

Stock Code:493 GOME RETAIL HOLDINGS LIMITED 國美零售控股有限公司*

(Incorporated in Bermuda with limited liability)

2020 Environmental, Social and Governance Report



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About This Report

This 2020 Environmental, Social and Governance ("ESG") Report is issued by GOME Retail Holdings Limited (the "Company") together with its subsidiaries (the "Group" or "GOME"). It adheres to the principles of "Materiality, Quantitativeness, Balance and Consistency", and discloses the principles, major progress, achievements, and future plans of the Group in terms of environmental, social and governance performance, with a period spanning from 1 January 2020 to 31 December 2020 (the "Reporting Period").

The Company has been releasing the ESG Report every year since 2016.

Reporting Principles

This report is prepared in accordance with the Appendix 27 Environmental, Social and Governance Reporting Guide (ESG Guide) in the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. It also takes reference to the Global Reporting Initiative (GRI) Standards, the UN Global Compact, and ISO 26000: Guidance on Social Responsibility.

Reporting Scope

Unless otherwise specified, the policies, statements, and materials in this report cover the whole business scope of the Group, which is the same as that of the annual report issued by the Company.

Unless otherwise specified, RMB is the currency unit used in this report.

Definition of Terms

Unless otherwise specified, the terms used in this report have the same meanings as those defined in the Company's 2020 Annual Report.

Data Source and Reliability Statement

All data used in the report comes from the Company. The board of directors of the Company (the "Board") is responsible for the truthfulness, accuracy, and completeness of this report.

Confirmation and Approval

This report has been approved by the Board for release

Access to This Report

You can access to the electronic version of this report through the following website: https://www.gome.com.hk



Adhering to the People-Oriented Principle and Empowering Employees

Compliance and Risk Management

With the Surveillance Center as the main platform, GOME has been making comprehensive control on anti-corruption, anticommercial bribery, internal controls and whistle-blowing. GOME has also set up regional teams to manage all branches



Located in the headquarters

associations.

Network Platform Security Center

Discipline Inspection

Department



Multi-locations

Roles & Responsibilities:There are seven regional surveillance offices established under the Surveillance Center. They carry out integrity construction, authorisation checking, investigation of violations, anticorruption and fraud and follow-up on subsequent disciplinary actions. They are also responsible for the implementation of tasks and plans of the Surveillance Center.

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Located in the headquarters

Roles & Responsibilities: Conduct pre- and post-audit supervision on the business activities of GOME's various business sectors, business entities and branches; investigate any delinquency and recover relevant losses; identify vulnerabilities and weaknesses of the Group in respect of systems and regulations, responding with improvements and remedies.

Roles & Responsibilities: Supervise, investigate and handle misconducts or violations in GOME's various business sectors, business entities and branches; support supervision and security management work of relevant judicial authorities, national network security authorities and relevant

Located in the headquarters

Roles & Responsibilities: Manage and maintain security of network platforms of the Group; make regular walk-through tests on the platforms; prevent and deal with any outside attacks to the platforms of the Group.

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Internal Control and Risk Management ίO

The Group has established a comprehensive audit and management mechanism to evaluate system integrality, procedure enhancement and risk control. Put forward suggestions and supervise implementation of the improvement plans. For instance, in 2020, the Group carried out work at improving risk management from the perspectives of systems, regulations and procedures.



Integrity and Anti-Corruption ζOΣ

Established in 2003, GOME Surveillance System is aimed to safeguard the interests of the Group and take full responsibilities of supervision including integrity construction, anti-fraud, improvement on internal controls, sales and cost cycle monitoring and anti-corruption.

The GOME Staff Integrity Framework has been released to regulate the employees' integrity responsibility, which stipulates strict rules on unethical behavior such as bribery, extortion, fraud, money laundering, etc., to raise their awareness of integrity and honesty, and ensure compliance with national laws and corporate guidelines.

In 2020, the Group continued to carry out integrity construction and worked with partners to promote anti-corruption.

In order to maintain an integrity and honesty environment across the Group, a bundle of policies and measures have been rolled out, including internal integrity reporting system for the senior management and implementation of compulsory integrity responsibilities of the management staff at all level.

sign the "Integrity Clauses". The parties who are entering into procurement contracts or non-procurement contracts should be abided by the terms in the Commitment to Honest Cooperation and the Promise to Exclude Personal Relationship in Soliciting Business. Moreover, by joining the Enterprise Anti-Fraud Alliance and the

Trust and Integrity Enterprise Alliance the Group was able to prevent and address frauds and corruptions and create an honest corporate and social environment together with its partners.

GOME's Red Line Management Regulations

Since the brand philosophy and corporate culture of "Trust" as the core was established in December 2012, the Group has issued and implemented the GOME Red Line Management Regulations, which clearly defines and describes intolerable dishonest behaviors. Any employee who crosses the red line will be investigated and face the administrative punishment or even dismissal.

