



国美

Stock Code: 493

GOME RETAIL HOLDINGS LIMITED

國美零售控股有限公司 *

(Incorporated in Bermuda with limited liability)

2021

Environmental,
Social and Governance Report



* For identification purpose only

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GOME RETAIL HOLDINGS LIMITED

2021 Environmental, Social and Governance Report

MESSAGE FROM THE SENIOR MANAGEMENT

GOME strives to serve families and households to create better lives since its inception. Over the past 34 years, GOME has deeply understood that patriotism and party support, operating compliance, pioneering and innovation, and rewarding the society have great meaning to our long-term growth. We aim to keep abreast with times, focusing on real business and principal business, deepen the development of our operation, refine our services, popularise our brand, sustain our culture and consolidate our company.

2021 was an important year for GOME. At the advent of the second phase of the “Home • Living” strategy, we have placed importance on responsibility, value exploration, proactive innovation, endeavor on our development to spread our goal of “Better home and lifestyle through GOME”.

We will start the new year with responsibility in mind in the run-up of the Fourteenth Five-Year Plan. China and the industry have entered a new phase of quality development, which create new opportunities and responsibilities to GOME in the new era. We will closely connect our development with national prosperity and wellness of people. We will persist on the guidance of the party by focusing on entrepreneurship and rewarding the society with better quality, higher efficiency and greater

competitiveness, and bear social responsibilities. Our “Home • Living” strategy has initiated with an aim to upgrade living quality of domestic households which is in line with the national policies. With an open attitude that supports common prosperity, we have strived to streamline and optimise the entire chain of retail industry to achieve comprehensive and continuable cost reduction, efficiency boost and income increase in the industry. We believe this will be essential to the growth of the retail industry.

We are also mindful of value in the coming year. During the operating history of over thirty years since our inception, we have accumulated extensive experiences to better serve the public to pursue better lifestyle. We will always adhere to our principle, perform with fairness, aim to be wholesome and focus on long-term development. We will provide better products and services to our users, partners and the society with the awareness of laws, contractual obligations and commitments, and create value to the country, society, customers, partners and employees with a sense to perform our enterprise obligations. The “Home • Living” strategy of GOME spares no effort in family consumption and enhances household selection, precise grouping, grouped consumption service based on family and targeted operation of business that placed great importance on family. These initiatives will become the core value of GOME, which has been the essence of the “Home • Living”.

In addition, we will place great importance on innovation. In the face of an everchanging world, we are required to create new prospect amid changes with a focus of driving our development through innovation. In 2022, we will further promote the extension and upgrade of the second phase of the “Home • Living” strategy and continue to develop a total retail eco-system sharing platform based on the development philosophy from the user-based, platform-based, technology-driven and closed-loop mindsets. The construction of the core model and key components of total retail of GOME has been completed which magnified its synergy effect and accelerated the progress of its achievements. The six major platforms of GOME have the characteristics of integration, mutual connection and sharing and joint development, which is a combination of our gene, resources capability and innovative philosophy. These innovations have facilitated GOME to become a distinctive enterprise in the industry and to form our core competitiveness, which demonstrated the advantages of our retail model and continuous innovation philosophy.

We will endeavor to progress in the coming year. We have developed from our first store in Zhushikou Beijing to an online, in-store and to-home services total retail network that connects with consumers in omni-channel regardless online or offline. From electric appliances to the field of “Home • Living” which satisfies the rigid demand of families in all categories, our numerous employees have endeavored to develop GOME into the current state. In the next year, we will continue to struggle for further market expansion and promote to fully upgrade and accomplish our operating strategies. The scenarios, products, services and marketing of GOME Retail will conduct novel expansion, precise grouping and optimisation based on the consumption demand of families. Our operation feature of “Home • Living and FUN” will be fully demonstrated and the operation and update of the total retail eco-system sharing platform of GOME will be promoted comprehensively and swiftly.

We recognise our responsibility to initiate a new start. We have uphold the our mission of “Enhancing efficiency with the support of technology and wisdom for good” and the opening and sharing ideology of integration of all businesses and complementary support. GOME intends to construct a new retail structure and fair ecology with the society and to promote the sustainable and wholesome growth of the industry.

ABOUT THIS REPORT

This 2021 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, quantitativens, balance and consistency, and discloses the ideology, major progress, achievements and future plans of the Group in terms of environmental, social and governance performance, with a period spanning from 1 January 2021 to 31 December 2021 (the “Reporting Period”). If there is any inconsistency, it will be explained in the specific content.

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 and Boundaries

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 2021 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 and Response to This Report

You can access to the electronic version of this report through the following website:

<https://www.gome.com.hk>



01

ESG Governance and Participation of the Board

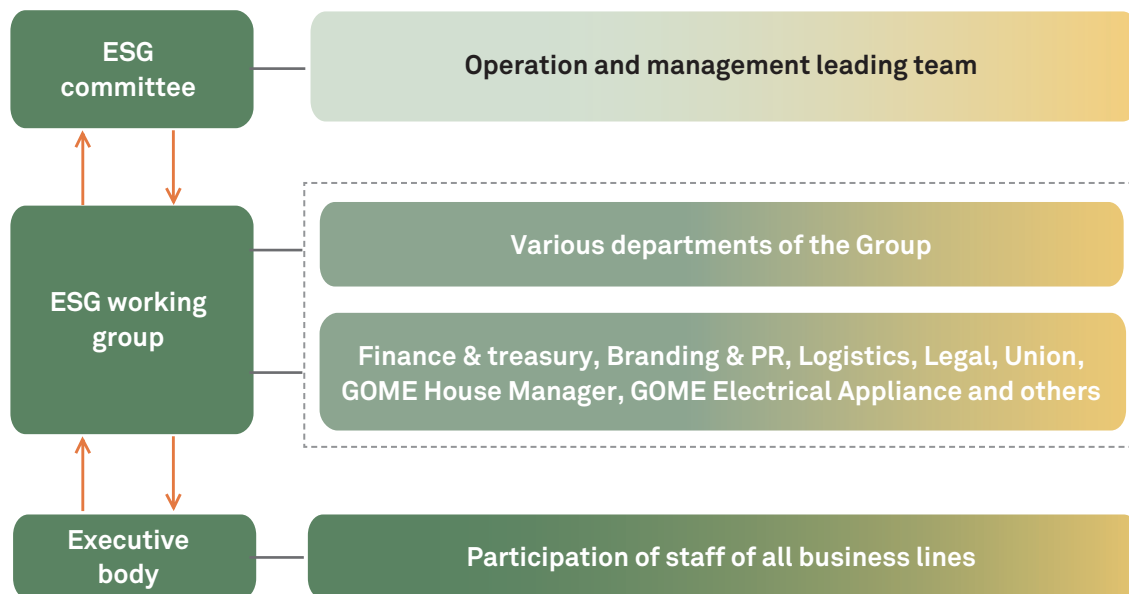
ESG GOVERNANCE AND PARTICIPATION OF THE BOARD

PARTICIPATION OF THE BOARD IN ESG

ESG work is a strategic routine of GOME. The Group has established a sustainable development organisational system across all levels vertically and covering all functional departments horizontally, which comprises three major levels:

- ESG committee: it consists of the top management of the Group. The committee regularly evaluates and provides recommendations on the sustainable growth of the Group, including the progress of major projects, annual budgets and annual work plans. In case of any major emergencies, the committee will hold extraordinary meetings for decision-making.
- ESG working group: it is led by the Board office of the Group and consists of the management of all functional departments. The working group conducts internal discussion and project design for customer review, compliance, environmental protection, health and safety, supplier management and other works. Members of the working group also regularly communicate and directly report to the committee.
- Executive body: Staff of all business lines jointly participate in the daily promotion and coordination of sustainable development work of GOME.

Organisational structure of sustainable development of the Group

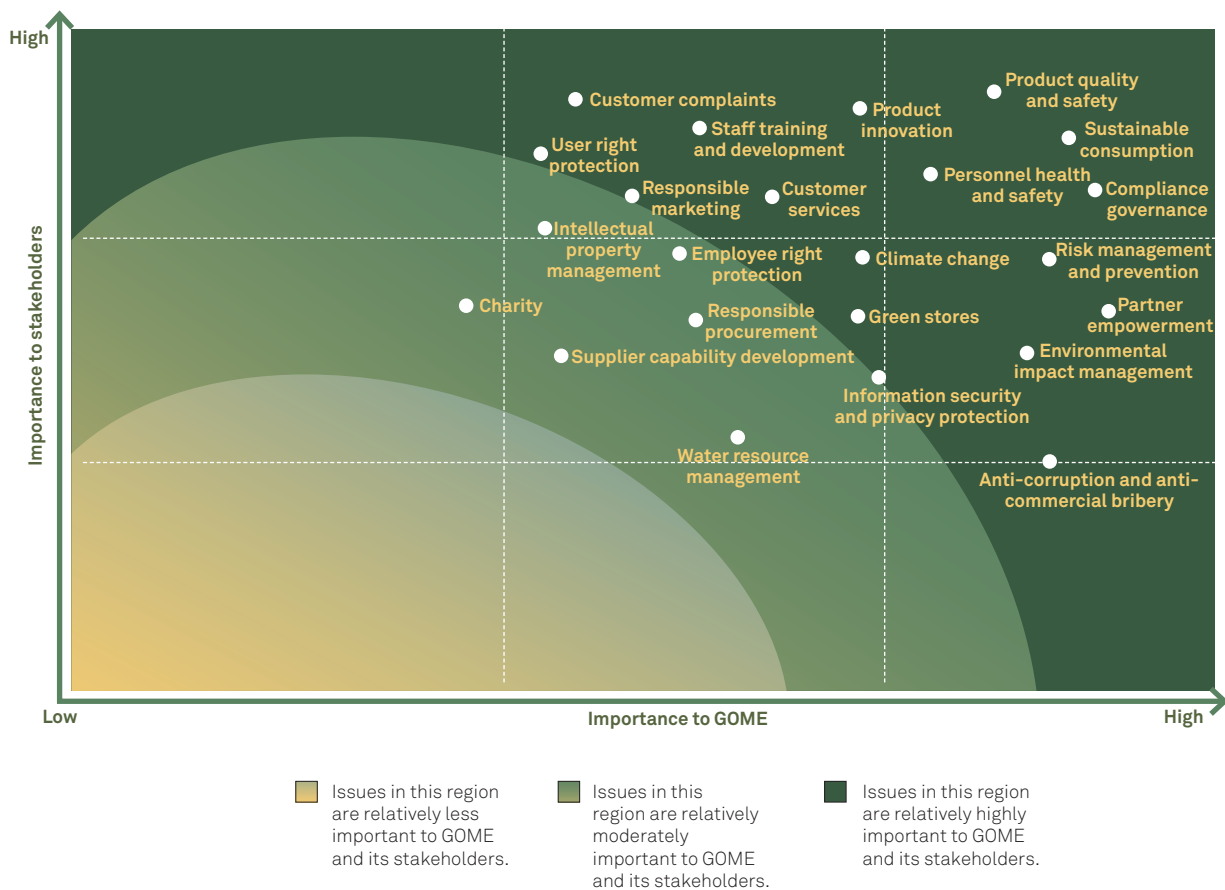


ESG GOVERNANCE AND PARTICIPATION OF THE BOARD

MATERIALITY ANALYSIS

In 2021, GOME comprehensively analysed the concerns of external stakeholders through regular communication, industry associations, customer interaction, investor conferences and others. In addition, according to its strategies, the Group had clarified the concerns of internal stakeholders through internal trainings and meetings. Based on the results of internal and external analysis, the following key issues of the year were identified for targeted management and performance improvement.

