

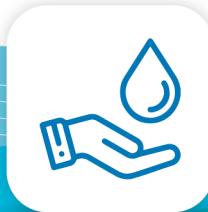


北京迪信通商貿股份有限公司
Beijing Digital Telecom Co., Ltd.

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
Stock Code : 06188



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2022

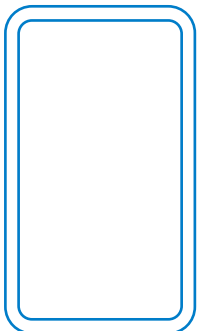
ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

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ABOUT THIS REPORT

The report aims to provide a review and summary of the environmental, social and governance (“ESG”) performance of Beijing Digital Telecom Co., Ltd. (the “Company” or “Digital Telecom”) and its subsidiaries (hereinafter referred to as “the Group” or “we”) in 2022. The content regarding corporate governance is included in the section headed “Corporate Governance Report” contained in Beijing Digital Telecom Co., Ltd.’s Annual Report 2022.

SCOPE OF THE REPORT

Unless otherwise specified, the scope of disclosure of the report is consistent with that of the Annual Report, demonstrating the ESG performance of the Group’s directly operated and managed businesses. The report covers a period from 1 January 2022 to 31 December 2022, with some contents that may be beyond this time frame.

BASIS OF PREPARATION

The report was prepared pursuant to the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and based on the principles of materiality, quantitative, balance and consistency.

Materiality: We follow the ESG Reporting Guide to conduct a materiality assessment, with procedures including: i) identifying relevant ESG issues; ii) assessing the materiality of the issues; and iii) the board of directors reviewing and confirming the assessment process and results. The ESG issues were reported based on the results of the materiality assessment, which was detailed in the section headed “Stakeholder Engagement”.

Quantitative: In accordance with the ESG Reporting Guide, quantitative methods were used to measure and disclose the applicable KPIs with reference to appropriate quantitative standards and practices. The measurement standards, methodologies, assumptions and/or calculation tools used for KPIs in the report, and sources of conversion factors used, have been explained when appropriate. The environmental objectives were disclosed in the section headed “Promoting Green Operations”.

Balance: The report provides an objective presentation of both positive and negative information to ensure an unbiased picture of the Company’s performance during the reporting period.

Consistency: The method used to prepare this report is consistent with that of the previous years. The changes that may allow meaningful year-to-year comparisons have been explained when appropriate.

DATA SOURCES AND RELIABILITY ASSURANCE

The data and cases in the report mainly come from statistical data and related documents. The Group undertakes that there are no false records, material omissions or misleading statements in the report and is responsible for the authenticity, accuracy and completeness of its content.

ACCESS AND RESPONSE TO THE REPORT

The report is published in both traditional Chinese and English. In the event of any discrepancy between the two versions, the traditional Chinese version shall prevail. The electronic version is available on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at <http://corp.dixintong.com>. If you have any comments or suggestions on ESG performance of the Company, please contact us by email. We are looking forward to receiving your valuable comments.



BOARD STATEMENT

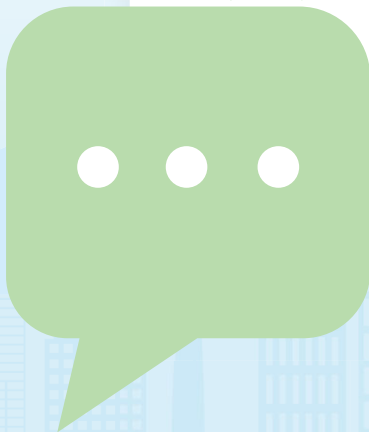
The board of directors of the Company (the “Board”), with the assistance of the ESG working group, oversees and takes responsibility over ESG-related issues of the Group. The Board confirms the ESG governance structure. The A-level ESG working group is responsible for formulating ESG-related management systems, strategies and implementation plans, and reporting to the Board; the B-level ESG working group is responsible for the daily management of ESG matters, and the oversight and guidance of specific work; C-level ESG working group is responsible for conducting, implementing and executing various ESG matters. The Group has formulated the ESG management strategy, which is periodically reviewed by the Board to ensure its consistency with the Group’s development strategy.

The Group attaches great importance to the possible impact of ESG-related risks and opportunities on the Company. The Board is responsible for overseeing the assessment of ESG-related risks and opportunities, and ensuring the implementation of effective ESG risk response measures and monitoring mechanisms. Materiality analysis was conducted on ESG issues of concern to stakeholders. The Board participated in the assessment, prioritisation and management of material ESG issues. The Group has set environmental objectives related to its business, which have been reviewed and discussed by the Board. The progress of the objectives will be reviewed regularly by the Board.

ESG-related issues have been fully disclosed in the report, which was reviewed and approved by the Board on 24 March 2023.



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ABOUT DIGITAL TELECOM

The Company was established in 2001 and was officially listed on the Main Board of the Stock Exchange on 8 July 2014 (stock code: 06188). The Company has over 100 subsidiaries and has opened more than 800 independently operated outlets and franchised outlets in 22 provinces and 4 municipalities in China. With its extensive offline sales channels and online sales platform, the Company provides comprehensive services to consumers, ranging from the sales of mobile phone hardware and accessories, provision of value-added services for software, and provision of personalized services for mobile phones and aftersales services. Leveraging on its core competitive edge gained from its services and innovation, the Company persists in creating excellent experience and true value for the consumers through its quality products, convenient shopping environment and attentive one-stop services.

To better adapt to the development environment of the retail industry under the new market situation at home and abroad, the Group has steadily launched new retail business, diversified merchandise sales business and overseas business through multi-channel operation system and multidimensional service model in recent years, so as to consolidate market competitiveness and brand influence.





1. ESG MANAGEMENT



1. ESG MANAGEMENT

The Group is committed to improving its ESG management capability and performance, so as to ensure stable operation, fulfil corporate social responsibility, and safeguard the rights and interests of relevant parties.

1.1 ESG STRATEGY

Adhering to the core ESG concept of “considering environmental and social responsibilities with corporate development”, the Group has formulated ESG implementation strategies around green operations, employee development, supply chain management, consumer service, community participation and other dimensions, and has implemented the ESG strategies in business operations and management:

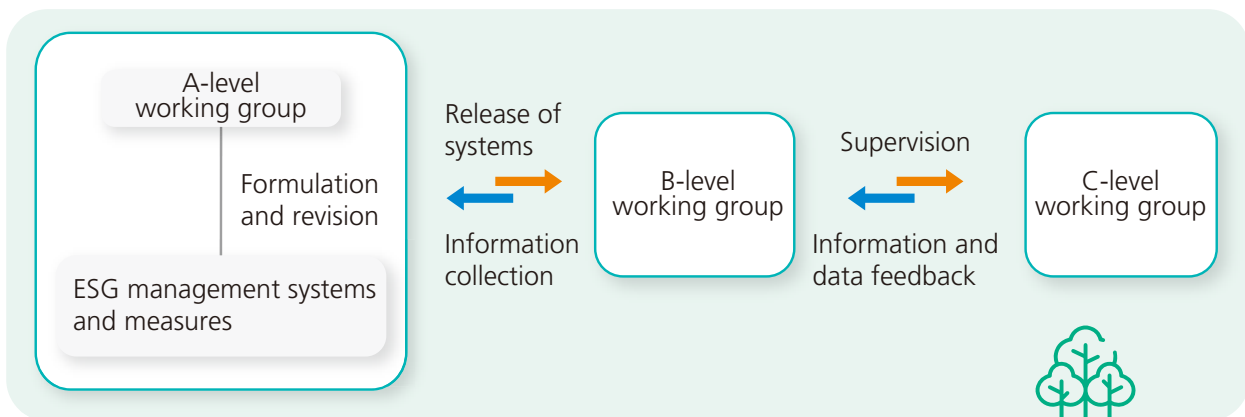


1. ESG MANAGEMENT *(Continued)*

1.2 ESG GOVERNANCE STRUCTURE

The Group has established a multi-level and cross-departmental ESG governance structure covering all subsidiaries, which has been constantly improved. The Board takes responsibility over ESG issues and holds at least one ESG communication meeting each year to discuss material ESG issues. A three-level ESG working group has been set up to assist the Board in supervising and managing ESG-related matters of the Group, and is responsible for the coordination and implementation of ESG work to ensure the execution and improvement of ESG-related policies and systems. The system includes:


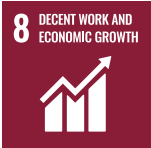



- **A-level working group:** It is responsible for formulating, optimising or updating ESG-related management systems and specific measures, evaluating the implementation results and sorting out data, and reporting its work to the Board or its committees. The A-level working group consists of the persons-in-charge in the headquarters of the Group, namely human resources centre, operation centre, procurement centre, legal affairs centre and financial centre. Among them, the person-in-charge of the human resources centre is responsible for governance at the labour level, the persons-in-charge of operation, procurement and legal affairs centres are responsible for governance at supply chain, product and environmental resource levels, and the human resource centre and financial centre are responsible for governance in community investment;
- **B-level working group:** It is responsible for overseeing and guiding the work of C-level working group and collecting relevant environmental and social data periodically. The B-level working group comprises 24 general managers of different regional subsidiaries;
- **C-level working group:** It is responsible for implementing the specific ESG work and giving feedback in time. The C-level working group comprises 1-3 responsible persons designated by the general manager of each subsidiary.

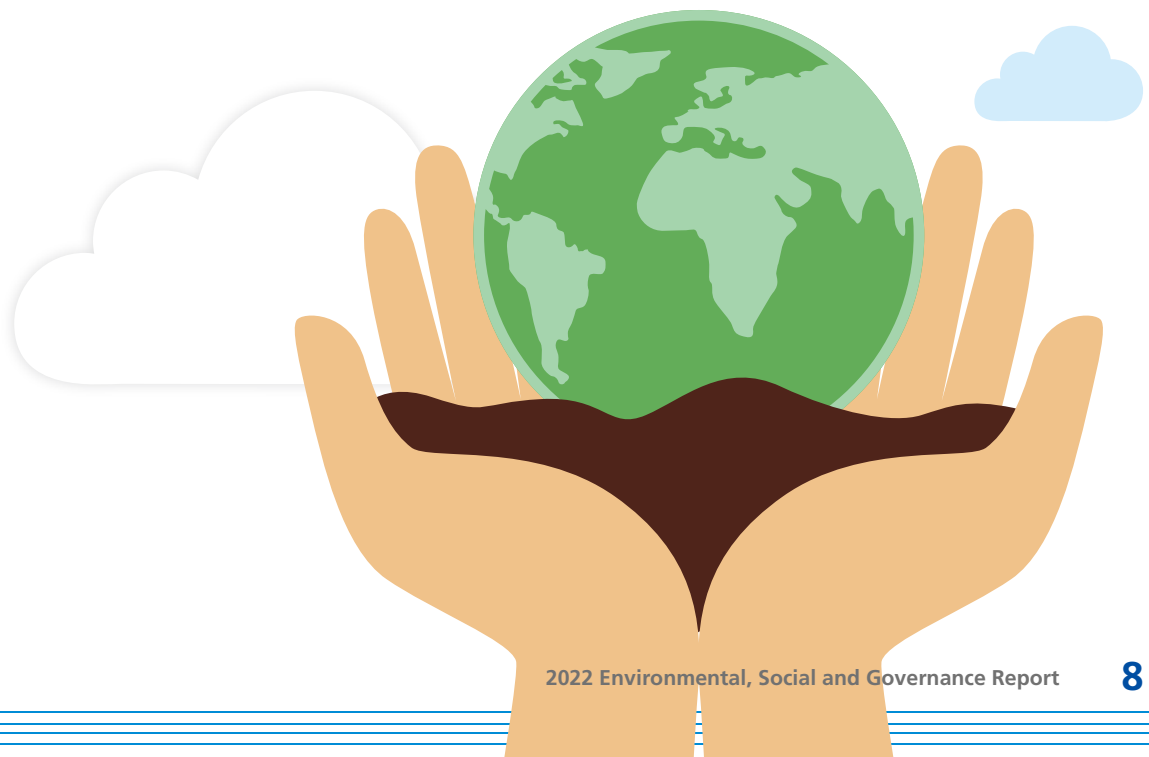


1.3 ESG WORKING GROUP AND UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

In active response to Sustainable Development Goals (SDGs) of the United Nations, the Group, considering industry characteristics and its actual operations, takes into account the environmental, social and economic benefits during management and operation and actively explores the operation model that facilitates green, low-carbon and resource-efficient development, improves the well-being of employees and communities, and promotes a sustainable supply chain. Based on the concerns and feedback of stakeholders, we have identified the priorities of the SDGs and have determined the following key work directions, and will work with all parties to contribute to the achievement of the SDGs.

1. ESG MANAGEMENT *(Continued)*

United Nations SDGs	ESG policy direction	Our actions
  	Putting People First	<p>Actively expanding business development, promoting diversity in recruitment of talents and providing more high-quality jobs for the society;</p> <p>Protecting the legal rights and interests of employees and providing reasonable compensation and benefits;</p> <p>Striving to create a fair, inclusive, diverse, healthy and promising working environment for employees;</p> <p>Strengthening health management and safety protection to ensure employees' physical and mental health;</p> <p>Providing quality resources for employees' promotion, development and vocational education.</p>
 	Protecting the Beautiful Home	<p>Participating in pandemic prevention and control, and actively making donations;</p> <p>Building a good interactive relationship with the community through the network of stores across the country, participating in community charity activities, and offering volunteer services.</p>



1. ESG MANAGEMENT *(Continued)*







United Nations SDGs	ESG policy direction	Our actions
 	Fulfilling Product Responsibilities	<p>Carrying out responsible sales and operations, establishing product quality supervision system, and striving to ensure the quality, health and safety of sold products;</p> <p>Offering services in a “wholehearted” way to actively respond to consumer demands and protecting their rights and interests;</p> <p>Establishing a supplier management mechanism, and focusing on the environmental, social and governance risks in the supply chain;</p> <p>Strictly regulating advertising and labelling, and strengthening the protection of intellectual property rights;</p> <p>Building an internal information system, increasing efforts on publicity and control, and protecting consumer privacy and information security.</p>
	Promoting Green Operations	<p>Advocating green office, strengthening publicity on low carbon and environmental protection, reducing waste generation, and cutting environmental impact;</p> <p>Saving resources, improving resource usage efficiency, encouraging employees to commute by means of public transportation, and reducing greenhouse gas emissions during operations;</p> <p>Identifying climate change risks and setting and reviewing environmental targets.</p>
	Adherence to Integrity in the Workplace	<p>Building a corporate culture of integrity and honesty, and adhering to compliance operations and integrity operations;</p> <p>Regularly planning internal actions on anti-corruption and refining the reporting and handling process;</p> <p>Practising transparent and open procurement and strengthening supplier audit and management.</p>

1. ESG MANAGEMENT *(Continued)*

1.4 STAKEHOLDER ENGAGEMENT

With great importance attached to the communication with stakeholders, the Group has established a good communication mechanism and has diversified communication channels to keep abreast of the comments and suggestions of stakeholders and respond to expectations accordingly. The concerns and feedback of all parties are important factors to be considered in business management and strategic planning. They help us evaluate and improve ESG performance in all aspects, in order to promote the sustainable development of our Company.