Encourage Whistle-blowing {O}

The Group has established the same whistle-blowing channels to handle both reports on matters and reports on persons. Whistleblowing process: First, the management office of the Surveillance Center receives and registers the complaints for preliminary screening. Secondly, the pre-processed complaints will be handed over to the investigation department for classification within 7 working days in the principle of "vertical management, responsible by regions, investigation on all complaints and report on all investigations". Finally, the investigation department will issue verification reports, make suggestions based on the Group's regulations, pass to the management for approval, and revert the final results to the whistle-blower.

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All of the partners and vendors of the Group are supervised under the Recommended Partners List and are required to





Image: Optimized protect the RightsImage: Optimized

At the advent of the second phase of the "Home · Living" strategy, GOME will upgrade the whole customer experience to serve all the scenarios while constantly protect customers' rights and interests, keep mutual communication and efficiently address customers' requests. Meanwhile, adhering to responsible marketing, we will expand the store and service coverage to benefit more people from "Better Lifestyle".

Our Achievements

Based on the organisational construction, institutional design, personnel management and product technologies, the Group has established a data security management system across the data lifecycle, in order to improve safety and security. Some of the important information systems have obtained the ISO27001 certification;

In 2020, the Group organised trainings on advertising and price promotion regulations to ensure proper marketing behavior;

In December 2020, the customer complaint ratio dropped to 0.1%, improved by 84.0% year-on-year and 28.3% month-on-month;

In 2020, GOME further enriched its huge customer base through live broadcasting events and nearly 1,000,000 community groups were built.









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Customers Rights Protection

Privacy Protection

According to the PRC Law on the Protection of Consumers' Rights and Interests, GOME has put in place a complete protection mechanism for all the personal data provided by the customers, which is designed in line with GOME Software Design Code. Security is highlighted and data is safeguarded in the whole software production process from demand analysis, design, coding and tests. In addition, important or sensitive data are stored in different databases and sectors, which are prohibited from accessing without prior approval of relevant managers.

To prevent potential breakdown from accidental events or internet virus, the Group strengthened the network security management in 2020 in four aspects: including system data security, hardware and server room protection, anti-virus control and Internet information management. The specific efforts were made, including the optimisation of GOME Backup Management Regulations, replacement of obsolete equipment and moving into the new server rooms, installation of updated anti-virus software for each connected computer. In addition, through on-line data management, management efficiency and effectiveness have been improved, data leakage risk has been minimised, corporate networks, servers and PCs have been well protected.

Based on the organisational construction, institutional design, personnel management and product technologies, the Group has established a data security management system across the data lifecycle, in order to improve safety and security. Some of the important information systems have obtained the ISO27001 certification. Platform privacy policies are also released to the users to explain our initiatives on information collection, usage and protection.



Responsible Marketing

GOME works to ensure the compliance of advertising and marketing activities with laws and regulations by strictly abide to the PRC Advertising Law and relevant decrees and coordinating inspection from the media side, with details as followed

No epidemic prevention stuff like facial masks and disinfectants or special commodities like cigarette and alcohol get involved into advertisement; and no minors are engaged in advertisement or video promotions.

Ea

Perform celebrities, celebrity endorsements and IP cooperation qualification reviews. Pop stars, celebrities and other intellectual rights to be used in advertising and marketing activities, are required to define the authorised period and the scope of use of their images or works in order to avoid infringement on portrait rights or intellectual property rights.

Through cooperation with media from the government, CCTV media and satellite TV channels, the Group makes themed and scenario-based live commerce which is positive, healthy and authentic without violation of national laws. In addition, to comply with relevant regulations, the Group reports on the system data of broadcasting events.

In 2020, the Group organised trainings on advertising and price promotion regulations to ensure proper marketing behavior.

Promptly Response to Complaints

The Customer Service Center classifies customer complaints and implements accountability system to ensure each complaint to be resolved within 24 hours. In the case of material public concerns or complaints, the Center has set up public concern monitoring system and crisis management system in order to maintain good public relationships. In addition, the Group will organise legal, brand and business units as a joint force to identify and monitor the causes of the complaints, mitigate and resolve risks, and enhance brand reputation.

Besides, the Green Channels have been opened by the Customer Service Center to address customers' requests quickly. Policies on responding time has been strictly set, such as response within 20 minutes and settlement within 12 hours. The advance compensation system has been applied and more discretionary power has been granted to the service staff to facilitate more rapid response, thus customer care and safer shopping environment have been enhanced.

Thanks to all of these efforts, GOME reaped complaint ratio down to 0.1% in December 2020, significantly improved by 84.0% year-on-year and 28.3% month-on-month

Development with Partners and Communities

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The legal training aimed to regulate price promotion activities

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Quality Products and Services

Products Sourcing Management

With the goal of building a cost-effective products system and platform, GOME carefully selects and manages procurement sources to meet consumer demands and guarantee high reliability. There are two steps are taking place to ensure the product quality. Firstly, according to the PRC Product Quality Law, terms of product quality should be specified in the purchase contracts to ensure authentic and qualified supplies without infringement on third-party intellectual property rights or legitimate rights. Second, according to Article 27 of the PRC Product Quality Law, all the products on shelves should be approved with source authentication and 3C certificates in countries of origin, and the relevant labeling should also be provided according to the regulations.