Materiality Matrix of GOME



ESG GOVERNANCE AND PARTICIPATION OF THE BOARD

STAKEHOLDER COMMUNICATION

GOME attaches great attention to opinions and suggestions of all stakeholders during the course of daily operation. All functional departments and business segments have also developed and solidified effective communication and participation methods in their daily works.

Stakeholders	Representatives	Concerns	Communication and participation methods
Shareholders and investors	<ul style="list-style-type: none"> Investors 	<ul style="list-style-type: none"> Business operation and fundamentals of the Group Long-term development plans and financial performance Corporate governance and risk controls Investor communication and interaction 	<ul style="list-style-type: none"> Regular information disclosure General meetings Investor roadshows and conferences Hotline and email
Regulatory authorities	<ul style="list-style-type: none"> Governments and competent authorities at all levels Hong Kong Stock Exchange China Securities Regulatory Commission 	<ul style="list-style-type: none"> Operational compliance Protection of rights and interests of customers, employees and other stakeholders Driving economic growth 	<ul style="list-style-type: none"> Participation in relevant meetings Communication with industry associations and other organisations
Customers	<ul style="list-style-type: none"> Consumers 	<ul style="list-style-type: none"> Product quality and pricing policy Information security and privacy protection Quality of customer services Protection of rights and interests of customers Stable operation of products 	<ul style="list-style-type: none"> Pre-sale communication Customer service hotline Website of the Group Customer service center
Employees	<ul style="list-style-type: none"> Full-time employees Part-time employees 	<ul style="list-style-type: none"> Extensive skill training Open and transparent career path Employee activities Workplace health and safety 	<ul style="list-style-type: none"> Online communication platforms Employee representative meetings

ESG GOVERNANCE AND PARTICIPATION OF THE BOARD

Stakeholders	Representatives	Concerns	Communication and participation methods
Partners	<ul style="list-style-type: none"> ■ Suppliers ■ Franchisees ■ Communities 	<ul style="list-style-type: none"> ■ Open and transparent selection procedures ■ Stable financials and payment policies ■ Strategic partnerships ■ Fair, just, open and transparent procurement environment 	<ul style="list-style-type: none"> ■ Partner meetings
Communities	<ul style="list-style-type: none"> ■ Surrounding villages and towns ■ Surrounding urban communities 	<ul style="list-style-type: none"> ■ Community ecology and humanity ■ Sharing of corporate development merits 	<ul style="list-style-type: none"> ■ Rural industry revitalisation projects ■ Community integration activities

GOME has been committed to building a company of integrity and persisting in combating corruption. Adhering to its integrity policy of “Effective prevention and persisting punishment”, the Group has continuously performed its compliance duties through implementing compliance policies, providing training on compliance and strengthening risk prevention.

OUR ACHIEVEMENTS

- resolve rate of the reported frauds reached 91.89% in 2021
- organised 8 sessions of directors, supervisors and senior management training on combating corruption

SUPPORTING THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



02 Persisting in Orderly Development and Ensuring Operating Compliance

PERSISTING IN ORDERLY DEVELOPMENT AND ENSURING OPERATING COMPLIANCE

COMPLIANCE AND RISK MANAGEMENT

In 2021, the Group maintained overall control on anti-corruption, anti-commercial bribery, internal controls and whistle-blowing through a supervision network, which comprises Surveillance Center, Discipline Inspection Department and Network Platform Security Center.

Surveillance Center

Located in the headquarters, the Surveillance Center conducts pre- and post-audit supervision on the business activities of various business sectors, business entities and branches of the Group. It also investigates any delinquency and recover relevant losses and identifies vulnerabilities and weaknesses of the Group in respect of systems and regulations, responding with improvements and remedies.

Discipline Inspection Department

Located in the headquarters, the Discipline Inspection Department supervises, investigates and handles misconducts or violations in various business sectors, business entities and branches of the Group. It also supports supervision and security management work of public, investigation, legal and regulatory and other relevant judicial authorities, national network security authorities and relevant associations.

Platform Security Center

Located in the headquarters, the Platform Security Center manages and maintains security of network platforms. It also conducts regular walk-through tests on the platforms and prevents and deals with any outside attacks to the platforms of the Group.

INTERNAL AUDIT AND CONTROL AND RISK MANAGEMENT

Established in 2003, GOME surveillance system, which is led by the President, is aimed to safeguard the interests of the Company and take full responsibilities of supervision including integrity construction, anti-fraud, improvement on internal controls, sales and cost cycle monitoring and anti-corruption. In 2021, the Group improved the following areas with high-risk exposure and systematically enhanced its risk management capability.

In respect of system risk control, the surveillance system conducted audit on rules regarding activities of new users of the FUN platform and identified loopholes and ineffectiveness in control, the surveillance system put forward suggestions on improving system risk control, revised its marketing plans and imposed further risk control measures in order to control its marketing risks.

PERSISTING IN ORDERLY DEVELOPMENT AND ENSURING OPERATING COMPLIANCE

In respect of policies and rules, the audit found that the current system of the Group has certain risks as it did not formulate any detailed rules for vehicle maintenance, and did not clearly regulate the procedures before and after maintenance as well as the investigation of responsibilities for accidents. The Group is carrying out rectification on its administrative system and will issue relevant rules.

In respect of the management of contract templates, the Company revised certain relevant terms in contracts to mitigate any risks in relation to the terms of contracts executed during 2019 and 2020, so as to mitigate any risks in relation to unclear charging standards for obsolete goods.

ANTI-CORRUPTION AND COMMERCIAL BRIBERY

GOME has actively responded to national policies and updated its contract templates and operating procedures in a timely manner according to new regulations and regulatory requirements. The legal departments of each business line provide opinions on legal matters and handling measures in respect of any changes of policies, revise existing rules or systems, and provide corresponding trainings to business departments. In addition, at the end of each year, the code of the contracts will be updated and revised based on the actual situation in the past year.

GOME has formulated strict requirements against any bribery, fraud, extortion, money laundering and other behaviors which are not in compliance with business ethics. The Group reviews or revises the management approach related to the integrity red line of employees every six months and organises and supervises the trainings on the “Red Line Management Approach of GOME Retail Holdings (《國美零售控股紅線管理規定》)” and “Penalty Measures of GOME Retail Holdings (《國美零售控股處罰條例》)” provided to the employees of the Surveillance Center to further raise the awareness of its employees of compliance and business ethics. Furthermore, the Group organises trainings on integrity for its directors, supervisors and senior management members through meetings every two months. The Group organised 8 sessions of training during the year, which played an important role in providing warning and education and developing a culture of integrity.

By joining the Anti-Fraud Alliance of China and the Trust and Integrity Enterprise Alliance, GOME is able to prevent and address frauds and corruptions and create an honest corporate and social environment together with its partners.

PERSISTING IN ORDERLY DEVELOPMENT AND ENSURING OPERATING COMPLIANCE

COMPLIANCE INDICATOR



Number of corruption cases brought against the issuer or its employees during the reporting period

0 cases



Number of training session on anti-corruption and business bribery for ordinary employees

99 sessions



Number of person receiving training on anti-corruption and business bribery

2,217 persons times



Number of training session on anti-corruption and business bribery for senior management

24 sessions

WHISTLE-BLOWER PROTECTION

GOME has established the same whistle-blowing channels to handle both reports on matters and reports on persons and effective protection measures have been in place to protect whistle-blowers.

In respect of the management of whistle-blowing process, the management office of the Surveillance Center receives and registers complaints for preliminary screening. The pre-processed complaints will be then classified based on regions and the positions of complainees within 7 working days in the principle of “vertical management, responsible by regions, investigation on all complaints and report on all investigations” and handed over to the investigation department. For serious or urgent complaints, the management office of the Surveillance Center will make suggestions and report to the Surveillance Center in a timely manner. The investigation department will issue verification reports, make suggestions based on the Company’s regulations, pass to the management for approval, and revert the final

results to the whistle-blower. In 2021, a total of 74 valid complaints were received, and 68 were investigated and resolved, with a resolve rate of 91.89%.

The Group has established various whistle-blowing channels, including email, telephone hotline, social media and mailbox, to ensure the whistle-blowing channels are effective. In addition, the homepage of our online office platform also has an anti-corruption reporting portal, “Window of Integrity”. When any employee finds that someone violates the regulations of the Group, he/she can report to the Surveillance Center through the “Window of Integrity” at any time.

Telephone hotline: 010-84581700
Email: gomejb@163.com
Social media account: GOME Surveillance Center
GOME Office: Surveillance Center
Text message: 18910160790
Mailbox: 11/F, Block B, Pengrun Building, No. 26 Xiaoyun Road, Chaoyang District, Beijing (Postal Code: 100016)

GOME adheres to the employee management philosophy of “integrity prevailing over competence” and “talent localisation” to develop its talent management mechanism which covers talent recruitment, talent training and employees’ health and safety. With continuous optimisation and improvement, this mechanism will offer better career paths and attractive welfare to the employees.

OUR ACHIEVEMENTS

- In 2021, GOME Love Mutual Fund provided subsidies amounted to RMB1,001,055 and benefited 237 employees in aggregate.
- GOME had a total of 32,278 employees, of which 16,710 were female and 15,568 were male.

SUPPORTING THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



03 Promoting Talent Training and Facilitating the Development of Employees

PROMOTING TALENT TRAINING AND FACILITATING THE DEVELOPMENT OF EMPLOYEES

TALENT RECRUITMENT AND TRAINING

GOME strictly abides by the “Labour Law of the People’s Republic of China”, the “Labour Contract Law of the People’s Republic of China” and other relevant laws and has established its recruitment systems accordingly. In order to fully comply with the principles of openness, fairness and impartiality, and to ensure that all departments and positions attracts the required talents in a timely and effective manner, and to facilitate the stable and rapid development of the Group, GOME formulated and updated the mechanisms and rules in 2021, including “Recruitment Management System (《招聘管理制度》)”, “Nepotism Avoidance Principles (《親屬回避原則》)”, “Recruitment System Operation Regulations (《招聘系統操作規範》)”, “Interviewer Management Regulations (《面試官管理規範》)”, “Background Investigation Management Regulations (《背景調查管理規範》)” and “Headhunting Channel Management Regulations (《獵頭渠道管理規範》)”.