During the year, the Group continued to maintain regular communication with stakeholders such as shareholders and investors, suppliers, consumers, community representatives, employees, governments and regulators.

Key stakeholders	Description of stakeholders	Main concerns	Major communication and feedback channels
 <p>Shareholders and investors</p>	Natural persons or legal entities which invest in the Company	<ul style="list-style-type: none"> Product quality Service quality Data security Integrity building Intellectual property protection 	<ul style="list-style-type: none"> Shareholders' general meetings Annual and interim reports and announcements Results presentation Investor relations page
 <p>Suppliers</p>	Enterprises or their branches which directly supply mobile handsets, accessories and other products and provide related services to the Company	<ul style="list-style-type: none"> Supply chain management Service quality Integrity building 	<ul style="list-style-type: none"> Procurement activities Supplier service system Strategic cooperation negotiations
 <p>Consumers</p>	Members of society who purchase, use goods or receive services from the Company's online platform or retail stores	<ul style="list-style-type: none"> Product quality Service quality Supply chain management Advertising compliance Intellectual property protection 	<ul style="list-style-type: none"> Consumer satisfaction surveys Rewards to consumers Daily operations/ communication Service complaint and response mechanism
 <p>Community representatives</p>	Members of the community where the Group's offices and stores are located	<ul style="list-style-type: none"> Community contribution Emission management Use of resources 	<ul style="list-style-type: none"> Community activities Charity activities Social support programmes Daily operations/communication
 <p>Employees</p>	Employees hired under various forms of employment contracts with the Company, including regular employees, part-time employees and interns	<ul style="list-style-type: none"> Protection of employees' rights and interests Employee training and development Employee safety and occupational health Service quality Integrity building 	<ul style="list-style-type: none"> Employee opinion surveys Internal communication meetings among employees Internal announcements Employee feedback system Labour union
 <p>Governments and regulators</p>	Government authorities or regulators who supervise the operations of the Company	<ul style="list-style-type: none"> Protection of employees' rights and interests Data security Product quality Service quality Integrity building Intellectual property protection Advertising compliance 	<ul style="list-style-type: none"> Information disclosure Correspondence On-site visits Relevant meetings

1. ESG MANAGEMENT *(Continued)*

Materiality Analysis

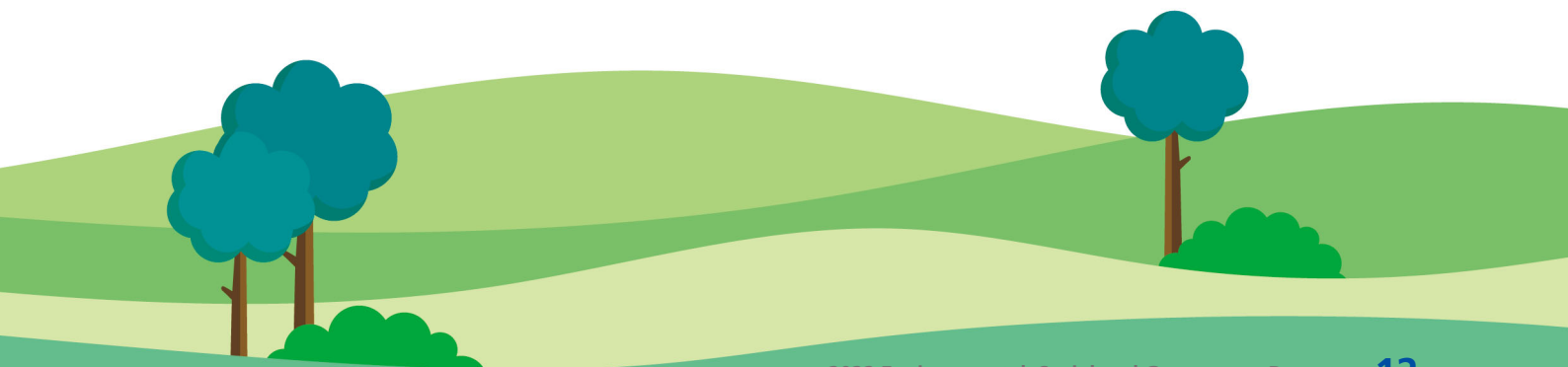
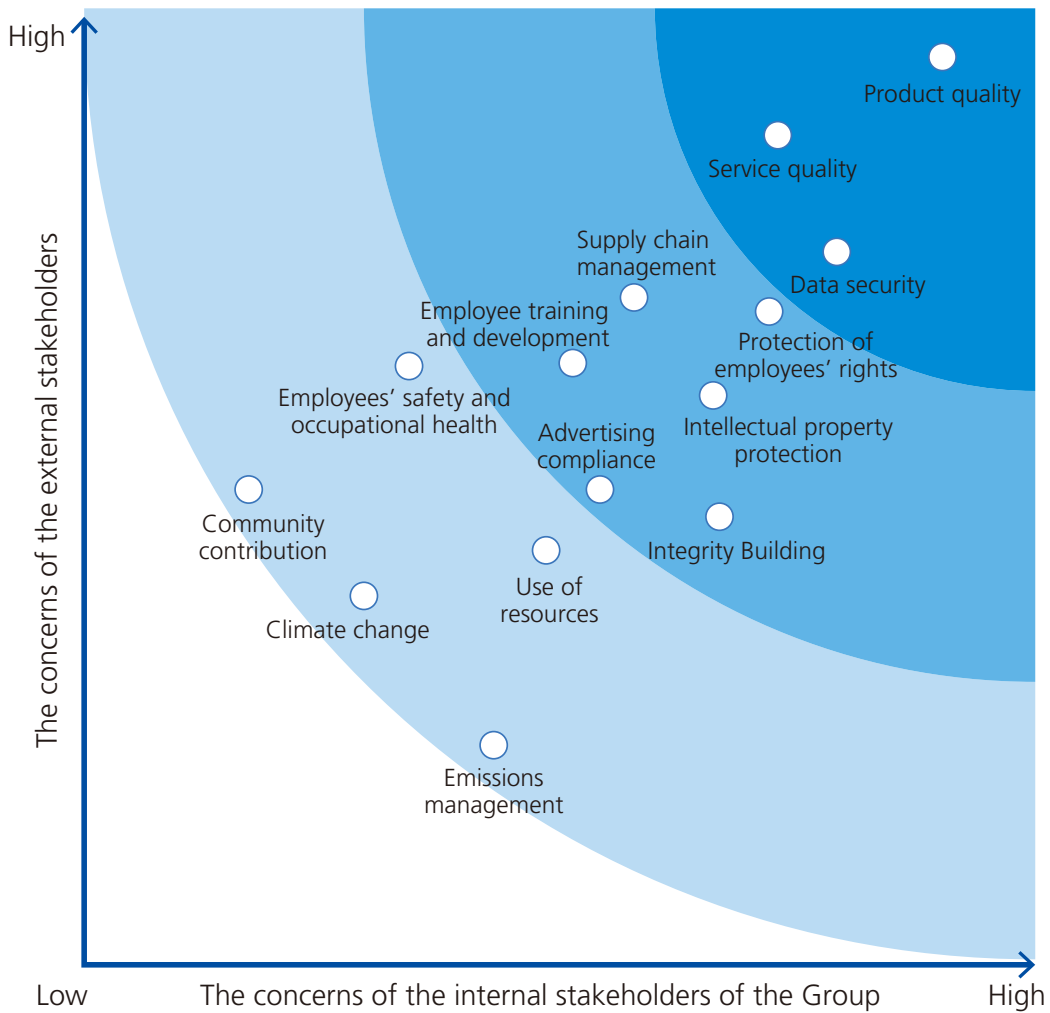
Based on our communication with stakeholders and the characteristics of our business development, the Group identified 14 material ESG issues and used them as important factors for report preparation and information disclosure. Our main work steps and contents are as follows:

