Ensuring Superior Supply Quality
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4.2 Ensuring Superior Supply Quality
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	2.3 Creating an Exceptional Shopping Environment
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	2.1 Building Trust Through Quality
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	2.3 Creating an Exceptional Shopping Environment
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	1.4 Corporate Governance
KPI B6.4	Description of quality assurance process and recall procedures.	2.1 Building Trust Through Quality
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	2.3 Creating an Exceptional Shopping Environment
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.4 Corporate Governance
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.	1.4 Corporate Governance
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	1.4 Corporate Governance
KPI B7.3	Description of anti-corruption training provided to directors and staff.	1.4 Corporate Governance
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6.1 Spreading Compassionate Impact
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6.1 Spreading Compassionate Impact
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	6.1 Spreading Compassionate Impact

Part D: Climate-related Disclosures

Disclosure Obligation		Corresponding Chapter(s)
(I) Governance	**19. An issuer shall disclose information about:**	
	(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:	
	(i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;	3.1 Climate Change Response
	(ii) how and how often the body(s) or individual(s) is informed about climaterelated risks and opportunities;	1.3 Materiality Analysis
	(iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;	3.1 Climate Change Response
	(iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities, including whether and how related performance metrics are included in remuneration policies; and	3.1 Climate Change Response
	(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:	
	(i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and	3.1 Climate Change Response
	(ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	3.1 Climate Change Response
(II) Strategy	**Climate-related risks and opportunities** **20. An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:**	
	(a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;	3.1 Climate Change Response
	(b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;	3.1 Climate Change Response
	(c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and	3.1 Climate Change Response
	(d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	3.1 Climate Change Response
	Business model and value chain **21. An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:**	
	(a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and	3.1 Climate Change Response
	(b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	3.1 Climate Change Response

Disclosure Obligation		Corresponding Chapter(s)
(II) Strategy	**Strategy and decision-making**	
	22. An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:	
	(a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:	
	(i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities;	3.1 Climate Change Response
	(ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect);	3.1 Climate Change Response
	(iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and	3.1 Climate Change Response
	(iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and	3.1 Climate Change Response
	(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	3.1 Climate Change Response
	23. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	3.1 Climate Change Response
	Financial position, financial performance and cash flows **Current financial effect**	
	24. An issuer shall disclose qualitative and quantitative information about:	
	(a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and	Not Suitable
	(b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	Not Suitable
	Financial position, financial performance and cash flows **Anticipated financial effect**	
	25. The issuer shall provide qualitative and quantitative disclosures about:	
	(a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:	
	(i) its investment and disposal plans; and	Not Suitable
	(ii) its planned sources of funding to implement its strategy; and	Not Suitable
	(b) how the issuer expects its financial performance and cash flows to change over the	3.1 Climate Change Response
	Climate resilience **26. An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:**	

Disclosure Obligation		Corresponding Chapter(s)
(II) Strategy	(a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:	
	(i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;	3.1 Climate Change Response
	(ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and	3.1 Climate Change Response
	(iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;	3.1 Climate Change Response
	(b) how and when the climate-related scenario analysis was carried out, including:	
	(i) information about the inputs used, including	
	(1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios;	3.1 Climate Change Response
	(2) whether the analysis included a diverse range of climate-related scenarios;	3.1 Climate Change Response
	(3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;	3.1 Climate Change Response
	(4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change;	3.1 Climate Change Response
	(5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;	3.1 Climate Change Response
	(6) time horizons the issuer used in the analysis; and	3.1 Climate Change Response
	(7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);	3.1 Climate Change Response
	(ii) the key assumptions the issuer made in the analysis; and	3.1 Climate Change Response
	(iii) the reporting period in which the climate-related scenario analysis was carried out.	3.1 Climate Change Response
(III) Risk Management	**27. An issuer shall disclose information about:**	
	(a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:	
	(i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);	3.1 Climate Change Response
	(ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;	3.1 Climate Change Response
	(iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);	3.1 Climate Change Response
	(iv) whether and how the issuer prioritises climate-related risks relative to other types of risks;	3.1 Climate Change Response
	(v) how the issuer monitors climate-related risks; and	3.1 Climate Change Response
	(vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period;	3.1 Climate Change Response
	(b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and	3.1 Climate Change Response
	(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	3.1 Climate Change Response

Disclosure Obligation		Corresponding Chapter(s)
(IV) Metrics and Targets	**Greenhouse gas emissions** **28. An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO$_2$ equivalent, classified as:**	
	(a) Scope 1 greenhouse gas emissions;	3.1 Climate Change Response
	(b) Scope 2 greenhouse gas emissions; and	3.1 Climate Change Response
	(c) Scope 3 greenhouse gas emissions.	3.1 Climate Change Response
	29. An issuer shall:	
	(a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;	
	(b) disclose the approach it uses to measure its greenhouse gas emissions including:	
	(i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions;	3.1 Climate Change Response
	(ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and	3.1 Climate Change Response
	(iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;	3.1 Climate Change Response
	(c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and	3.1 Climate Change Response
	(d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	3.1 Climate Change Response
	Climate-related transition risks **30. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.**	3.1 Climate Change Response
	Climate-related physical risks **31. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.**	3.1 Climate Change Response
	Climate-related opportunities **32. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.**	3.1 Climate Change Response
	Capital deployment **33. An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.**	3.1 Climate Change Response