Based on performance indicators such as gualities on the products, business and services, GOME evaluates and classifies every supplier's performance from A to C grades and correspondingly offers different preferential policies or restrictions. Any supplier who gets Grade C three times will suffer from lower procurement quantities or be removed from the vendor list.

Regarding the merchants stationed on our online platform, the Group will check the gualifications of the enterprises and the brands in the qualification review process, and review the legality, authenticity and rationality of the information provided by the merchants. At the same time, it manages the key performance indicators of merchants' online customer service in its daily operations, promptly follows up on online store violations and reports penalties, as well as provides business support to the merchants on system operations, contract renewals and terminations, in order to build a GOME platform ecosystem.

Serving Broader Customer Base

GOME is committed to delivering better services and better lifestyle to broader customer base. With the GOME "FUN" online platform and more than 3,400 physical stores nationwide, the Group established strategic cooperation with e-commerce platforms like Pinduoduo and JD.com to enhance both online and offline business development and more focus has been put on the online sector. By virtue of proprietary operation and external supply chains, GOME established "Social + Business + Sharing" ecosystem, which forges all-scenario shopping experience to the consumers.



"Buy Across China" in cooperation with CCTV

In 2020, through "community + live broadcasting" events, GOME further enhanced its customer base to nearly 1,000,000 community By the end of December aroups. Over 3.400 stores offered normal business services during 2020, GOME's self-operating day-time and turned into live broadcasting showrooms during nightand franchised stores time to provide professional recommendations on products and covered 873 third- to services. Cooperated with CCTV News, Zhejiang Satellite TV and People's Daily, a series of GOME live broadcasting events with sixth-tier cities specific topics were carried out, such as "Fight for Better Lifestyle", "Race for Better Lifestyle" and "People's Beautiful Life". In addition, "Buy Across China", a nationwide live broadcasting event, magnified unique advantages of online shopping. Strive for **90% B** The Group continued to promote the franchise store strategy and further increased the coverage of its self-operating stores. By the end coverage in the next of December 2020, GOME's self-operating and franchised stores three years covered 873 third- to sixth-tier cities. GOME will enter more new areas and strive for 90% coverage and to provide quality services and products to broader customer base in the next three years.

Quality Customer Services

Focusing on customer demands. GOME works to build up an intelligent and scenario-based customer service system with multiple contact points including hotline, online customer service, Weibo, WeChat and physical stores to serve our customers at multidimensions and thus creating a "three-dimensional, intelligent and open" customer service ecosystem.

The call center is one of the main communication channels for GOME customers. As early as 2007, GOME built its own call center, and In July 2020, it moved to Xi'an and was renamed as "Xi'an Customer Satisfaction Service Center" with nearly 300 staff. At present, the hotline, online customer service, and intelligent customer service have achieved full network coverage. Users can get a consistent service experience via the official website, WeChat, phone and other omni-channels anytime, anywhere.



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In order to become a trustworthy world-class retail enterprise, GOME adheres to the employee management philosophy of "integrity prevailing over competence" and "talent localisation" to cultivate high-quality and cohesive teams who make constant improvement and pursue for excellence. In 2020, GOME optimised and improved talent hiring and training mechanism, offering better career paths and attractive welfare to the employees .



Our Achievements

In 2020, the Group held a total of 1,475,085 hours of trainings nationwide, covering 629,151 person-times;

The Group strengthened skill trainings for employees by launching video shopping guide, BBC pilots and "one page for one store" training courses, in order to promote the business transformation;

In 2020, GOME Love Mutual Fund subsidised a total of RMB889,966 and benefited 165 employees.













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Human Resources and Development

Based on the corporate strategic planning of the Group, GOME attached high attention on new skill trainings and cultivation of young professional management talents to fuel business transformation in 2020.

GOME stresses on cultivating diversified talents. It has built up double career channels in management and professional development to accelerate talent promotion and improve retention. By creating the whole talent cultivation process, the talent supply for key positions has been strengthened.



The Group has the hierarchical talent cultivation system from the "Eyas Plan" for junior staff to the "Golden Eagle Plan" for decision-makers. The innovative 721 Talent Cultivation Project consists of 70% on-the-job training, 20% tutor guidance and 10% lectures is carried out in order to improve the human capital appreciation efficiency and promote the comprehensive capability and quality of talents in key positions.



At the bottom level, focuses on the talent pool development, including recruitment, cultivation, appointment, selection and promotion, so as to enhance the talent supply chain and improve business and management skills of fast-developing employees; and selects high-potential employees into key positions through talent strategic activities.