Main steps	Contents
Identifying ESG issues related to the Group's business	Based on the current business characteristics of the Group and the future business development direction, the Group identified major relevant ESG issues.
Assessing and analysing the importance of issues	<p>The Group invited key stakeholders to assess the importance of ESG issues through online questionnaires, etc.</p> <p>The Company's management team assessed and analysed the importance of each issue with reference to practices and communication with stakeholders.</p>
Reporting major ESG issues	The Group identified material ESG issues based on stakeholder analysis and used them as the reference for the preparation of the report and the Group's next work direction.



1. ESG MANAGEMENT *(Continued)*

Based on the analysis results, we identified highly material issues at the present stage, including product quality, service quality, and data security; material issues, including protection of employees' rights and interests, supply chain management, intellectual property protection, advertising compliance, employee development and training, employee safety and occupational health, and integrity building; and relatively immaterial issues, including use of resources, community contribution, responses to climate change and emission management. We will discuss and present the content of each issue in the report.





2. FULFILLING PRODUCT RESPONSIBILITIES



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2. FULFILLING PRODUCT RESPONSIBILITIES

Strictly controlling product quality and ensuring sales services are the foundation of a retailer's long-term development. The Group has always been committed to providing consumers with high-quality products and services. It implements responsible procurement, strengthens management of advertising signs and publicity, protects consumer information and privacy, and strives to fulfil product responsibilities.

2.1 STRICT CONTROL OVER PRODUCT QUALITY

The Group strictly complies with the relevant laws and regulations and industry standards, including the *Law on Protection of Consumer Rights and Interests of the People's Republic of China* and the *Product Quality Law of the People's Republic of China*. It formulated the corresponding internal management system and supervision system to conduct all-round control over product quality. We strictly manage the qualifications of product suppliers and sign contracts on product quality assurance with them to ensure that the products we sell meet national standards in terms of their quality and safety, aiming to provide consumers with high-quality and guaranteed products.

The *Policy for Return and Exchange Without any Reason Within 7 Days* are in place to reassure consumers. We make the following commitments and monitor the strict implementation of these commitments in our stores:

Policy for return and exchange without any reason within 7 days stipulates that if a consumer meets the requirements but the store refuses to enforce the policy, once verified, the corresponding subsidiary will be penalised.

When it is found and ascertained that a product has severe safety concerns or poses a major threat to consumers' health, the Group would immediately cooperate with suppliers to recall and remove the products of the same batch or model to avoid potential dangers and losses. None of the Group's products sold was subject to recalls for safety and health reasons in 2022.

- Fast return and exchange within 7 days**
Any consumer who purchases a mobile handset from the Group's sales channels but finds its price, model, function and colour unsatisfactory is entitled to return or exchange it without inspection within seven days upon purchase if there is no man-made failure to the mobile handset.
- Free repair and maintenance services**
If a non-human failure occurs in the mobile handset purchased by a consumer during the warranty period, the Group provides free repair and maintenance services. The consumer can make an appointment for repair and maintenance services on the official website or in a store.
- Transportation allowance**
If a consumer has to return to an outlet due to product quality or service problems, the Group shall assume full responsibility for solving the problems and compensate the consumer with RMB30 for transportation costs.
- Reward for service complaints**
We encourage consumers to voice their complaints if they are not satisfied with our services by offering a reward of RMB 300 to consumers, who propose effective advice, after their complaints are proved to be valid.

2. FULFILLING PRODUCT RESPONSIBILITIES (Continued)

2.2 IMPROVING SERVICE EXPERIENCE

The Group, which upholds the philosophy of “creating value for consumers wholeheartedly” and establishes the core value of “A kind heart brings goodness”, optimised the healthy shopping environment, continuously raised service standards and actively responded to consumer demands, etc., striving to provide consumers with high-standard services and improve their experience.

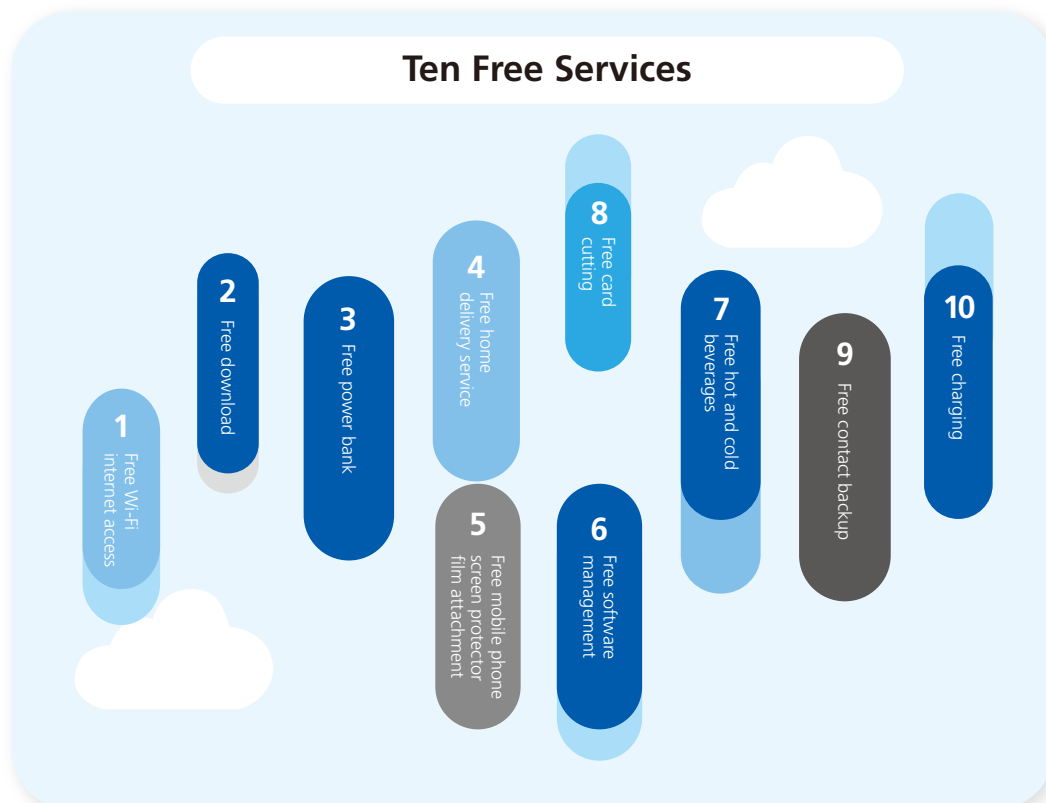
Optimising the shopping environment

The Group strictly implements *the Rules for Store Decoration for Beijing Digital Telecom Co., Ltd.* it formulated. The Group meets the national regulations and standards on indoor environmental quality, fire safety and so forth, based on which it strictly selects decoration materials for each store, striving to provide consumers with a safe, healthy, comfortable and environmentally-friendly shopping environment.