In respect of staff recruitment, the Group attaches great importance to diversified employee composition and stringently prevents discrimination in terms of race, gender, origin, age and disability. The Group strictly prohibits recruiting minors under the age of 16 in accordance with the Order No. 364, “Prohibition of Child Labour”, issued by the State Council. From time to time, we will organise trainings on laws and regulations regarding human resources management system, consolidate legal knowledge and strengthen legal awareness of its employees, and fundamentally prevent the potential legal risks of using child labour. In 2021, over 300 senior executive and key personnel from the fields of automobile sales, logistics, supply chain and technological research and development were recruited by the Group.

In respect of staff training, GOME is committed to providing training for its staff and management. Regular training programmes of the Group include: Training plans for new employees, three-month intensive induction training programmes for senior executives, on-the-job leadership training (echelon training programmes) and expertise training programmes. As for leadership of the management, the Group jointly launched various training programmes with external institutions during the year. These programmes allowed the Group to enhance the leadership of its management in four major aspects, namely strategy implementation, organisational construction, team management and synergy enhancement.

As for customer service personnel, the customer service management centre has always strived to build a learning organisation that facilitates the development of employees. Efforts have also been made to create a system environment favourable to the continuous learning and development of employees, and to enable the customer service personnel to put their learning into practice.

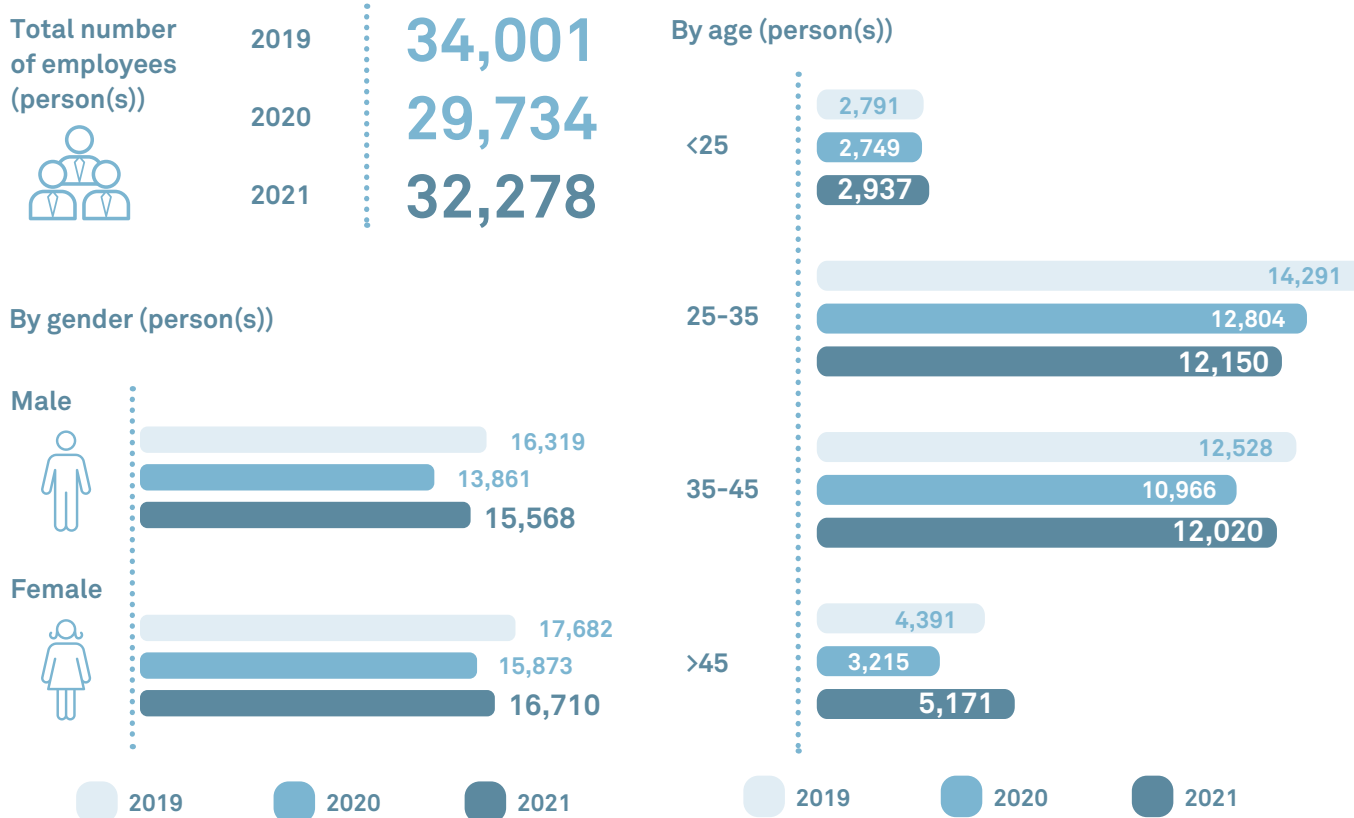
In addition, as for store managers, the Group has launched elite store manager training (for core store managers) and falcon store manager training (for new store managers).

PROMOTING TALENT TRAINING AND FACILITATING THE DEVELOPMENT OF EMPLOYEES

Since 2020, GOME has placed an emphasis on the training of young and professional management talents. The Group has established a talent pool recruitment and training project, which aims to cultivate potential management personnel for the Group and gradually increase the overall proportion of young and potential employees in GOME. Based on the characteristics of its students, the talent pool project formulated a variety of occupational and professional personal enhancement courses during the year targeting students enrolled for one to three years. These courses were supported by seminars and team building activities as well as relevant online courses, individual tutoring and other personalised training methods.

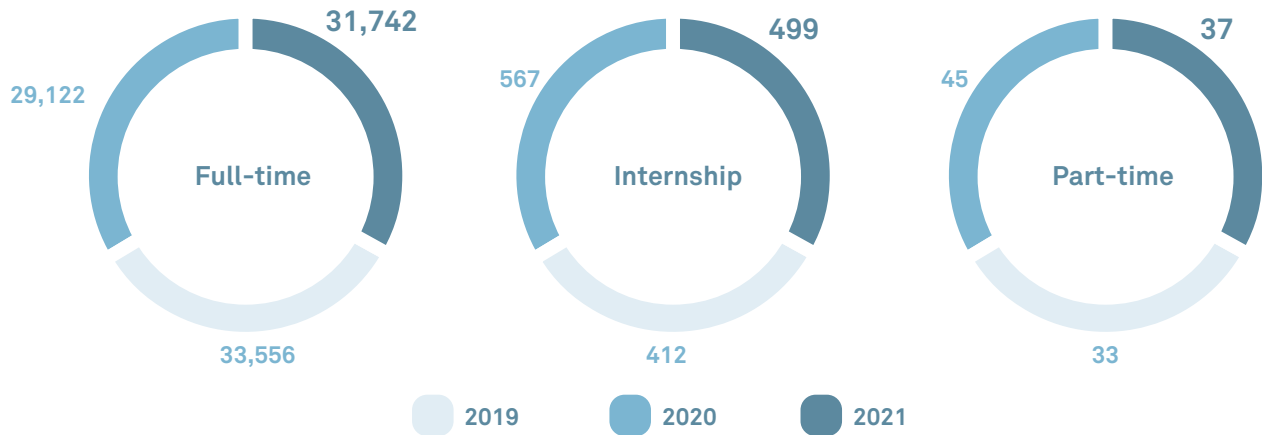
[Case] Supernova Talent Pool Creation Camp (超新星蓄水池創造營)

According to the “Home • Living” strategy and the operation and development needs of the Company, it is essential to strengthen the echelon reserve and build up a young and ambitious management team at middle and bottom levels. To this end, GOME has organised the 2021 National Excellent Talent Pool Selection Activity – Supernova Talent Pool Creation Camp (2021 屆全國優秀蓄水池選拔活動 – 超新星蓄水池創造營). Talents were selected from the outstanding talent pools in China to participate in the training and final recruitment through entertaining games, comprehensive online courses, topic discussion, operation drills and results presentation. The headquarters and regional branches in China selected nearly 340 candidates for the 2021 talent pool. A total of 92 outstanding students stood out and participated in this training camp. A total of 25 students finally won the title of the students of the supernova talent pool. The number of qualified graduates was 82, representing a graduation rate of 89%.