In 2020, GOME conducted a total of 1,475,085 hours of training nationwide, covering 629,151 person-times.





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At the middle to decision-maker level, emphasis on "three-role leadership system (team leader, supervisor and general manager)", and improves the cultivation of managers and store managers.

GOME talent echelon cultivation system





Training participation of new employees

7.442 Person-time

Number of training sessions for new employees

360 Sessions

Rights Protection

to putting an end to the "overtime work culture".

2019 **34.00**

2020 > 29.734

Number of employees (person)

Categorisation by Gender (person)

2019

Occupational Safety and Protection

The Group strictly complies with the State Council Decree No. 364 on the Prohibition of the Use of Child Labour, which

prohibits the recruitment of minors under the age of 16. Furthermore, it provides HR staff with training on relevant laws and

regulations from time to time to fundamentally eliminate the legal risks of hiring child workers. Meanwhile, the Group strictly

implements the Paid Annual Leave Regulations and promotes efficient working practices. It encourages employees to complete their tasks within working hours and does not recommend working overtime. Managers at all levels are responsible

for making reasonable arrangements for staff's working hours. Overtime work based on actual operational needs is subject to a stringent approval process and the overtime working hours of any employee shall not exceed 36 hours per month. Employees who work overtime on working days and public holidays are given priorities for days off. The Group is dedicated

Below 25

25-35

35-45

Above 45

Categorisation by Age (person)

2.791

2.749

1 391

2020

3.215

2019

Compliance and **Risk Management**

14,291

12.804

12.528

10.966

Protect the Rights of Users and Create Quality Lives

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In terms of talent recruitment and treatment, GOME has followed the principle of fairness, justice and openness, attached great importance to the diversity of employees, rejected discriminations in race, gender, birthplace, age, pregnancy and disability, and respected the human rights of labours. The Group provides standardised trainings and promotes its staff according to their abilities, quality and performance. The Group organises made-up classes for under-performed employees. Those who fail to improve after the made-up classes are either transferred or dismissed, in which they are entitled to fair amount of compensation (if any) in accordance with relevant national regulations.

In strict compliance with relevant laws and regulations of the Group, the salaries, staff welfare, working hours and holidays of all employees are on equal pay for equal work basis without discrimination, so as to fully ensure the equal rights of every employee.

At the end of 2020, the Group had 29,734 employees.



Categorisation by Type of employment (person)



资备 Employees' Health and Security

2020

16,319

17,682

15,873

13.861

The Group attaches great importance to building a safe, effective and congenial working environment for its employee and it values their health and well-being. In order to create a safe working environment and comply with relevant rules in China, the Group conducts frequent workplace inspection and purchases adequate insurance cover for its employees. Regular trainings in occupation safety and health have been organised to promote work safety. The Group devotes substantial manpower, resources, time and costs to the abovementioned initiatives every year.

To ensure steady operation and orderly development of various departments within the Group, prevent severe emergencies, and deal with crisis timely and properly, GOME classifies major emergency events into level A to C in according to their severity, the Group's management capability of the events and possible impacts, and implements Major Emergency Response Plan Mechanism to safeguard the Group's business operation.



Major emergency category

Male

Female



Protecting Clear Water and Green Mountains in Response to Climate Change

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Meanwhile, the security control teams have been set up by the Group in the headquarters and branches to strengthen the Group's security management, ensure employee and property safety, and maintain sound operation.

During the COVID-19 pandemic, GOME has taken effective prevention and control measures, including temperature measurement, code scanning, checking and registration of warehouse staff, requirement of mask-wearing, personnel activity tracing and other enhancement measures. In terms of delivering at-home services, it has also formulated the protection guidance such as timely temperature measurement, proper mask-wearing, health and epidemic prevention registration, wearing of gloves and shoe covers, disinfection and sterilisation, take-away own garbage, vehicle cleaning and disinfection.

Staff Care and Welfare

Subsidy and Welfare

In order to improve work and life quality of employees and meet their living demands, the Group has formulated the Employee Welfare Fund Management Regulations V5.0, the Employee Personal Welfare Management Regulations v5.0 and other policies, so as to provide eligible employees with benefits such as transportation subsidy, re-location subsidy, homevisiting subsidy, continuing development subsidy, overtime subsidy, heatstroke prevention subsidy, employee birthday party and birthday gifts.



About This Report

Compliance and

Risk Management

Employee birthday party



To further enrich employees' daily life, create pleasant workplace and realise the cultural ideology of "Better lifestyle through GOME", the Group has organised various activities on traditional festivals, including "You Are the Best in GOME for the Year 2020". "Fight Together in Mid-Autumn Festival". "1024 WISH Festival (Programmer's Day)" and "Embrace GOME MAX in 2021 ". All of these activities focused on corporate culture with a theme of "Achieving a Better Life". In addition, teambuilding activities are also very important to GOME, for example, the Group organised "New Year's party themed on Cohesion for New Dream" on 31 December 2020.