Raising service standards

The Group has been actively offering “Full-hearted Loyalty” service, with a view to providing consumers with high-standard after-sales service.

We provide ten types of free services for each consumer, including free charging, free card cutting, free power bank, free mobile phone screen protector film attachment, free Wi-Fi, free hot and cold beverages, free software management and download, free contact backup and free home delivery.



2. FULFILLING PRODUCT RESPONSIBILITIES (Continued)

The Group continuously improves the service ability of employees, in a bid to enhance the consumer experience. Service training activities are held on a regular basis, and service training courses are accessible to employees on the internal information sharing platform for them to refer to and review anytime and anywhere. In the meantime, the Group has also created a group chat of “Full-hearted Loyalty” service, in which it pushes the relevant process and requirements to its employees on a daily basis to constantly strengthen its employees’ and management’s recognition on its dedication and mission of the “Full-hearted Loyalty” service and enhance the service level of its stores. To date, the “Full-hearted Loyalty” service has been implemented for seven years, which effectively improves the service awareness and service level of managers and front-line service providers around the country.

Moreover, noticing the increasing online shopping demand of consumers, we leverage on offline stores to actively cooperate with online shopping malls so as to create innovative business models of cooperation, ensure quick and safe delivery of products to consumers, and continuously increase consumers’ shopping experience. We have launched “home delivery” and “shop delivery” services in a timely manner to ensure safe shopping experience for consumers amid the COVID-19 pandemic. Wearing personal protective equipment such as masks and gloves, salespersons provide door-to-door delivery service for consumers who order products and accessories.

Responding to consumer demands

With emphasis placed on the communication with consumers, the Group listens carefully to consumers and responds to their demands and suggestions, and constantly optimises the service level. Online and offline communication and complaint channels have been established. In compliance with the *Law on Protection of Consumer Rights and Interests of the People’s Republic of China*, we formulated and strictly implemented rules and regulations, including the *Beijing Digital’s Management of Complaint Services*, the *Three Red Line Management System for Full-hearted Loyalty Service* and the *New 400-week Improvement Rules and Feedback for Complaints*, and standardised and continuously optimised the complaint and handling mechanism.

Complaint channels:

- Brick-and-mortar stores accept consumer visits and complaints;
- Headquarters’ service hotline 400-700-8800;
- Official Weibo account, official WeChat account, official website (including Xiaodishuoshuo and Xiaodishequ), Baidu (including Tieba, Baidu Knows and BBS), Long March to China Qualification and other platforms.



2. FULFILLING PRODUCT RESPONSIBILITIES *(Continued)*

The Group put forward the principles of “first inquiry responsibility, active cooperation, emotional stability, commitment fulfilment”, and established the procedures for handling consumer complaints from different channels, in order to handle every complaint in a timely and effective manner. The Group required receptionists to classify complaints according to the reasons for complaints, such as quality problems, service problems and business problems, contact consumers within two hours after receiving the complaints to learn the details of the complaints and their demands, appease consumers and make a commitment to resolution within a time frame. The relevant persons-in-charge are required to handle the complaints within 24 hours and reply to the call centre of the headquarters about the handling results. If it is difficult to handle a complaint, they can report to the headquarters and obtain the consent of consumers to handle the complaint within 72 hours. Subsidiaries shall submit a Complaint Handling Report to the call centre at the beginning of each month. The call centre shall contact consumers within 24 hours upon receipt of the report to verify the handling of complaints and confirm whether consumers agree or satisfy with the results. Based on the results of monthly return visits, we summarise the responses to consumer complaints at each channel, evaluate and identify the main problems in the service process, give feedback to the functional departments or subsidiaries, and organise regular training sessions on communication skills for employees, in a bid to continuously improve the services at all levels.

We incorporate the handling results of consumer complaints into the performance appraisal system of the headquarters and subsidiaries, involving the customer service complaint department of the headquarters, general manager of subsidiaries, receptionists, salesclerks and so forth, in a bid to promote the implementation of relevant rules.

Moreover, the Group set up a live streaming customer service support mechanism and assigned full-time service personnel for online consultations. We adjusted and extended the attendance and duty hours of service personnel according to the analysis of the pattern of consultation time, and mobilised all members of the live streaming team to respond to consumer consultations in a timely manner during the peak period, so as to make timely responses to consumer needs and continuously improve the consultation experience of consumers.

In 2022, the headquarters’ 400 call centre received a total of 12,591 calls from consumers¹, with 120 complaints, of which 106 were valid complaints. The complaint settlement rate was 100%, and consumer satisfaction reached 100%. Meanwhile, the Group received 85,931 online consultations from consumers throughout the year, and resolved 4,938 after-sales problems.



¹ In 2022, the growth of the Group’s live streaming business on the platforms and the increase in the number of live broadcasts led to a large increase in the number of consumers’ telephone and online consultations.

2. FULFILLING PRODUCT RESPONSIBILITIES (Continued)

2.3 RESPONSIBLE PROCUREMENT

The Group maintains a high level of attention to ESG risks in the supply chain and constantly promotes responsible procurement in the entire process of supplier selection, procurement and evaluation, striving to work with all parties to create a more environmentally-friendly and stable supply chain.

Supplier selection

Supplier selection standards and procedures have been established to evaluate suppliers from the quality, materials, prices, environmental and social performance and other dimensions, which has strictly standardised selection conditions. We rolled out a “whitelist” system for suppliers to tighten requirements on environmental compliance, protection of labour rights and interests, anti-corruption and other management aspects. The Group formulated the *Supplier Management System* in 2022, putting forward higher requirements for the qualification of suppliers and further standardising the hierarchical review mechanism for the selection of suppliers. The Group makes it clear that only suppliers that have been approved by the newly established Risk Committee can be included into the “whitelist”. The Group reviews the relevant qualification certificates of qualified suppliers and signs cooperation agreements with them, which clearly stipulate procurement process, product quality, dispute resolution, etc.

As a retailer, we mainly select top-ranked manufacturers of mobile handsets and accessories as commodity suppliers. When selecting commodity suppliers, we focus

on the environmental protection and safety performance of materials used to make mobile handsets and accessories, and implement a strict procurement approval process. Suppliers shall operate in compliance with national and regional laws and regulations, and have relevant qualification certificates. At present, we have forged a win-win strategic partnership with three major carriers and the leading domestic mobile handset brands. When selecting equipment and service providers, we pay full attention to their responsibilities and contributions to environmental protection, and give priority to purchasing equipment, facilities and office supplies that consume less energy and are more environmentally friendly, such as energy-saving lamps and low-power computers. We proactively communicate with suppliers and urge them to use environmentally-friendly products.

Supplier management and audit

A supplier audit system has been laid down to audit and evaluate suppliers on a regular basis, in a bid to identify and pay attention to the environmental and social risks of suppliers, and judge the quality of their products and service effects. Suppliers whom we establish long-term cooperation with are those with quality products and excellent performance in environmental protection, anti-corruption and labour management. We phase out suppliers that are unable to meet sustainable development needs over the long term. All our suppliers were audited and evaluated in 2022. The suppliers that have established cooperative relationships with us after audit and evaluation met the Group’s supplier selection and audit requirements for 2022.