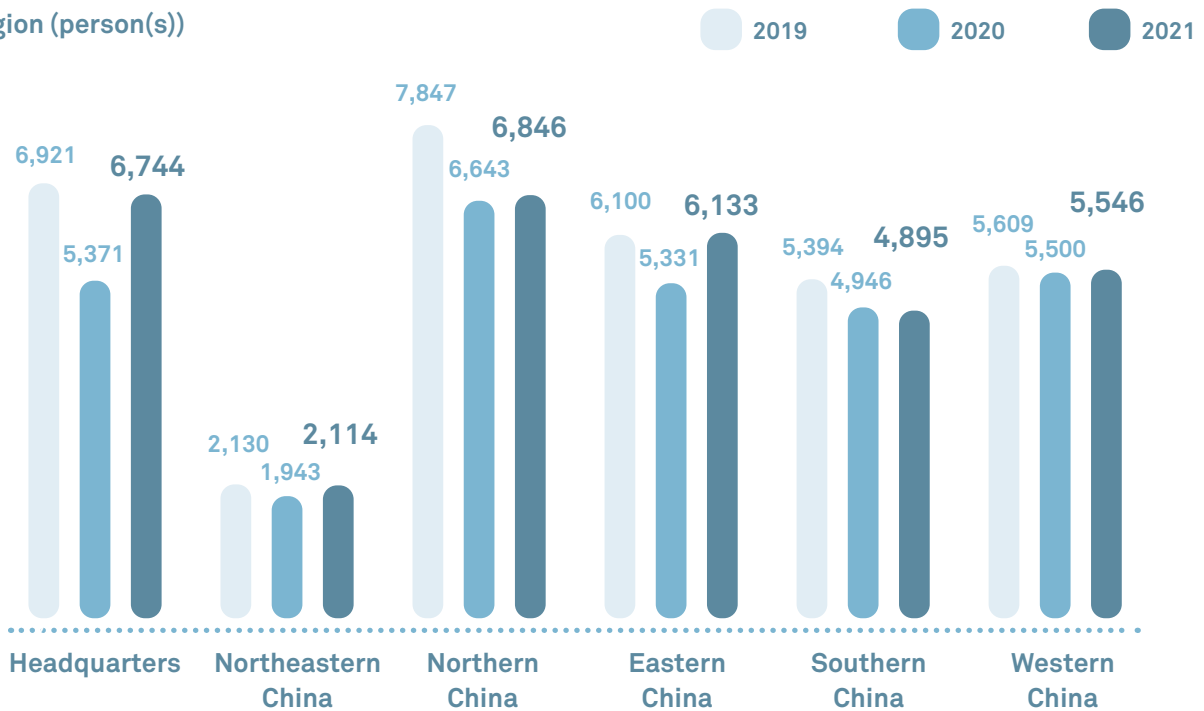


PROMOTING TALENT TRAINING AND FACILITATING THE DEVELOPMENT OF EMPLOYEES

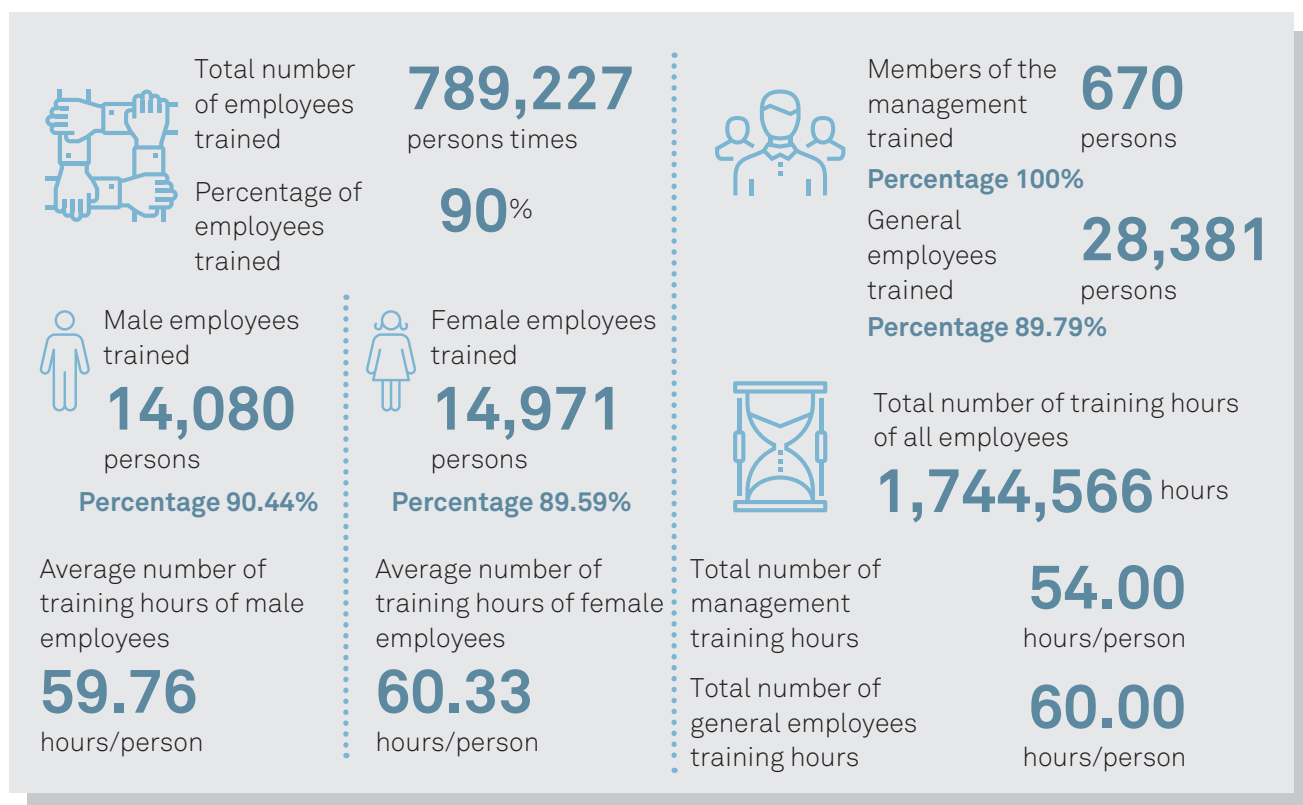
By employment type (person(s))



By region (person(s))



PROMOTING TALENT TRAINING AND FACILITATING THE DEVELOPMENT OF EMPLOYEES



PROTECTION OF EMPLOYEES' RIGHTS

Interaction and communication with employees

GOME has always valued the opinions of its employees and has paid close attention to their needs. Specific communication models have been formulated for different employees:

For general employees, GOME communicates with its employees at each key moment in their career and maintains regular monthly communication with its employees;

For new employees, GOME has established a dual guidance mechanism: The supervisor serves as the business leader while the HRBP serves as the functional leader of the employees. Through introducing both business and function aspects, it allows new employees to have a smooth induction period, and provides them with timely guidance and assistance;

For new members of the senior management, based on the dual guidance programme, GOME conducts formal interviews regularly.

For incumbent senior management, GOME carries out regular interviews with them while conducting special interviews based on projects. GOME summarises and reviews the interviews, and makes improvements accordingly.

In addition, GOME has a special complaint mailbox in place as an internal means for employees to directly raise their complaints. The human resources team will arrange personnel to verify, follow up, handle and respond in time.

PROMOTING TALENT TRAINING AND FACILITATING THE DEVELOPMENT OF EMPLOYEES

Establishment and development of labour union

On 1 April 2021, the “Union of GOME Appliance Company Limited (國美電器有限公司工會)” was officially renamed as the “Union Committee of GOME Holding Group Company Limited (國美控股集團有限公司工會委員會)”, which is responsible for the union matters of the entire GOME Group. The union is chaired concurrently by the secretary to the party committee of the Group, who is responsible for overall leadership. The union also set up a special committee, “GOME Employees’ Home (國美職工之家)”, to strengthen the interaction between the union and employees and carry out collective wage negotiation activities of the Group. The headquarters of the union of Beijing GOME (北京國美工會總部) also conducted collective negotiation activities regarding overall working hours and working system, and provided opinions and written responses for employees of each branch. These initiatives served as the first line of effective protection of employees’ rights.



Employees’ health and security

During the year, in response to the pandemic prevention and control measures of China, GOME promptly adjusted its employee policies based on information regarding the pandemic and effectively promoted the knowledge about pandemic prevention. GOME also cooperated with the Taiyanggong community to administer the first, second and booster shots of vaccines for approximately 2,000 employees of the Company in May and November.


The Group also attaches great importance to fire safety in the office. Every quarter, we work with the property engineering department and the security department to inspect the fire prevention equipment and facilities in the office building, so as to identify safety problems and rectify them promptly to ensure the fire safety of the office building. During the fire safety month in 2021, the Group carried out lectures on fire prevention and organised fire drills and other activities for employees.

In order to protect third parties’ rights, GOME urges service providers to maintain accident insurance for their employees and plans to stipulate such requirement in introduction criteria to ensure transportation safety and protect employees’ rights.



PROMOTING TALENT TRAINING AND FACILITATING THE DEVELOPMENT OF EMPLOYEES

HEALTH AND SAFETY INDICATOR

	2019	2020	2021
Total number of lost days due to work injuries	N/A*	N/A*	11,322 days
 The number of deaths on duty in each of the past three years	0	0	0
The rate of death on duty in each of the past three years	0%	0%	0%

* Only data for 2021 is disclosable pursuant to the guidelines of the Stock Exchange

CAREER DEVELOPMENT AND PROMOTION

GOME believes that staff development drives the Group's development. The Group provides employees with competitive wages and clear career blueprints and mutual benefitting the development of both the employee and the Group.

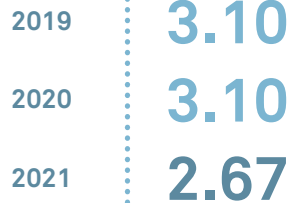
For salaries, based on its salary surveys on external entities conducted in 2021, the Group updated its overall salary range in respect of urban salary variation, and raised its welfare standards to align with corresponding welfare systems.

For incentives, the GOME established a synergistic and comprehensive incentive mechanism on a short- and long-term basis and focused on the structure and effect of short-term incentives. As part of its short-term incentive mechanism, the Group refined its performance assessment standards with an aim to boost short-term incentives based on annual income. It also launched the "Reward Application Management Regulations (《積分應用管理規定》)" to fully mobilise its employees through positive and negative incentives, and encourage their active participation in various tasks. For long-term incentives, the Group adopted equity incentives for its senior management and core personnel so that the personal development of employees is closely linked with corporate development, enabling the Group to retain its talents. As for its technical team, the Group changed the assessment basis of its projects to milestone- and result-oriented. The emphasis was placed on project progress and outcomes. It also set up a mechanism for linking employees' remuneration to project progress.

In 2021, The Group standardised its employees' promotion period. In order to strengthen the management of employees' career development channels and optimise the allocation of human resources, GOME revised the "Promotion Management System (《晉升管理制度》)", which specifies relevant requirements of the promotion system. The Group also focused on its future development with the release of its rank management system document for 2022, "Rank System Management System 2022 Version V1.0 (《職級體系管理制度2022版V1.0》)".

PROMOTING TALENT TRAINING AND FACILITATING THE DEVELOPMENT OF EMPLOYEES

Total turnover rate of employees¹(%)



¹ Turnover rate = Number of employees leaving/number of employees leaving + total number of employees/12

By gender (%)

Male



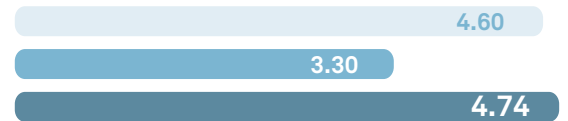
Female



2019 2020 2021

By age (%)

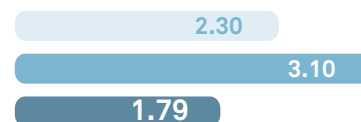
<25



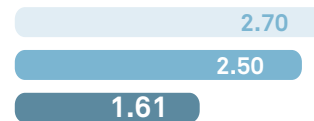
25-35



35-45

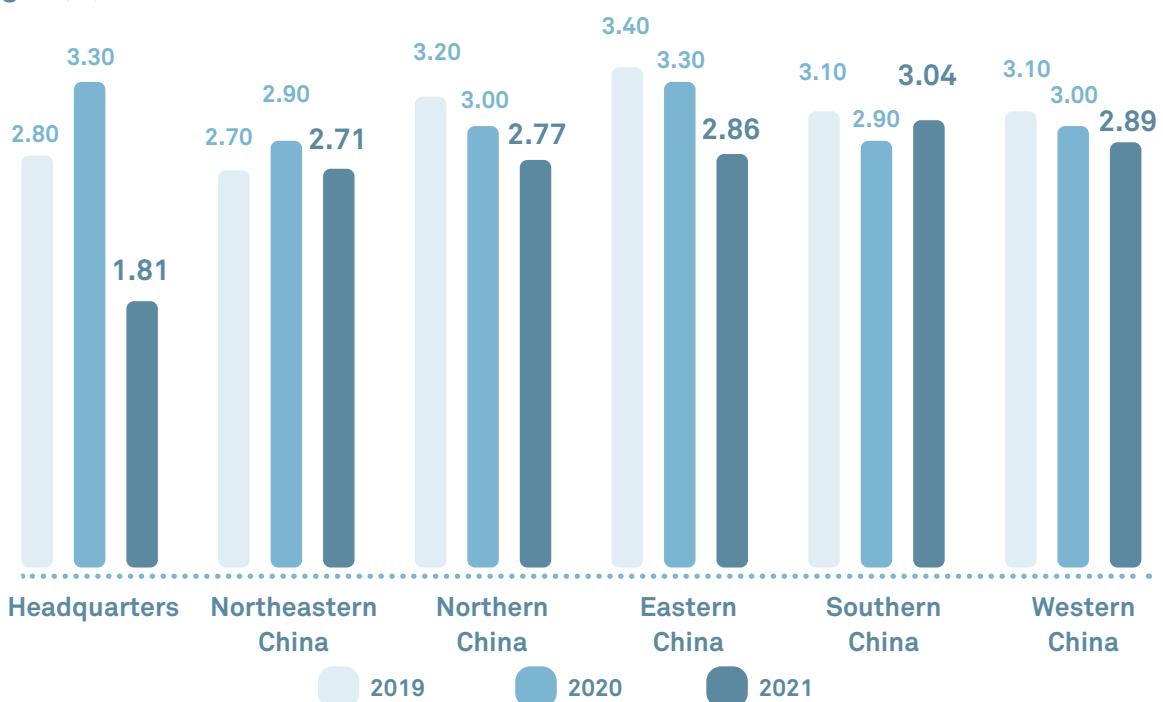


>45



2019 2020 2021

By region (%)