1024 WISH Festival (Programmer's Day)





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GOME Love Mutual Fund

Initiated by the Group and with staff participating voluntarily, GOME Love Mutual Fund supports colleagues in need. As an important approach to achieve GOME's core values, this Fund embodies our employees' kindness and responsibility as well as corporate welfare. In 2020, the GOME Love Mutual Fund has supported 165 employees in need with a total of RMB 889,966.

Monthly average turnover rate

Note 1: Mouthly average turnover rate = number of resigned staff/(number of resigned staff + total number of employees)/12



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Total RMB





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Keeping sustainable development and national call for "carbon neutral" in mind, GOME, as a leading Chinese retail enterprise, sticks to the relevant regulations and the concepts of green development and ecological sustainability, is building up a green ecosystem throughout the industrial chain.

Our Achievements

The Group applies recyclable and environmental-friendly plastic boxes for the transportation of small and medium-sized commodities, about 48,000 boxes are being used nationwide;

In 2020, GOME House Manager served up to 300,000 users, and achieved RMB630 millions of sales through exchange old for new activities;

In 2020, water and electricity consumptions dropped by 14.1% year-on-year;

In 2020, the electricity consumption of the stores nationwide was reduced by 76,765,000 kilowatt-hours, and the water consumption dropped by 433,000 cubic meters as compared with those in 2019.













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Proactive Management of Environmental Impacts

The principal activities of GOME are the operations and management of retail stores for electrical appliances, consumer electronic products and general merchandise, as well as a full category of online sales network in the People's Republic of China (the "PRC") through self-operated and platform models. Therefore, GOME does not generate emissions or pollutants directly from production during its operation. It generates emissions indirectly during its operations due to the use of resources such as electricity and gasoline, details of which are set out in the following chapters.

Green Office

GOME constantly promotes the green office concept and implement green operation by various means such as paperless office, online conference and travel reduction for the purpose of low carbon, emission reduction and green development. The idea of "Paperless office" is publicized in the daily work of the Group's employees. For instance, e-documents and electronic signatures are strongly recommended and used; both sides of office paper should be used before abandoned if possible. A special person is assigned in charge of distribution and use of paper and office supplies to reduce waste. Meanwhile, the Group has made full use of various online conference platforms to promote online videos and teleconferencing, in order to reduce employees' busiuess trips.

Green Stores

In its daily operation, GOME has actively reduced energy consumption like water and electricity and conducted recycling of wastes in order to continuously promote the sustainable development. In 2020, GOME's water and electricity consumptions dropped by 14.1% year-on-year.







Total power consumption (kwh)



GOME takes strict controls on water and electricity consumptions of its stores

> such as power-off of devices during nonbusiness hours, turn on air-conditioning half an hour before store open and adoption of energysaving equipment, so as to reduce energy consumption in various ways.

Indirect greenhouse gas emission (tons)





The Group has no major problems in sourcing water.

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Average monthly water consumption per store (cubic meters)



Average monthly power consumption per store (kwh)



GOME has actively implemented government policies on garbage sorting

storing, disposing and handling of garbage in according to relevant regulations or standards.



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Green Logistics

Since 2020, Chinese government has paid more attention to the green development of delivery and logistics industry. Correspondingly, GOME formulates strict systems and regulations on green warehousing, green transportation and green packaging; applies advanced information technology to improve operational efficiency and reduce waste; as well as conveys the sustainable green concept to the public.

In terms of logistics and warehousing, GOME has made regulations on energy conservation and consumption reduction to unify the use of energy by warehouses. Furthermore, we fully leverage on big data to empower warehousing and improve the warehousing operation efficiency.

• Regulate the use of water and electricity safety measures in all regional offices, including prohibition of high-power electrical appliances, power-off of lights after work in order to save water and electricity;

 Install day-lighting bands on the roof of warehouses to reduce electricity consumption during daytime, and replace all lights with energy-saving lamps in warehouses;

 Encourage employees to take the shuttle buses to and from work, so as to reduce the use of private cars and electric bicycles;

 Conduct centralised recycle of waste materials, and disposal of nonrecyclable packaging materials and consumables.

Shanghai Qingpu Automated Stereoscopic Warehouse

GOME establishes and manages an automated warehouse in Qingpu, Shanghai by taking full advantage of advanced information technology like big data, with a storage area of up to 62,000 sq.m., including 10,350 sq.m. of high-level automated area (with 19,007 pallets) and 4,000 sq.m. of automated transmission line for small goods. The project has been armed with internationally leading Manhattan system with extremely advanced software and hardware, which has greatly improved the logistic operation efficiency, formed an effective connection between warehousing and distribution, and improved the management efficiency of stock-in, storage and stock-out processes.