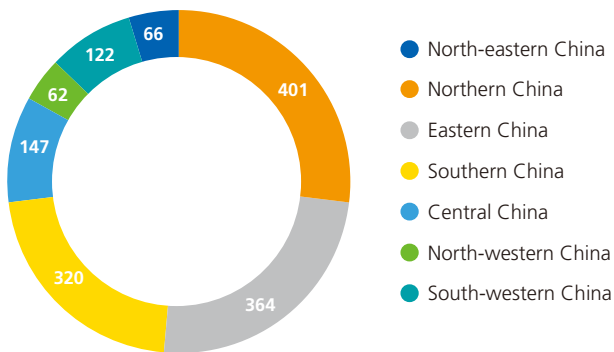


Communication activities with suppliers

2. FULFILLING PRODUCT RESPONSIBILITIES *(Continued)*

Moreover, the Group has built a highly integrated supply chain management system that draws on the advanced experience of international retail leaders. The supply chain management system enables us to have real-time access to the sales and inventory of each store, which has greatly improved the Group's efficiency in formulating procurement plans and allocating inventory.

In 2022, we communicated with suppliers from time to time, conveyed our procurement policies and requirements in time, and actively cooperated with suppliers to create a sustainable supply chain.



Number of major suppliers of the Group in 2022

2.4 ADVERTISING AND LABELLING MANAGEMENT

Importance is attached to the protection and improvement of brand value. In strict compliance with the relevant laws including the *Advertising Law of the People's Republic of China* and the *Trademark Law of the People's Republic of China*, the Group regularly identifies possible compliance risks in the process of advertising and labelling, and constantly normalise management and use standards.

According to the actual business needs, we strictly regulate and centralise the management of the use of promotional copies and various corporate logos (including the trademarks) for our important marketing campaigns. In order to standardise the use of ads and labels in brick-and-mortar stores, the Group unified the template of the *Letter of Trademark Licensing*, adding the address of the licensee, the name and registration number of the licensed trademark, licensing period, the geographic territory, scope of use, licensing type, etc., which avoids unclear authorisation. We regularly conduct training on trademark protection for the brand management department of the headquarters and subsidiaries located in areas where counterfeiting of the Group's trademarks frequently occurs, guiding employees at all levels to use logos in compliance with regulations, and legally and effectively deal with trademark infringement. In case of the infringement of the Group's trademarks, it will promptly keep the evidence of the infringement and choose to report to the industry and commerce authorities or file a lawsuit in the people's court according to the level of the infringement. In 2022, we sorted out the infringement of the unauthorised use of the Group's trademarks on mini programs and official accounts. Continuous follow-ups will be conducted to safeguard our rights and make corrections.

In strict compliance with relevant laws and regulations including the *Patent Law of the People's Republic of China* and the *Administrative Measures for Intellectual Property Certification*, the Group formulated the *Beijing Digital Measures for the Administration of Intellectual Property Rights*, an internal management rule, to protect its own intellectual property. The Group regularly organises training sessions on intellectual property for frontline employees and the headquarters' functional departments, in a bid to strengthen employees' awareness of legal protection of intellectual property rights, avoid potential infringement risks and ensure operational compliance.

2. FULFILLING PRODUCT RESPONSIBILITIES *(Continued)*

2.5 INFORMATION AND CYBER SECURITY

In compliance with relevant laws and regulations including the *Cyber security Law of the People's Republic of China* and the *Personal Information Protection Law of the People's Republic of China*, the Group has established and improved the internal information security management system, and actively takes measures to protect consumer privacy and information security.

We enter into tripartite confidentiality agreements with consumers in the sales process and strictly implement them. Meanwhile, we established an internal member information system to manage consumer privacy and data and enhanced the information technology capability in the field of cyber security, including setting up high-level technical firewalls, strictly

monitoring data flow process, and setting access and use permissions for employees at different levels to avoid leakage and abuse of consumer data and enhance information security protection. We require employees not to disclose consumer information to any unit or individual without valid permission. In 2022, we were creating a system operation guide to further clarify information management authorities and responsibilities, and strengthen the protection of consumer privacy information.

Special trainings are organised regularly for employees to learn relevant policies and regulations and implementation rules, in a bid to strengthen the awareness and ability of information and privacy protection of employees at all levels.

No major consumer information leakage occurred in the Group in 2022.



3. PUTTING PEOPLE FIRST



3. PUTTING PEOPLE FIRST

The Group, which regards talents as the main driving force for its own development, attaches great importance to the introduction of talents, respects and protects the legal rights and interests of each employee, pays attention to the occupational health and safety of employees, and promotes the growth and development of talents. It is committed to creating a better platform for employees to exert their abilities and seek development, aiming to promote the common development of the Group and employees.

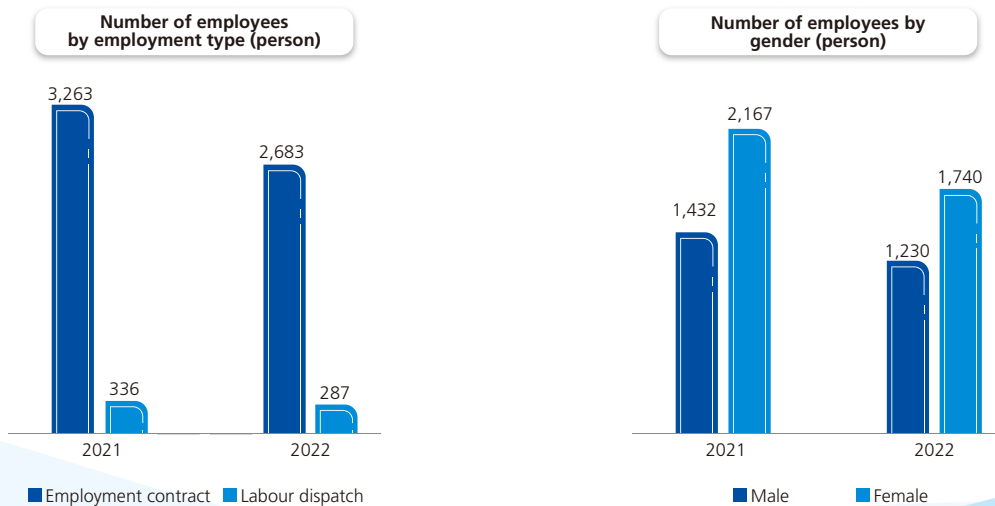
3.1 ATTACHING IMPORTANCE TO TALENT INTRODUCTION

Continuous efforts are made to build a high-quality talent team. Through various recruitment channels such as website recruitment, campus recruitment, high-end headhunting and internal recruitment, the Group actively introduces senior business and management talents in the industry to reserve and train new forces. In the process of talent introduction, the Group strictly complies with the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China* and other relevant national and local laws and regulations. An internal recruitment management system was formulated according to the actual needs of business development.