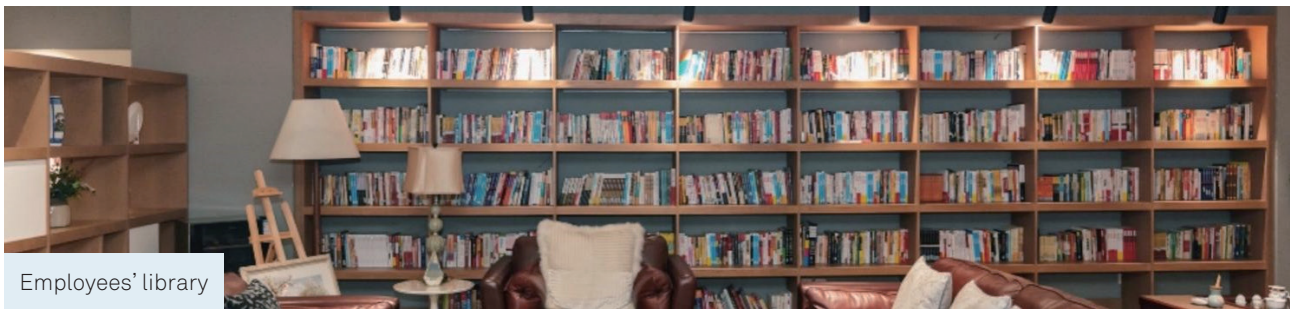


PROMOTING TALENT TRAINING AND FACILITATING THE DEVELOPMENT OF EMPLOYEES

STAFF WELFARE AND CARE

Welfare system of the Group

GOME has been committed to consolidating the welfare of its employees. In 2021, the Group issued the revised “Employee Welfare Management Regulations (《員工個人福利管理規定》)”. As for paid leaves, GOME provides employees with public holidays, marriage leave and maternity leave according to the law. In addition, it strictly implements the “Regulations on Paid Annual Leave for Employees (《職工帶薪年休假條例》)”, which promotes efficient work, encourages employees to complete tasks within working hours, and does not advocate working overtime. If overtime work is required, the overtime approval process shall be strictly implemented. As for working environment, the labour union of the Company established an employee centre (職工之家) in 2021 to provide employees with facilities and benefits, including library, nursery room, restaurant, activity rooms. For subsidies, employees are entitled to transportation subsidies and personal development subsidies; employees working in remote areas are entitled to re-location subsidies and home-visiting subsidies; employees working overtime are entitled to meal and transportation subsidies.



Employees' library

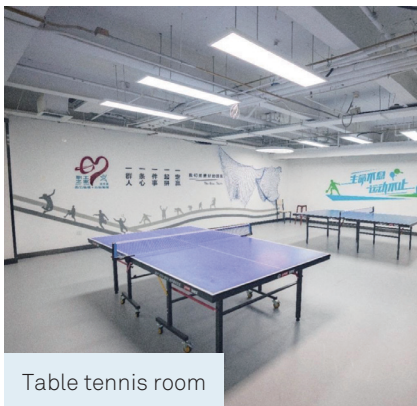


Table tennis room



Gym room



Nursery room

PROMOTING TALENT TRAINING AND FACILITATING THE DEVELOPMENT OF EMPLOYEES

[Case] Free Chinese Medicine Consultation of Sub-health (中醫亞健康義診活動) and Free Dental Consultation Campaign

In response to the intense pressure during the 11 November Shopping Festival in 2021, GOME specially engaged the senior physicians of the Institute of Traditional Chinese Medicine to provide free Chinese medicine consultation and treatment of sub-health onsite for a period of two weeks. On 20 September 2021 Love Teeth Day, GOME taught dental care knowledge for its employees and give them free dental consultation onsite.

Work and Life Balance

To further enrich employees' daily life and realise the cultural ideology of "Better home and lifestyle through GOME", the Group has promoted its corporate culture and values through organising various activities that celebrate and commemorate traditional/ethnic festivals embodying similar values. Employees will receive gifts and benefits specially prepared by the Group on their birthdays and on traditional festivals. In 2021, the Group also organised Women's Day special care activities for female employees (婦女節女職工專項關愛活動), "Reunion for Greater Achievements (團圓為再攀高峰)" cultural themed activity, "Mid-autumn Festival (花好月圓 共話嬋娟)" national themed activity, "GOME First-class New Retail Ecosystem (GOME一級棒 碼出國美新零售)" offline carnival activity and "Sweet Christmas (這個聖誕，有點甜)" cultural themed activity.



Women's Day special care activities for female employees (婦女節女職工專項關愛活動)

Support for employees – GOME Love Mutual Fund

Initiated by GOME and with staff participating voluntarily, GOME Love Mutual Fund supports colleagues in need. It is an important platform to implement GOME's core values of commitment and appreciation. Integrating the support, love, mutual aid, care and compassion of the entire group, GOME Love Mutual Fund embodies our employees' kindness and responsibility and consolidates our corporate welfare. In 2021, GOME Love Mutual Fund has supported 237 employees in need with a total of approximately RMB1 million.

Focusing on the retail and home services industries, and with the six major platforms, including “online, offline, supply chain, logistics, big-data & cloud and sharing and joint development” platforms, GOME has formulated its “Home • Living” strategy based on integration, cross-sector and innovation. A closed-loop business model and all-round retail ecosystem sharing platform has been constructed by integrating resources of the six platforms of the Group and external resources.

OUR PROGRESS

- 10 self-constructed logistic bases
- In 2021, the number of third-level and fourth-level addresses covered by GOME reached 3,146 and 42,531, with a coverage rate of 100% and 98.68%, respectively.
- On-time delivery rate reached 98.4%, representing an increase of 1.92% as compared with the corresponding period last year
- In 2021, general customer complaint rate of GOME was 0.08%, representing a decrease of 0.05% as compared with the corresponding period last year; and customer satisfactory rate was 98.2%, representing an increase of 2.1% as compared with the corresponding period last year

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS OF THE UNITED NATIONS



04 Protecting Customers' Rights to Create Better Lifestyle

PROTECTING CUSTOMERS' RIGHTS TO CREATE BETTER LIFESTYLE

RESPONSIBLE SUPPLY CHAIN

Enhancing the Logistic System

Logistic base is an important infrastructure of warehousing and distribution. As of December 2021, GOME had 10 self-constructed logistic bases in nine cities in China; six operating logistic bases (located in Shenyang, Xi'an, Tianjin, Qingpu in Shanghai, Jiading in Shanghai and Ningbo, respectively) with a total inventory area of approximately 400,000 sq.m., office area of approximately 80,000 sq.m.; and four logistic bases that are under construction (located in Chengdu, Changsha, Jinan and Nanjing, respectively).

For logistic service strategy, GOME focuses on small and medium, large and cold chain network to carry out unification of warehousing, delivery and large freight installation. Through optimising our own operating capability, we will become a more socialised, standardised and professional logistic platform and big data/cloud warehousing platform. This will also improve our turnover

efficiency and intelligence level which achieves intelligence logistic that provides in-depth services and experience for our end customers. In 2021, the number of third-level and fourth-level addresses covered by GOME reached 3,146 and 42,531, with a coverage rate of 100% and 98.68%, respectively.

GOME sets speedy delivery, full coverage and installation with delivery as its service standard and promptly response to users by monitoring the logistic delivery time and effectiveness. In 2021, through the speed up of allocation, differentiation of delivery and regulating with ten-step operating procedures, on-time delivery rate of GOME reached 98.4%, representing an increase of 1.92% as compared with the corresponding period last year. As a result, user experience has been improved effectively. GOME also solves customer inquiries on its products, services and after sales issues via real person audio of video shopping guides and interaction through video, which truly satisfied full-process service experience of its users.



PROTECTING CUSTOMERS' RIGHTS TO CREATE BETTER LIFESTYLE

All Round Management of Suppliers

To ensure suppliers recognise our development targets, strategies and implementation, we require our suppliers to enter into integrity corporation agreements. GOME also attaches great importance on the communication with suppliers and its effectiveness and has developed a supplier management system. In addition, the Group has enhanced relevant trainings and exchange activities with its suppliers and arranged product trainings for its suppliers in respect of launch of any new product and intensive promotion. In addition to contract negotiation, the Group also negotiates with its manufacturers on daily promotion, product inventory, resources allocation, slow-moving/defective/outstanding clearance.

To increase the competitiveness and profitability of its OMD products, GOME formulated ODM Custom-Tailoring/Exclusive Sales Management Measures based on its own product operation, which is an operating management that regulates ODM custom-tailoring/exclusive sales products from four perspectives, including pricing, slow-moving products, daily operation management and control and assessment.