With advanced information system, GOME endeavors to rationally plan and arrange green delivery and transportation. By shortening the transportation routes, making effective use of vehicles and improving the vehicle loading rate and other measures, it has effectively reduced unnecessary driving distance and achieved the goal of energy conservation and emission reduction. In addition, GOME further improved the vehicle operation efficiency by replacing old, high-energyconsumption vehicles with low-emission vehicles.



Green Packaging

In responding to Chinese government's call for green packaging used in express delivery. GOME has formulated the relevant operation rules based on business characteristics to ensure recycling and reducing waste on packaging materials.

- Packaging of small and dium-size
- certification:
- usage of packaging consumables;

	Gasoline cost (RMB)
	128,478,000
	116,962,000
202	0

purchase packaging boxes and packaging materials with national environmental protection

e record packaging material usage and use allocated funds to systematically regulate the

standardise express delivery packaging through internal trainings and annoucements; rationally use and recycle materials and to avoid excessive packaging;

* the Group centrally purchases re-useable environmental-friendly plastic boxes for the transport of small and medium-sized commodities between the stores, a total of about 48,000 boxes are being used so as to greatly reduce packaging materials.

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Packaging of large commodities

- carry out the handover requirements of commodities, such as prohibiting any graffiti, careless transporting and rough loading and unloading, etc.;
- make policies on packaging protection and make punishment on rule breachers to reduce and avoid packaging replacement, damage and wastage;
- after the installation of products, recycle the packaging materials come with the products upon customer consent for re-usage. The recycled materials can be used to replace the damaged packaging material. All of these measures have significantly reduced resource waste and realised green delivery and logistics.

The principal business of the Group is retailing, not manufacturing of products. Therefore, the Group does not keep any record on the amount of packaging materials of the products sold.

${\boldsymbol{\widehat{\heartsuit}}}$ Green Shopping Guide

In 2020, GOME cooperated with CCTV News, Zhejiang Satellite TV and other platforms to carry out live broadcast events. Several live broadcasts were conducted in Pinduoduo and JD.com's official flagship stores during the promotional period. Live broadcasts can be an online tool to promote "green comsumption" and the cost of offline promotion can be saved and operational efficiency can be improved. In addition to live broadcasts, GOME also carried out "reduce costs and increase efficiency" strategy on its online channels and leveraged on its offline stores to boost online traffics. As of 31 December 2020, GOME had more than 3,400 offline stores across the country, and all of them have completed the "one store one page" model upgrade. Through the "FUN" APP video shopping guide and live online enqueries, we can serve customers within 3-5 kilometers around the store.





Sustainable Consumption Advocation

As a representative of retail chain enterprises, 93 GOME's stores have participated in the public welfare activity themed as "Green Consumption for High-Quality Life" to promote green and low-carbon home appliances, and support the economic recovery and growth which is in line with government's call for green development and green consumption advocacy.

During "618 Shopping Festival", while continued to promote the energy-saving subsidies of Beijing Municipal Government, GOME added in subsidies for exchange old for new. We invested RMB500 millions of exchange old for new subsidies in Beijing initially, making the preferential margin reaching 20% in the whole consumption season.

In addition, GOME strongly advocated Grade 1 and Grade 2 energy efficiency commodities jointly with many famous brands like Haier, Gree and Midea to encourage the customers to purchase energy-saving and environmental-friendly products, setting up energy conservation industry standards from production to retail.

GOME gives an impetus to green economy in the retail industry, which not only meets consumers' demands in upgrading home appliances with high quality, but also propels green home appliances in China with actual subsidies as well as promotes green and quality consumption.

GOME House Manager has been committed to promoting the concept of green consumption and actively participated in the "go rual" program, "exchange old for new " program and other state-led initiatives. With its rich experiences, GOME House Manager plans to develop the home appliance recycling into a long-term green public welfare activity, and integrates environmental performance goals into its supply chains, operation, product sales and recycling. In 2020, GOME House Manager served up to 300,000 users, achieving RMB630 million of sales in the exchange old for new program.



In 2020, GOME House Manager served up to **300,000** users



Achieving RMB **630** million of sales in the exchange old for new program.

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Development with Partners and Communities

GOME has committed to improving its ecosystem with the best-quality products and services, with openness and creativity in mind, GOME is able to satisfy the demands of consumers and partners by exploring new business models and to achieve mutual benefits for all parties.

With commitment to public welfare for years, GOME has fulfilled the social responsibility as a corporate citizen with its practical actions and great efforts in poverty alleviation. GOME will continue to leverage on its brand advantages, create an open public welfare ecosystem to connect various stakeholders in the society and promote public welfare activities, in a bid to expand the benefit of "Home · Living" to more and more people.

Our Progress

By the end of 2020, the number of GOME's suppliers reached 11,100;

The money rose online and offline by GOME on 99 Public Welfare Day was used to support the "Future Space" program;

During the New Year's Eve of 2020, GOME and CCTV News jointly held a live broadcast, in a bid to focus on China's remarkable achievements in the fight against poverty, demonstrate GOME's achievements in targeted poverty alleviation and pay tribute to workers in the front line.