Disclosure Obligation		Corresponding Chapter(s)
(IV) Metrics and Targets	**Internal carbon prices** **34. An issuer shall disclose:**	
	(a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and	Not Suitable
	(b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions;	Not Suitable
	Remuneration **35. An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).**	Not Suitable
	Industry-based metrics **36. An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.**	Not Suitable
	Climate-related targets **37. An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:**	
	(a) the metric used to set the target;	3.1 Climate Change Response
	(b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);	3.1 Climate Change Response
	(c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);	3.1 Climate Change Response
	(d) the period over which the target applies;	3.1 Climate Change Response
	(e) the base period from which progress is measured;	3.1 Climate Change Response
	(f) milestones or interim targets (if any);	3.1 Climate Change Response
	(g) if the target is quantitative, whether the target is an absolute target or an intensity target; and	3.1 Climate Change Response
	(h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	3.1 Climate Change Response

Disclosure Obligation		Corresponding Chapter(s)
(IV) Metrics and Targets	**38. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:**	
	(a) whether the target and the methodology for setting the target has been validated by a third party;	Not Suitable
	(b) the issuer's processes for reviewing the target;	Not Suitable
	(c) the metrics used to monitor progress towards reaching the target; an	Not Suitable
	(d) any revisions to the target and an explanation for those revisions.	Not Suitable
	39. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	
	40. For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:	
	(a) which greenhouse gases are covered by the target;	3.1 Climate Change Response
	(b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;	3.1 Climate Change Response
	(c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;	3.1 Climate Change Response
	(d) whether the target was derived using a sectoral decarbonisation approach; and	3.1 Climate Change Response
	(e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose:	
	(i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;	Not Suitable
	(ii) which third-party scheme(s) will verify or certify the carbon credits;	Not Suitable
	(iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and	Not Suitable
	(iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).	Not Suitable
	Applicability of cross-industry metrics and industry-based metrics **41. In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).**	Not Suitable

Applicable Laws and Regulations

Laws and Regulations

Company Law of the People's Republic of China

Securities Law of the People's Republic of China

Corporate Governance Code for Listed Companies

Listing Rules

Environmental, Social and Governance Reporting Guide

Corporate Governance Code

Labor Law of the People's Republic of China

Labor Contract Law of the People's Republic of China

Social Insurance Law of the People's Republic of China

Law on the Protection of Women's Rights and Interests of the People's Republic of China

Regulations on Work Injury Insurance

Anti-Unfair Competition Law of the People's Republic of China

Anti-Money Laundering Law of the People's Republic of China

Interim Provisions on the Prohibition of Commercial Bribery

Patent Law of the People's Republic of China

Trademark Law of the People's Republic of China

Work Safety Law of the People's Republic of China

Law on the Prevention and Control of Occupational Diseases of the People's Republic of China

Food Safety Law of the People's Republic of China

Regulations for the Implementation of the Food Safety Law of the People's Republic of China

General Standard for the Labeling of Prepackaged Foods

General Rules for Nutrition Labeling of Prepackaged Foods

Administrative Provisions on Food Labeling

Law of the People's Republic of China on the Protection of Consumer Rights and Interests

Administrative Measures for Food Recall

Interim Provisions on the Recall Management of Consumer Goods

National Nutrition Plan (2017-2030)

Medium-to-Long Term Plan for the Prevention and Treatment of Chronic Diseases in China (2017-2025)

Healthy China Initiative (2019-2030)

Dietary Guidelines for Chinese Residents (2022)

Cybersecurity Law of the People's Republic of China

Information Security Technology - Personal Information Security Specification

Environmental Protection Law of the People's Republic of China

Energy Conservation Law of the People's Republic of China

Water Pollution Prevention and Control Law of the People's Republic of China

Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste

SB/T 10814-2012 Guidelines for Supermarket Waste Disposal Internal Policies and Regulations

Internal Policies and Regulations

Corporate Governance and Compliance Manual

Employee Handbook

Special Collective Contract for Female Employees' Interests of Kangcheng Investment (China) Co., Ltd.

Anti-Corruption Operations Standard

Integrity Pledge Agreement

RT-Mart Gift Handling Regulations

Food Safety and Quality Control Responsibilities Charter

Fresh Commodity Quality and Warehouse Operations Management Standard

Fresh Product Raw Material Inspection Standards upon Arrival

Vegetable and Fruit Storage Temperature & Shelf Life Standards

Corporate Food Safety Accountability Management System

Major Product Quality Incident Handling Procedure (Recall)

Fresh Commodity Disposal Operations Standard

Kangcheng Investment (China) Co., Ltd. Product Safety Checklist

Kangcheng Investment (China) Co., Ltd. Data Security Regulations (Trial)

Kangcheng Investment (China) Co., Ltd. Account Management Policy

Kangcheng Investment (China) Co., Ltd. Password Management Standard

Kangcheng Investment (China) Co., Ltd. IT Incident Management Process

Kangcheng Investment (China) Co., Ltd. Linux OS Security Baseline

Personal Information Security Incident Contingency Plan

Environmental Protection Charter

Energy Control Management Standard

Surveillance Team Operational Guidelines

Store Waste Cardboard Recycling Process

Garbage Bag Allocation and Usage Operational Standard

SUN ART
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