Number of
suppliers
(supplier(s))



2019

10,352

2020

11,552

2021

13,631

Number of suppliers
implementing
supplier practices
(supplier(s))



2019

N/A*

2020

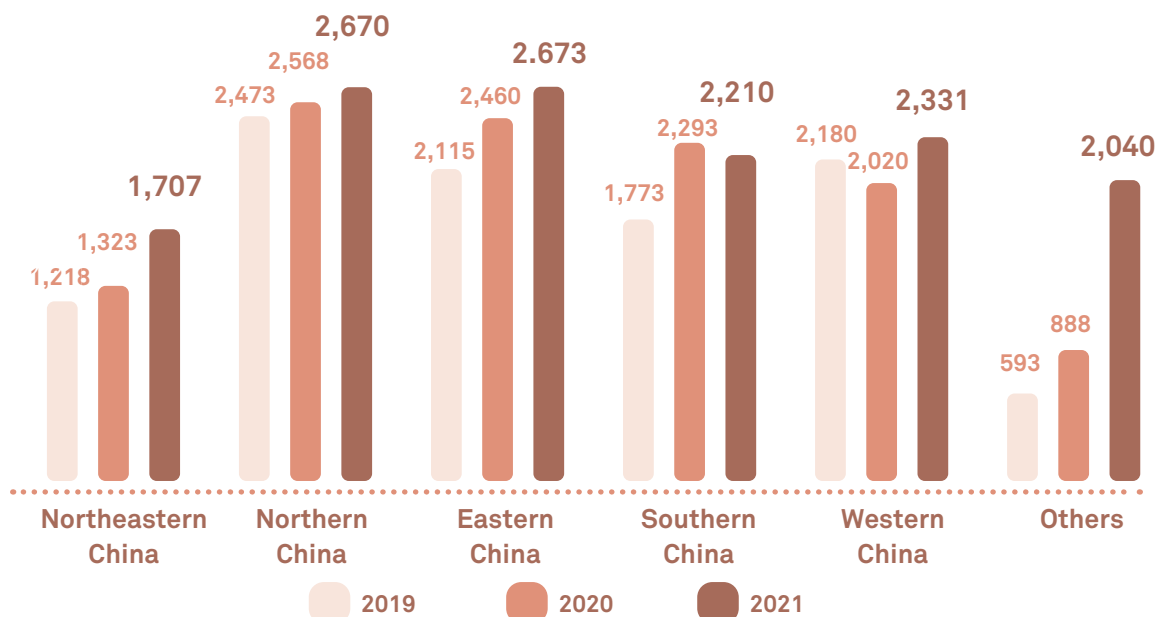
N/A*

2021

13,631

* Only data for 2021 is disclosable pursuant to the guidelines of the Stock Exchange

Relevant indicators of suppliers (supplier(s))



PROTECTING CUSTOMERS' RIGHTS TO CREATE BETTER LIFESTYLE

Enabling Franchisers with Diversity

The Group has optimised the expansion of its stores by providing franchisers resources support including showcases, salespersons and materials through trainings, furnishings of stores and promotional events.

In addition, GOME formulated a training system, providing weekly trainings on supplier policies and product knowledge and monthly trainings on the Group system via online and offline channels. These trainings cover products, case studies and marketing techniques. Regional subsidiaries may arrange trainings by themselves, such as monthly visits by senior management, one-on-one business mentorship, monthly inspection on franchisers and on-site tutorials by top salesperson.

Deep Connection with Service Providers

In early 2021, GOME House Manager has again regulated the introduction system of its service providers, which consolidate the transformation of GOME from “electric appliance service provider” to “family service provider”. In the second half of 2021, GOME House Manager developed service alert function for PC and mobile devices which enables service providers to contact their users immediately upon the receipt of orders, monitor service status efficiently, identify service time and location, and improve the efficiency of order placement. As of December 2021, the GOME House Manager has launched 3,334 SKUs.

In 2021, GOME House Manager organised, service provider trainings, surveys, random inspection based on the implementation progress of service providers until fully integrated such service providers. Moreover, it has identified six major concerns of users by streamlining the full process of services and survey, standardised such concerns and established an assessment

system for its service providers. The monitoring and control of service indicators and its transparency have realised information sharing between the headquarters, branches and service providers, which enabled elimination through quality contest between its service providers.

ENSURING SERVICE QUALITY

In 2021, during the second phase of the “Home • Living” strategy of the Group, our customer service management center proactively cooperated with newly joined partners including department stores, customise companies, Meiguoyoshi (美鍋優食), Aiyouwei (哎呦喂), wine cellars and GOME Home, and has been responsible for the supervision of service quality of each partner, trainings and improvement of service efficiency to empower them and boost service efficiency of the omni-linkage services.

Optimisation of Internal Mechanism

In 2021, through internal reorganisation, the Group initially completed the “business + operation” model framework and accomplished project implementation with the support of its subsidiaries in China. GOME has commenced the “dual project” based on platform model to socialise its business procedures which facilitates external communication and business handover more convenient and centralises and integrates settlements to improve efficiency.

Strict Control of Product Resources

Our customer service team refined the Regulations on Product Webpage Information Management and issued a series of internal documents in respect of the strategic reform of the Group, including the “Streaming Service Regulation” and “Regulations on the Handling of Control and Management of Non-Electrical Appliances and Services”.

PROTECTING CUSTOMERS' RIGHTS TO CREATE BETTER LIFESTYLE

To ensure that product quality conforms to applicable laws and regulations, GOME raises its supplier selection standards. Classification management is applied on its suppliers during assessment to classify them into defective, slow-moving and overdue categories and assess their rankings based on relevant business indicators and customer service indicators.

GOME insists on building a cost-effective product system so as to ensure the product quality from the source of procurement, satisfy consumers' needs and establish a reliable consumption platform. In respect of procurement, GOME controls the product quality from two key stages. Firstly, according to the "Product Quality Law of the People's Republic of China", the product quality and safety shall be clearly stipulated in the contract, and the products shall be guaranteed to be genuine and in good quality, and none of them shall infringe any intellectual property rights and legitimate rights and interests of any third party. Secondly, according to Article 27 of the "Product Quality Law of the People's Republic of China", it is stipulated that all products launched to the market shall obtain relevant traceability certificates and relevant national 3C certifications, and related labels shall also comply with the requirements.

Upgraded Marketing Experiences

GOME has been adhering to the national policies, adopting industry standards as its benchmark, and upholding its customer orientated principle for the performance of marketing activities. In 2021, GOME refined its store management in respect of operating capabilities, human resources effectiveness, non-compliance/omission control and management as well as video shopping guide, which optimised store management efficiency and user marketing experience.

In addition, GOME has been adhering to its good reputation of "low price". By prudentially selecting quality products and providing quality services and adopting new entertaining marketing approaches with "FUN" APP, GOME has provided its users with satisfying marketing experience with low price. In 2021, GOME further implemented its "Home • Living" strategy as the core and integrated full-scenario marketing approaches covering online and offline platforms. GOME organised various promotion events and IP marketing events, such as "New Year Shopping Festival", "Black Friday", "1 May, 18 June, 1 October and 11 November Shopping Festivals" and "35th GOME Anniversary".

As GOME put great efforts in consumers' rights protection in 2021, and its branches in Changzhou, Dalian, Qingdao, Xiamen and other regions were recognised as "Integrity and Self-discipline Commitment Enterprise (誠信自律承諾企業)", "Unit with Highest Consumer Satisfaction (消費者滿意單位)" and "Consumer Rights Protecting Enterprise (消費者維權企業)".

Exploring markets in lower tier cities

In 2021, as a part of its core strategic plan, the Group sought for changes in its operation model. Leveraging on the advantages of its offline platform, GOME has classified its offline stores into three categories, namely flagship stores, community stores and new retail stores, based on regions, nature of business districts, target customers and sales volume. In addition, GOME has upgraded its stores in respect of business, product offerings and scenarios, so as to transform its business model into a solution and scenario experience model, thereby creating flagship stores with new and unique characteristics.

PROTECTING CUSTOMERS' RIGHTS TO CREATE BETTER LIFESTYLE

In addition, the Group put great efforts in establishing and developing its community and promoted “One Store One Webpage” for all of its stores across the country. The digitalisation of stores and online transformation and upgrading of stores have been gradually completed and expand its business coverage to all online and offline O2O scenarios. Besides, GOME has promoted trade-in offers in its new retail stores. The new retail stores may elect to participate in the trade-in offer promotion and door to door cleaning services, so as to expand the local daily life service market. In 2021, a total of 1,089 new retail stores were opened and a total of 2,763 new retail stores were in operation.

Effective communication channels

Focusing on customer demands, GOME works to build up a smart and scenario-based customer service system with multiple access points including the 400 hotlines, online customer service, Weibo, WeChat and physical stores to serve our customers and thus creating a “Three-dimensional, smart and open” customer service ecosystem. Xi'an Customer Satisfaction Service Center has nearly 500 employees. It handles over 30,000 requests of customers per day and its overall customer satisfaction rate is over 98%.

In order to response user requests in a timely manner, our customer service management center has established a customer complaint management system and improved its intelligent knowledge base. A dedicated problem handling team has been established to improve the quality and efficiency of handling complaints. We formulated policies regarding immediate resolution of requests, established a multi-level automatic early warning system for complaints and applied closed-loop management approaches for dissatisfied users. In addition, we evolved our supervision and management of services from post-event evaluation, notification and punishment to prevention, monitoring and rectification and improvement. Our customer service management center also set up a comprehensive system to guarantee the fulfilment of our service commitments, high-quality services and effective management of customers' complaints. Our customer service management has been gradually improved and refined to enhance users' experience. In 2021, the overall complaint ratio of GOME was 0.08%, representing a year-on-year decrease of 0.05%. Our customer satisfaction ratio reached 98.2%, representing a year-on-year increase of 2.1%

Indicators of product responsibilities	Unit	2021
Percentage of total products sold or shipped subject to recalls for safety and health reasons	%	0
Number of products and service related complaints received	case(s)	22,969

USER PRIVACY SECURITY

In accordance with Personal Information Protection Law (《個人信息保護法》), Data Security Law (《數據安全法》) and Cybersecurity Law (《網絡安全法》) promulgated and implemented by the government of China, GOME formulated policies and a governance framework in relation to privacy protection of its online business. In 2021, GOME formulated Measures on Software Security Design and Development (《國美軟件安全設計及開發規範》), which refines the requirements regarding the software security design and coding and specifies the requirements on design in respect of privacy compliance. In addition, GOME formulated Administrative Measures on Retail Data Security (《國美零售數據安全管理規範》), Assessment Guidelines on Personal Information Security Impact on Online Business (《國美線上業務個人信息安全影響評估指南》), Sensitive Data Classification and Grading Sample Table (《敏感數據分類分級樣表》) and Checklist for Privacy Compliance Feature Design (《隱私合規功能設計需求表》), so as to supplement the classification and grading methods of sensitive personal data and apply such methods into its business lines.

PROTECTING CUSTOMERS' RIGHTS TO CREATE BETTER LIFESTYLE

The Group established the Information Security Committee, Data Committee, Personal Information Management Committee and other security management bodies, which are led by the Chief Operating Officer and comprised of heads of the network security center and various business lines. In addition, the Group has established an effective working mechanism for personal information protection which is mainly operated by the security compliance department of the cloud platform company – cyber security center and covers products, research and development, legal affairs and operations. The Group also set up a working mechanism for information security.