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Value Chain Partnership Management

Search Life-Cycle Management System

In its daily operation, GOME follows strict standards in screening suppliers, their products and services to ensure they are of the highest guality. The Group also encourages its suppliers to provide green products as part of its energy conservation and emission reduction initiatives.

GOME devotes to creating a fair, open and transparent procurement environment. All suppliers are required to sign the Clean Cooperation Agreement, in which the Integrity Clauses were added in 2019. The Group strictly prohibits any corruption, bribery and other misbehaviors, and sets up a dedicated mailbox (gomejb@163.com) and a supervision hotline (010-84581700) to receive complaints and keeps all complaint information confidential.

GOME supplier operation manuals widely covers guidelines such as new supplier registration, order management, inventory management, electronic contracts management, commodities management, purchase orders management and installation service management, in a bid to stipulate operation procedures in details and ensure fair procurement.

Meanwhile, the Group has established comprehensive and strict standards on supplier selection and termination process, which cover areas such as supplier's HR management, environmental protection management, as well as supplier's management on child labour, forced labour, working hours and wages issues.



Suppliers Empowerment

During the pandemic period in the first half of 2020, GOME launched the weekly sales and weekly settlement strategy for suppliers to relieve inventory backlog and operation challenges, and signed the "Fast Sales and Fast Settlement Agreement" with eligible distributors and suppliers to increase the inventory and capital turnover. Procurement quantity was determined based on the sales demands. This arrangement has accelerated cash settlement for suppliers as well as reduced GOME's expenses on storage.

In 2020, GOME effectively opened the two-way supply chain with JD.com, Pinduoduo and other e-commerce platforms with outstanding results. In the future, GOME True Selection's open supply chain will be opened up to more platforms and empower the whole industry

Cooperate with JD.com to Launch Supply Chain System on General Merchandise

Since July 2020, JD.com's self-operated general merchandises have gradually been launched on GOME's platforms including the super live broadcast events. This integration has not only led to the continuous increase in the types of products but also boosted the sales on GOME platforms. On 10 August, GOME and JD.com jointly announced the RMB30 billion joint procurement plan. The two parties intended to promote all-win situation through large-scale procurement, and work together to increase revenue, reduce costs and increase efficiency. This will reshape the new outlook and new future of the home appliance retail industry. Moreover, GOME is going to introduce mid-to-high-end products, customised products and exclusive products to JD.com. At the same time, JD.com will introduce its general merchandises and FMCG supply chain into GOME's platforms through GOME's supply chain system. In addition, the two parties will share services and logistics. Currently, more than 20,000 new SKUs have been launched.

Solution Development of Franchised Stores

The franchised store strategy aims to explore the markets in the third- to sixth-tier cities. GOME treats franchised stores as its self-operating stores and it provides assistance to the franchised stores in several areas including marketing, operational management and sharing of resources in order to grow the stores rapidly.

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Management empowerment:

Enabling full access to the GOME sales system and customer management system which allows the sharing of the Group's customer base. Offering the same service standard as selfoperated stores in areas such as logistics, home delivery and aftersales services.

After signing franchising agreement, GOME will establish a three-level management mechanism for the franchised stores, which combines supports from the headquarters, regional offices and branches to provide assistance in the operation.



Corporate Citizenship

During its 33 years of glory history, GOME, as a Chinese leading retail company, has given consideration to both public welfare and corporate development, and actively fulfilled its corporate social responsibility. It established the public welfare program named "Future Space" jointly with China Foundation for Poverty Alleviation. in a bid to extend children's dreams by means of education. Currently, GOME's "Future Space" classrooms have been set up in 30 schools in the poverty-stricken counties such as Ludian, Yunnan Province, Ya'an, Sichuan Province, and Hezhang, Guizhou Province. As the presidium unit of China E-commerce Poverty Alleviation Alliance. GOME has boosted targeted poverty alleviation by leveraging on its retail network over the years and started to introduce the agricultural product from the poverty areas to the market. Besides, GOME participated in various emergency relief and public welfare activities such as Wenchuan Earthquake, Yushu Earthquake, Yunnan Drought and Ya'an Earthquake, as well as employment assistance for the disabled and care for the elderly.



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Sering about Vulnerable Groups

In November 2020, GOME donated winter clothes to Beijing Picun Tongxin Experimental School and Picun Workers' Home through a welfare program. The program was launched by GOME in 2014, over the past years, GOME has donated more than 19,800 pieces of clothes to Picun.

In addition to clothes donation for povertystricken children, GOME organised a book donation campaign in June 2020. In the "Future Space" public welfare program, a young illustrator and journalist donated her new book titled *Wuhan Diary in 2020: A Hand Drawing Album of Anti-Epidemic Shelters* to children of five poverty-stricken schools, including Ludian

County Longtongshar fown Central Primary School and Ludia

Supporting Poverty Alleviation by E-commerce

During the New Year's Eve of 2020, GOME and CCTV News jointly held a live broadcast, in a bid to focus on China's remarkable achievements in the fight against poverty, demonstrate GOME's achievements in targeted poverty alleviation and pay tribute to workers in the front line.