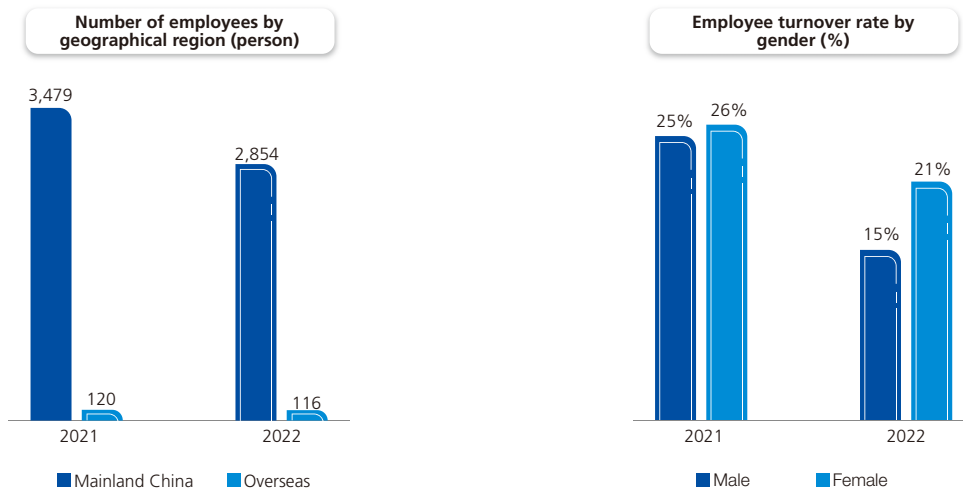
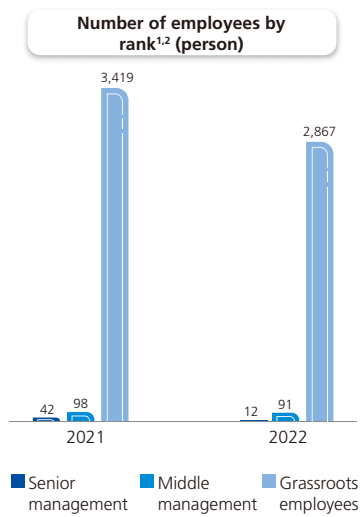
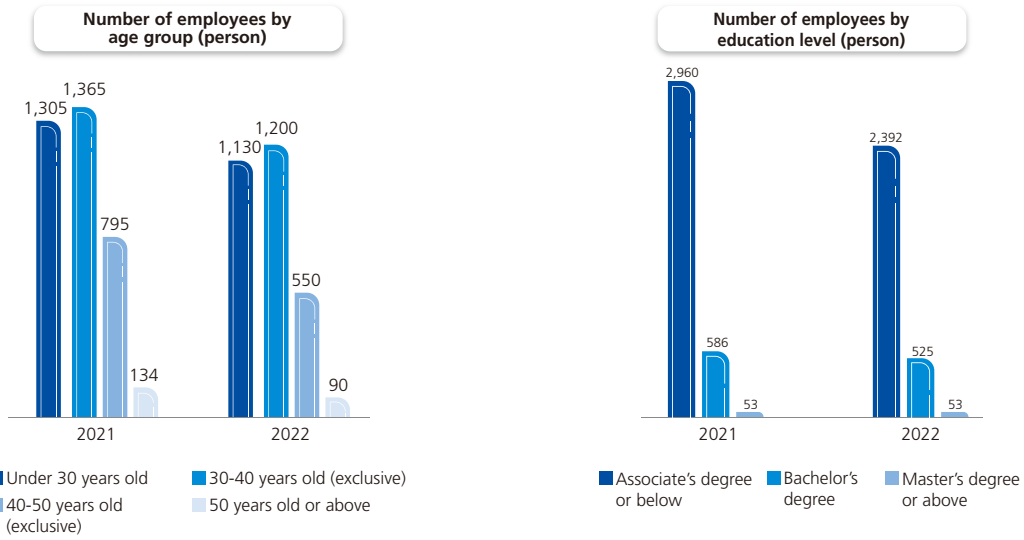
With an aim to provide fair and justice employment opportunities for college graduates, the Group implements a management trainee system, establishes a good compensation model and clear promotion and training channels, which provides a good resource advantage for talent reserve and selection. The Group also continuously improves the internal competition mechanism for high-end positions and encourages employees to participate in the internal competition, with which it selects talents for varied positions. This provides good promotion opportunities for excellent internal talents, and gives full play to the advantages of internal talents. In addition, the Group actively provides jobs for the disadvantaged to help solve their employment problems, as a move to fulfill corporate social responsibilities.

As at 31 December 2022, the Group had 2,970 employees.

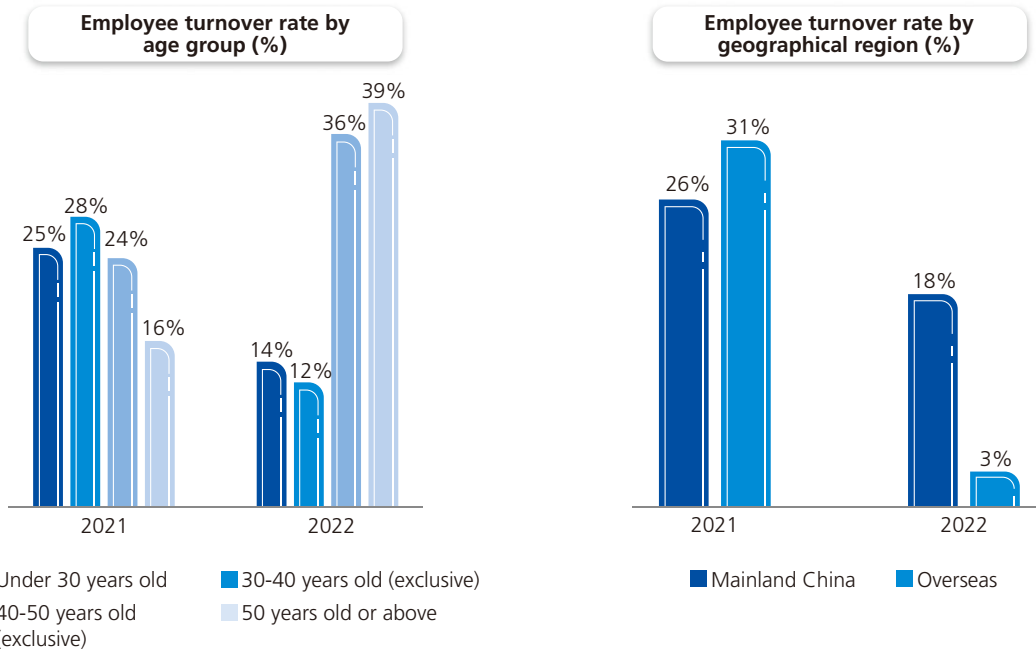
KPIs Employment and employee turnover rate



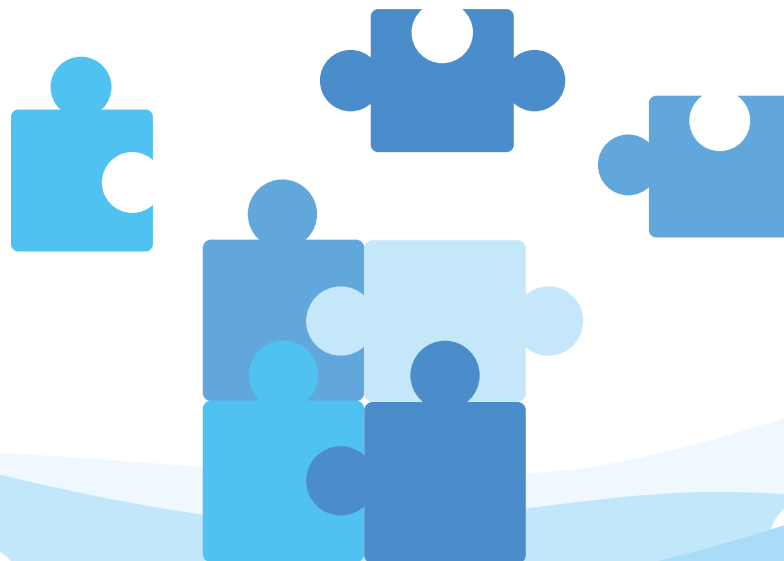
3. PUTTING PEOPLE FIRST *(Continued)*



3. PUTTING PEOPLE FIRST *(Continued)*



1. Senior management refers to employees at deputy general manager level and above, and middle management refers to employees at director and deputy director level.
2. There were four women in senior management in 2022, accounting for 33%, up from 31% in 2021.