Regarding potential risks arising from technology advancement, the front end of the GOME APP only collects users' personal privacy data with proper authorisation and consent of uses when necessary. The collection of, and request on, personal privacy data by background big data platform shall be subject to strict approval. The usage of big data portraits is also restricted. Adhering to the concept of technology for social good, the Group prohibits the abuse of data to protect the legitimate rights and interests of its consumers. In respect of online products, GOME formulated the Measures on the Determination and Self-Evaluation on Illegal Collection and Use of Personal Information on its APP (《國美App違法違規收集使用個人信息行為認定方法及自評估方法》) based on the actual scenarios of its online retailing business. Through carrying out supervision and audit in all stages of product design and release, the Group is able to ensure the privacy compliance of its online products.

In respect of entertainment projects, GOME refined user agreements, optimised interfaces and business processing logic, approaches on monitoring of audio and video and texts, so as to ensure that its entertainment services are positive, healthy and beneficial to the society. By using AI image recognition, text recognition, voice recognition and other means, unauthorised usage by users was detected and blocked in a timely manner.

COMMUNITY CHARITY

As a social corporate, GOME is committed to fulfilling its social responsibilities and making contribution to the society by participating in public welfare activities while boosting its own growth.

Supporting rural revitalisation

Aiming to support rural revitalisation, our e-commerce platform, "FUN" APP, cooperated with China Peasants and Workers Democratic Party to launch a special public welfare and revitalisation campaign of RMB10 billion by fully leveraging on its own resources. This 5-year campaign has already been piloted in Dafang, Guizhou. Through providing corporate support services and omni-channel service, disbursing consumption vouchers of RMB10 billion, providing professional trainings to rural citizens and promoting charity activities, the campaign of "FUN" APP has widely covered many counties and villages and supported the development of many enterprises in rural areas. Through supporting million rural populations in employment and disbursing subsidies of RMB10 billion, we have promoted the upgrading of urban and rural consumption and supported high-quality local development.

PROTECTING CUSTOMERS' RIGHTS TO CREATE BETTER LIFESTYLE

GOME also organised a wide range of charity activities by leveraging on its own online and offline resources. In the 9 September Charity Day (99公益) program, GOME promoted 9 September Charity Day program through numerous accounts and the number of participants reached 300,000 times. This fund-raising campaign raised RMB130,773.9, which will be used for the development of the “Future Space (未來空間)” project. In addition, on 10 September 2021, GOME launched in-store promotions in 200 stores across 21 provinces and cities to promote “Living Water Program (活水計劃)” initiated by China Foundation for Poverty Alleviation through multi-media devices in its stores. Capitalising on its advantages of retail channels, GOME has actively participated in the construction of a long-term mechanism for poverty alleviation in the western region, thereby assisting in poverty alleviation.

Case: Promoting Industry Revitalisation in Rural Areas by Launching Special Charity Revitalisation Pilot Program of RMB10 billion in Dafang, Guizhou

A charity campaign of RMB10 billion titled “Discover Beauty of China • Supporting Rural Revitalisation” was launched in Dafang, Guizhou and further scaled up the industrial chain by providing supports to rural corporates and assisting them in constructing production chains. In addition, the campaign aims to cultivate professional buyers for rural revitalisation and capitalises “FUN” APP as a main platform to provide sales channels, so as to further open up the market for local quality and unique agricultural and sideline products and introduce rural products into urban areas.

Immediately after the launch ceremony, “FUN” APP organised a live streaming campaign to promote products sourced from Dafang County. While introducing agricultural products to the market, we provided households in Dafang with quality products with low price by leveraging on its 34 years of experience in the industry and advantages of its supply chain, so as to improve the living standards of rural households. The campaign was highly praised by Mr. You Jinsong, the secretary of Dafang County Party Committee of the Chinese Communist Party, as he believed that “FUN” APP will support the revitalisation of Dafang County, promote the employment of rural populations, develop rural culture and promote the rural consumption upgrade.



PROTECTING CUSTOMERS' RIGHTS TO CREATE BETTER LIFESTYLE



Joining hands to combat the epidemic

In an effort to combat the recurring pandemic, GOME has strictly followed the guidance of the government and adopted pandemic prevention measures in a timely manner. In addition, GOME also organised charity activities to express its condolences to the front-line staff involved in pandemic prevention.

In order to contain pandemic outbreak in Xi'an, Shaanxi, GOME performed disinfection in its stores and logistics facilities and organised trainings on pandemic prevention for its staff, so as to ensure a stable supply of healthy daily necessities and support the launch of nucleic acid testing. GOME has fulfilled its social responsibilities with practical actions.

In Gansu Province, GOME granted subsidies to front-line staff involved in pandemic prevention. GOME donated RMB30 million to provide front-line workers in supervision and administrative departments and front-line workers working on streets and communities with subsidies on wide range of products of various well-known brands.

Since the outbreak of the COVID-19, GOME has committed to participating in pandemic prevention and control across the country. GOME has supported and effectively facilitated the establishment of various mobile cabin hospitals

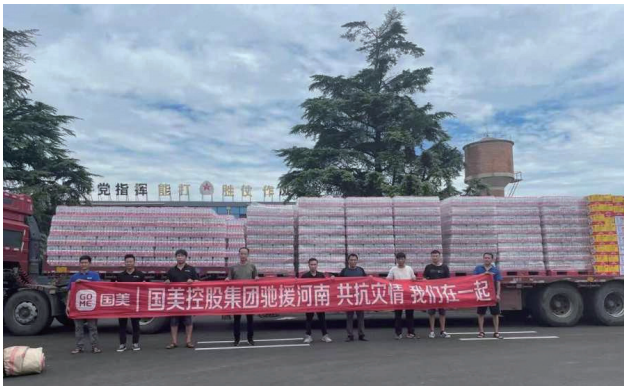


namely Huoshenshan Hospital and Leishenshan Hospital, etc., by providing and installing plenty of necessary electrical appliances to such hospitals in a timely manner. GOME will further fulfill the needs of relevant authorities and capitalise its synergy of supply chain, logistics and services to make contribution to the pandemic prevention and control.

Working together for disaster relief

In July 2021, many regions in Henan Province were hit by heavy rain, which caused loss of life and property. After the disaster, GOME became one of the main forces in disaster relief. GOME kept close contact with all parties affected by the disaster and requested all GOME branches across the country to work together for rain disaster relief and post-disaster reconstruction in Henan Province. Henan GOME responded to the call of the Henan Red Cross Society and made use of its own resource advantages in material reserves, supply chain management, logistics and transportation to urgently prepare and deliver mineral water, food and other loving materials to Zhongzhan District, Jiaozuo, Henan, so as to solve the problem of food and clean drinking water shortage for the local disaster-stricken people.

PROTECTING CUSTOMERS' RIGHTS TO CREATE BETTER LIFESTYLE



Blood donation charity campaign

The 18th World Blood Donor Day took place on 14 June 2021. Hainan GOME cooperated with Hainan Blood Center to support a blood donation charity program titled “Saving Life by Donating Blood (紅色行動，讓生命繼續跳動)” jointly organised by Beijing AngelMom Charity Foundation, World Union Philanthropy Foundation, Hainan Thalassemia Prevention and Care Association (海南省地中海貧血防治關愛協會) and Hainan Cancer Hospital. The program aimed to save the life of children suffering from Thalassemia in Hanan. Through this program, GOME intended to encourage people to donate blood, thereby enabling them to have a happy childhood.

COMPLIANCE INDICATOR



Number of charity event held

648 events



Number of charity program

7 programs



Total amount of charitable donations, including

Cash donations

RMB **670** thousand

Value of items donated

RMB **63,620** thousand

Amid active global response to climate change, GOME always adheres to the concept of sustainable development. It has taken initiatives in green operation, green packaging, green logistics and green supply to reduce carbon emissions. As a leading retail enterprise in China, GOME always sticks to the value of sustainable consumption, complies with national laws and regulations and promotes the realisation of the national carbon neutrality goal.

OUR GOALS

- Hazardous wastes to be below 0.5 kg, and non-hazardous wastes to be below 8.1 tons by 2023
- In terms of energy efficiency, the average monthly power consumption per store decreased by 10% in the past three years, and the average monthly power consumption per store was targeted to be less than 11,000 kWh by 2023
- In terms of water efficiency, the average monthly water consumption per store decreased by 10% in the past three years, and the average monthly water consumption per store was targeted to be less than 65 tons by 2023
- In terms of greenhouse gas emissions, the average monthly carbon dioxide emissions (Scope 2) per store decreased by 10% in the past three years, and the average monthly carbon dioxide emissions (Scope 2) per store was targeted to be less than 6.9 tons by 2023

OUR ACHIEVEMENTS

- Total carbon dioxide emission was approximately 366,000 tons in 2021
- Hazardous wastes were approximately 1 kg, and non-hazardous wastes were approximately 8.58 tons in 2021
- Total power consumption was approximately 484,129,000 kWh, and water consumption was approximately 2,730,000 tons in 2021

SUPPORTING THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



05 Responding to Climate Change and Persisting on Green Development

RESPONDING TO CLIMATE CHANGE AND PERSISTING ON GREEN DEVELOPMENT

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.

PROMOTING GREEN OPERATION

In 2021, the Group organised numerous energy-saving transformation projects.

GOME organised the integration project for server modules in 2021, in order to solve the network access failure and the insufficient bandwidth. This resulted in lower energy consumption and operating costs with outstanding social benefits.

In response to the national policy of "energy conservation and consumption reduction" and in order to improve printing efficiency, optimise the use of equipment and save power and paper, cloud printing systems were deployed and same brand of printers were used at each level of the headquarters of GOME in 2021. Original environmental-friendly consumables were also used for better health of its employees. Moreover, the Group implemented the nationwide "e-signature" project in 2021, where it and its employees shall enter into electronic labour contracts or employment agreements, so as to promote the progress of paperless office.

The Group advocates energy saving and water saving among its employees. Energy saving reminders are posted next to light switches. Regulated water and power consumption in all branches is clarified and supervised through policy publicising, notices, trainings and regular and irregular inspection. Rooftop day-lighting bands

are used in all self-built and leased warehouses. During the daytime, the use of lightings is reduced. In addition, all lightings in warehouses are replaced with safe and environmentally friendly energy-saving lightings. Employees are arranged to take the shuttle bus to and from work, and multiple pick-up and drop-off lines are organised, so as to reduce the use of private cars and electric bicycles.

In line with the green environmental protection requirements of recycling, reusing and reducing one-off consumption of packaging materials, GOME clearly prohibits excessive packaging in the course of business. Packaging materials are reused to improve the level of recycling. For waste materials, packaging and consumables that cannot be reused, they are processed centrally to reduce pollution.

For small commodities, GOME stipulates the standards for express packaging, and uses more environment-friendly bags but less cartons and prohibits excessive packaging. GOME also stipulates the standards for packaging materials and procures packaging boxes and consumables which comply with national environmental protection standards.

For medium and bulky commodities, GOME arranged re-useable environmental-friendly plastic boxes for the transport and delivery of commodities to stores, a total of about 48,000 boxes are being procured so as to greatly reduce packaging materials and consumable costs.