Since the launch of the targeted poverty alleviation program, GOME has invited nearly 100 of over 500 poverty alleviation companies selected by the Ministry of Commerce, and a dozens of them have stationed on GOME platforms. GOME puts forward a new proposition and business model of "Poverty Alleviation through Consumption & Entrepreneurship", which introduces agricultural products to the urban areas through e-commerce platforms.

Se All-in for Community Development

In September 2020, GOME launched 99 Public Welfare Activity in the stores of 6 cities (including Beijing, Shanghai, Guangzhou, Shenzhen, Chengdu and Xi'an), encouraging people to support public welfare together. The funds raised online and offline were used to support the "Future Space" program.

In addition, GOME launched RMB1 million donation activity to support the "Teach for China in Rual Areas" program. GOME users who made the donation will receive the "Double Love Card" on GOME's public welfare homepage. The 10-year-old "Teach for China in Rual Areas" program was then enhanced.



Fight against the COVID-19

Since the COVID-19 outbreak in 2020, GOME has always fought against the pandemic in the front line, from distributing free masks to consumers in Wuhan to sending refrigerators to hospitals of pandemic areas by GOME employees wearing protective suits; from donating integrated washing and drying machines to resolving living difficulties of the medical team to installing air conditioners at Leishenshan Hospital; from the establishment of a green channel for the transportation of rescue materials in Wuhan to providing remote instant repair services for household appliances across the country. To fight against pandemic, GOME provided targeted and constructive assistance by donating a large number of urgently needed living appliances, such as air conditioners, washing machines, refrigerators and televisions, and other accessories. Leveraging on its "installation with delivery" one-stop services capability, it delivered supplies and necessities to the hospitals in one go and saved more lives.

By the end of 2020, GOME has assisted in the fight against pandemic and emergent supplies activities in 776 cities across China and a total of RMB6.113 million of electrical appliances, food, daily necessities, masks, protective clothing, etc. has been donated to the public institutions, medical and pandemic prevention departments. By virtue of its outstanding contribution in fighting against the pandemic, a high sense of responsibility and a number of public welfare measures, GOME won the "2018-2020 Internet Welfare Award of Industry" at the 7th China Internet Corporate Social Responsibility Forum in 2020. Development with Partners and Communities ESG Reporting Guidelines Index of the Hong Kong Stock Exchange



County Longtongshan Town Central Primary School and Ludian County No.2 Middle School.

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Compliance and Risk Management

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ne following table is based on the "comply or explain" provision in Appendix 27 of the Rules Governing the Listing o ecurities on the Stock Exchange of Hong Kong Limited:				
	Description	Where to Find		
Aspect A1: Emissions				
General Disclosures	Information on: (a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.	P21-P24		
KPI A1.1	The type of emissions and respective emissions data.	P21-22		
KPI A1.2	Greenhouse gas emissions in total (in tons) and, where appropriate, intensity.	P21		
KPI A1.3	Total hazardous wastes produced (in tons) and, where appropriate, intensity.	N/A		
KPI A1.4	Total non-hazardous wastes produced (in tons) and, where appropriate, intensity.	N/A		
KPI A1.5	Description of measures to mitigate emissions and results achieved.	P21-P24		
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	P21-P22		
Aspect A2: Use of reso	urces			
General Disclosures	Policies on the efficient use of resources, including energy, water and other raw materials.	P21-P25		
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity.	P21-P24		
KPI A2.2	Water consumption in total and intensity.	P21-P22		
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	P21-P24		
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	P22		
KPI A2.5	Total packaging material used for finished goods (in tons) and, if applicable, with reference to per unit produced.	P24-P25		
Aspect A3: Environmer	nt and Natural Resources			
General Disclosures	Policies on minimising the issuer's significant impacts on the environment and natural resources.	P21-P25		
KPI A3.1	Description of the significant impact of activities on the environment and natural resources and the actions taken to manage them.	P21-P25		

Aspect B1: Employment					
General Disclosures	 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. 	P13-P18			
Aspect B2: Health and Safety					
General Disclosures	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	P15-P16			
Aspect B3: Development and Training					
General Disclosures	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P13-P14			
Aspect B4: Labor Standards					
General Disclosures	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.	P15			
Aspect B5: Supply Chain Management					
General Disclosures	Policies on managing environmental and social risks of the supply chain.	P29-P30			
Aspect B6: Product Responsibility					
General Disclosures	 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. 	P7-P10			
Aspect B7: Anti-corruption					
General Disclosures	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.	P2-P4			
Aspect B8: Community Investment					
General Disclosures	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.	P31-P32			

Development with Partners and Communities