For bulky commodities, GOME issues internal notices stipulating the standards for delivery of commodities and the requirements for stacking commodities, so as to minimise damage to packaging and increase the possibility of recycling. Inventory is stacked in warehouses according to the five-distance requirements to avoid high stacking and damage to packaging. It is required to use the original packaging for delivery. Upon the delivery to a customer, the packaging materials will be recycled and reused.

RESPONDING TO CLIMATE CHANGE AND PERSISTING ON GREEN DEVELOPMENT

The Group phases out high-energy-consuming vehicles and adopts new energy vehicles to achieve the goal of environmental protection. In 2021, the Group had self-owned and leased energy-saving vehicles, covering 35 core cities across China.

In the course of business operation, GOME strictly screens its suppliers, their products and services to ensure the quality of products and services, and encourages its suppliers to provide green products to contribute to energy conservation and emission reduction.

All of the Group's operating premises use water from urban water supply networks, and there is no impact on the surrounding environment.

The principal business of the Group is retailing, not manufacturing of products. Therefore, the Group does not have statistical data on the packaging materials of the products sold.

INNOVATING GREEN SERVICES

Environmental protection and energy conservation are critical to peak carbon dioxide emissions and carbon neutrality. In response to the national green and low-carbon development requirements and to fully utilise the functions of the platform, GOME carries out online and offline promotion initiatives and sets up green stores. The store at the Central Radio & TV Tower in Beijing has been certified as the first "green product sales zone" store in the retail industry. GOME will continue to conduct promotional activities for green products to promote the overall green transformation of the society.

For the video shopping guide, the Group has established a remote video shopping guide customer service centre and renovated nearly 500 stores to optimise the allocation of store promoters. Through various intensive means, the overall use of resources such as water and electricity has been reduced, and environmental pollutions such as exhaust gas and noise caused by personnel travel have also been mitigated, allowing us to provide customers with better shopping experience.

GOME expands its used product collection business under "GOME House Manager". Nearly 2,500 recycle personnel have formed a waste home appliance recycle network covering cities at all levels. Approximately 640,000 home appliances were recycled in 2021, which doubled the number of the previous year. Since January 2021, GOME House Manager has implemented the concept of "exchange old for new" for home appliances. It promotes the exchange of old home appliances for new ones through activities such as "anniversary", "shopping festival", "staff sale" and "exchange old for new" campaigns. Moreover, RMB100 discount for purchase amount of over RMB1,000 was offered to stimulate consumer demand for green appliances, which effectively promote high efficiency and reduce consumption. By continuously stimulating consumer demand for green electrical appliances, energy conservation and emission reduction have been effectively promoted.

GOME's business activities did not have any material impact on the environment and natural resources.

RESPONDING TO CLIMATE CHANGE AND PERSISTING ON GREEN DEVELOPMENT

FACILITATING GREEN DEVELOPMENT

Climate change is a huge global challenge. With an important role in economic development, retail e-commerce enterprises shall continuously explore low-carbon sustainable business models in response to China's climate goal of achieving carbon neutrality by 2060. In 2021, GOME continued to promote "energy conservation and emission reduction" and "green consumption" in cooperation with other brands to improve the sales of 1st and 2nd Grade energy efficiency commodities. The sales of 1st Grade energy efficiency commodities accounted for over 75% of its total sales, representing an upward trend in general.

GOME stores also continued to launch "green home appliances" experience activities. In-store experience and trial were arranged to stimulate consumer demand for green home appliances, creating a "green store" consumption scenario.

GOME popularised green consumption as well as green and low-carbon travel through various ways such as energy-saving technology product display and promotion, energy-saving knowledge lectures and special store events, which invited extensive participation by consumers. The concept of green consumption was spread through the "FUN" APP banners and live broadcasts.



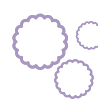
EMISSION INDICATOR



NOx **1,602.70**
kilograms



SOx **342.56**
kilograms



Particles **142.98**
kilograms

RESPONDING TO CLIMATE CHANGE AND PERSISTING ON GREEN DEVELOPMENT

Emission indicator	Unit	2021
Greenhouse gas emissions	tCO ₂ e	366,000
Scope 1: Direct greenhouse gas emissions	tCO ₂ e	61,000
Scope 2: Indirect greenhouse gas emissions	tCO ₂ e	305,000
Scope 1: Direct greenhouse gas emission intensity	tCO ₂ e/million of turnover	1.31
Scope 2: Indirect greenhouse gas emission intensity	tCO ₂ e/million of turnover	6.56
Total hazardous wastes	kilogram	1.00
Total non-hazardous wastes	ton	8.58
Hazardous waste intensity	gram/million of turnover	0.02
Non-hazardous waste intensity	gram/million of turnover	184.54
Hazardous waste target ²	kilogram	0.50
Non-hazardous waste target ³	ton	8.10
Nitrogen oxides (NOx)	kilogram	1,602.70
Sulfur oxides (SOx)	kilogram	342.56
Particulate matter (PM)	kilogram	142.98

USE OF RESOURCES INDICATOR⁴

Use of resources indicator ⁴	Unit	2019	2020	2021
Total power consumption	kWh	545,307,000	468,542,000	484,129,000
Power consumption intensity	kWh/million of turnover	9,167.47	10,619.93	10,415.01
Gasoline consumption	litre	18,922,000	20,849,000	23,304,000
Gasoline consumption intensity	litre/million of turnover	318.11	472.56	501.33
Total water consumption	cubic metre	3,076,000	2,643,000	2,730,000
Water consumption intensity	ton/million of turnover	51.71	59.91	58.74

² GOME targets to reduce the hazardous waste of its headquarter to 0.5 kg by 2023.

³ GOME targets to reduce the non-hazardous waste of its headquarter to 8.1 tons by 2023.

⁴ The principal business of the Group is retailing, not manufacturing of products. Therefore, the Group is not involved in the use of packaging materials of related finished goods.

STATEMENT OF THE BOARD

GOME attaches great importance to the value of Board's participation and leadership in ESG management. We have set up an ESG Committee under the Board which comprises senior management members of the Group and is responsible for convening regular meetings to review and make decision on the ESG strategies. The ESG Committee is also responsible for formulating the overall ESG strategy of the Company, identifying and evaluating risks, reviewing management policies, plans and objectives, reviewing and considering performance appraisals. The ESG Committee implements and executes the policies with the assistance of ESG office of the Group and professional companies.

In the view of overall social and economic environment and based on the development strategies of the Company, GOME's ESG management team evaluates the importance of ESG issues and discusses and determines the risks and opportunities of the Company arising in the environment, social and corporate governance. The management of, and enhancement on, key issues will be regarded as the strategies of sustainable development in the year.

GOME pays close attention to the following issues:

- **Compliance operation:** The Group has continuously enhanced its governance and risk management and control to build a company of integrity. The Group has also integrated ESG into its strategic management and business process to ensure the sustainable growth of its business.
- **Sustainable Consumption:** Sustainable consumption is the core of GOME's sustainable development, which involves the impact management on our operation and management and communication and education on the consumption habits of consumers. GOME has been putting great efforts in promoting sustainable consumption.
- **High-quality life:** Creating a high-quality life for the public is always an objective of the Group. To achieve the objective of "Better Lifestyle", we have refined our strategies to cover more consumption scenarios, attached great importance to the protection of users right and interests and have established a comprehensive customer service system to effectively respond to customers' needs.
- **Employee development:** Regarding its employees as the most important assets for its development, the Company protects the rights and interests of its employees and provides them with abundant growth opportunities, so as to achieve sustainable development of both of the Company and its employees.
- **Clear Water and Green Mountains:** The Company believes that clean water and green mountains are invaluable assets and puts great efforts in minimising the impact of its operations on the environment and creating green outlets to make contribution to environmental protection.

This report, which discloses all the detailed management approaches and practice of GOME of the above issues and other ESG issues, has been reviewed and approved by the Board.

ESG REPORTING GUIDELINES INDEX OF THE HONG KONG STOCK EXCHANGE

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.	Promoting Green Operation
KPI A1.1	The type of emissions and respective emissions data.	Promoting Green Operation
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Promoting Green Operation
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Promoting Green Operation
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Promoting Green Operation
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Promoting Green Operation
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.	Promoting Green Operation, Innovating Green Services
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Promoting Green 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).	Promoting Green Operation
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Promoting Green Operation
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Promoting Green 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.	Promoting Green Operation
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Promoting Green Operation
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Innovating Green Services
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Innovating Green Services
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Facilitating Green Development
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Facilitating Green Development

ESG REPORTING GUIDELINES INDEX OF THE HONG KONG STOCK EXCHANGE

Aspect B1: Employment		
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.	Promoting Talent Training, Facilitating the Development of Employees
KPI B1.1	Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	Talent Recruitment and Training
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Career Development and Promotion
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.	Employee Rights Protection
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Employee Rights Protection
KPI B2.2	Lost days due to work injury.	Employee Rights Protection
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employee Rights Protection
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Talent Recruitment and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Career Development and Promotion
KPI B3.2	The average training hours completed per employee by gender and employee category.	Career Development and Promotion
Aspect B4: Labor 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 labor.	Talent Recruitment and Training
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Talent Recruitment and Training
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Talent Recruitment and Training

ESG REPORTING GUIDELINES INDEX OF THE HONG KONG STOCK EXCHANGE

Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Responsible Supply Chain
KPI B5.1	Number of suppliers by geographical region	All Round Management of Suppliers
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.	Responsible Supply Chain
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Responsible Supply Chain
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Responding to Climate Change, Persisting on Green Development
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.	Ensuring Service Quality
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Ensuring Service Quality
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Ensuring Service Quality
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Strict Control of Product Resources
KPI B6.4	Description of quality assurance process and recall procedures.	Strict Control of Product Resources
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	User Privacy Security
Aspect B7: Anticorruption		
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.	Persisting in Orderly Development, Ensuring Operating Compliance
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.	Persisting in Orderly Development, Ensuring Operating Compliance
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Persisting in Orderly Development, Ensuring Operating Compliance
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Persisting in Orderly Development, Ensuring Operating Compliance
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.	Community Charity
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Community Charity
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Charity

FEEDBACK FROM READERS

Dear Readers,

Thank you for reading this report. In order to provide you and other stakeholders with professional and valuable information regarding sustainable development of the Company, we are looking forward to your valuable comments to help us make continuous improvements to this report.

Your comments: (Please tick the appropriate columns)

Comment	Agree	Strongly agree	Average	Disagree	Strongly disagree
Do you think whether this report has fully disclosed all information you wish to know?					
Do you think whether the contents and descriptions of this report are clear?					
Do you think whether the performance of our social responsibilities has been fully disclosed?					
Which part of the report are you most interested in? (Please specify)					
What information you wish to know but does not reflected in this report? (Please specify)					
What advice do you have for the sustainable development report to be issued in future? (Please specify)					

Contact Details (Optional. Your personal information will be kept confidential)

Name:

Telephone No.:

Email:

You can contact us through the following means:

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Email: info@gome.com.hk

Thank you for your concern.