3. PUTTING PEOPLE FIRST (Continued)

3.2 PROTECTION OF EMPLOYEES' RIGHTS AND INTERESTS

The Group strictly complies with relevant national and local laws and regulations, including the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, the *Special Rules on the Labour Protection of Female Employees*, the *Regulations on Paid Annual Leave of Employees* and the *Provisions on Minimum Wages*, and constantly pays heed to and keeps track of their latest changes. We established a complete human resources management system comprising the *Staff Manual*, covering recruitment and dismissal, compensation and benefits, promotion, and health and safety management. In 2022, the Group formulated internal policies, including the *Attendance and Leave System*, *Measures on the Administration of Onboarding and Offboarding*, and *Measures on the Administration of Recruitment*. It focused on its own development goals and strategic planning to further optimise relevant systems and processes, such as attendance and leave, onboarding and offboarding, and recruitment, striving to improve and standardise its management, provide employees with a fair, just, diverse and equal working environment, and protect the legal rights and interests of employees.

The Group enters into formal labour contracts with employees in accordance with laws, and provides them with basic protection such as social insurance and housing provident fund, as well as a salary higher than the minimum salary level in each region. As stipulated in the *Staff Manual*, we encourage multiculturalism and respect religious beliefs, and resolutely eliminate discrimination based on race, gender, native place, age, health status, etc. Regulations on resignation and dismissal were established to effectively protect the legal rights and interests of employees.

Child labour and forced labour are strictly prohibited. The human resources department will check the identification documents of the applicants one by one to ensure that the recruits have reached the legal working age and voluntarily participate in the labour force. In case of any child labour or forced labour, we will actively take rectification measures, communicate with employees and their statutory guardians, and properly handle child labourers and forced labourers in accordance with laws.

In order to ensure the reasonable working hours of employees, the Group has fully implemented the clock-in system to ensure that the working hours of employees comply with the national laws and regulations, which allows the relevant persons-in-charge at all levels to adjust the workload of the team in a timely manner.

As the Group values the opinions of employees, it has built smooth and efficient communication channels for employees, aiming to create a good and positive working atmosphere. Employees can give feedback to the management through online and offline channels such as mailboxes, e-mails, and Enterprise WeChat. Moreover, seminars were held by the Company among employees from time to time and presided over by leaders of the Company. The attendees include old and new employees. The Company carefully listened to employees who expressed opinions and ideas and gave timely feedback and made responses.

In 2022, the Group had no violations of laws and regulations related to labour or infringement of the rights and interests of employees that had a significant impact on itself, nor was it punished in respect of the protection of the rights and interests of employees.

3. PUTTING PEOPLE FIRST *(Continued)*

3.3 FACILITATING COORDINATED DEVELOPMENT

The growth and development of employees can effectively stimulate creativity and dedication, and boost the long-term development of the Company and the continuous improvement of its competitiveness. The Group provides equal and excellent development space and personalised learning opportunities for employees at different positions, as efforts to achieve a win-win situation for the coordinated development of itself and employees.

The Group established and optimised the performance management system, formed closed-loop management in goal setting, communication and feedback, assessment management and application of assessment results, and gave various assessment incentives, such as performance bonuses, to create better development opportunities and platforms for employees, promote the rapid growth of employees and the achievement of its overall organisational goals. We regularly commend employees for their outstanding performance in various tasks to enhance their sense of honour. In 2022, we further optimised the performance appraisal mechanism, with the shift of the appraisal cycle from monthly to quarterly and more attention paid to medium and long-term growth of employees. Meanwhile, we strengthened the relationship between employee performance and salary, and implemented reasonable grading based on performance appraisal results to accelerate employee growth through positive and negative incentives. If employees have doubt about the performance appraisal results, they can express doubt to us through communication channels. We will accept them in a timely manner and give feedback as soon as possible.

A systematic training management system has been in place to help employees improve their professional competence. Training sessions are organised and updated and optimised according to the changes in the market and social environment. In 2022, the Group organised and carried out a series of experience sharing and training activities, such as refined operation management training, market trend training and sharing in communication industry, special training on the private domain system, and new energy business training, in a bid to cope with market changes and challenges and satisfy the Company's strategic requirements.

Currently, the Group's main training programmes include:

Onboarding

The headquarters of the Group adopts an onboarding mechanism that combines "intensive training + mentoring", and provides induction training programmes for new hires. Induction training programmes cover an overview of the Group's development, business profiles, corporate culture, compensation and benefits, and rules and regulations, as well as professional attitude, which are designed to help new employees understand the environment and workflow of the Company. New employees can regularly communicate with mentors on their duties. Mentors provide timely guidance and feedback to help new employees quickly get familiar with and adapt to the new working environment and job duties.

The Group holds an exchange meeting for all previous management trainees every year, aiming to enhance the communication among management trainees, fully realise the sharing of experience, and promote the growth and development of management trainees.

3. PUTTING PEOPLE FIRST *(Continued)*

Management training

The Group's headquarters and subsidiaries hold weekly special training sessions for employees at the manager level and above. The training sessions cover the latest industry trends, key products and professional managerial expertise, with a view to help employees keep up with the latest development of the headquarters and subsidiaries and enhance internal communication.

Vocational training

The Group has launched a variety of vocational training courses for all employees. For frontline employees at stores, the Group's human resources department formulates a plan of no less than two class hours of training per week and implements the system for employees to prepare lessons on a rotation basis. The combination of offline practical operation and online courses is adopted to enhance the effect of training. Online courses cover the experience sharing of outstanding store managers, professional knowledge, frontline sales skills, training of general skills, etc.

The Group organises training activities for frontline store manager candidates from time to time and sets up a training camp to enhance the service and management level of retail store managers. The training camp quickly improves the core competitiveness of frontline talents from business ability, management ability and other aspects in the form of closed courses, so that they can move from frontline business positions to management positions more smoothly.

Training by internal trainers

Internal trainers play a vital role in all kinds of internal training of the Group. We have a tailor-made professional training programme in place for our in-house trainers to systematically enhance their training skills from production of teaching materials, presentation skills to management of learning atmosphere, in order to improve the training effect.

Further education

In addition to organising various internal training sessions in the Company, the Group also encourages employees to pursue further education in schools or other vocational training institutions and offers appropriate financial assistance, provided that this does not affect their performance in discharging their duties. These forms of study include full-time or part-time study for a degree, induction training, examinations for professional titles and certificates, overseas study, as well as overseas tours for employees at the manager level or above. We have also increased the support in training resources for middle and senior staff within the Group, providing further training in prestigious schools such as Beihang University (北京航空航天大学), Renmin University of China (中國人民大學) and China Europe International Business School (中歐國際商學院), with an aim of broadening the vision and enhancing the management ability of middle and senior staff.

3. PUTTING PEOPLE FIRST *(Continued)*

Other forms of training activities

The Group is dedicated to creating a favourable learning atmosphere. In addition to the abovementioned training programmes, the Group also encourages its employees to make full use of their spare time during daily work by organising reading sessions and sharing articles on WeChat official account. It also provides an online examination platform for employees to check their learning outcome.

- Reading sessions: A morning reading session is held at the headquarters of the Group from Monday to Friday each week, during which participants express their opinions and exchange ideas;
- WeChat official account: The Group shares articles on WeChat official account based on its strategy to strengthen corporate culture, enabling employees to have an in-depth understanding of new retail, platform-based + digital transformation, consumer service, and corporate culture;

- Individual learning + centralised assessment: Relevant materials are centrally published via the Company's learning system and an employee may perform an online assessment via the online examination platform to check the learning outcome.

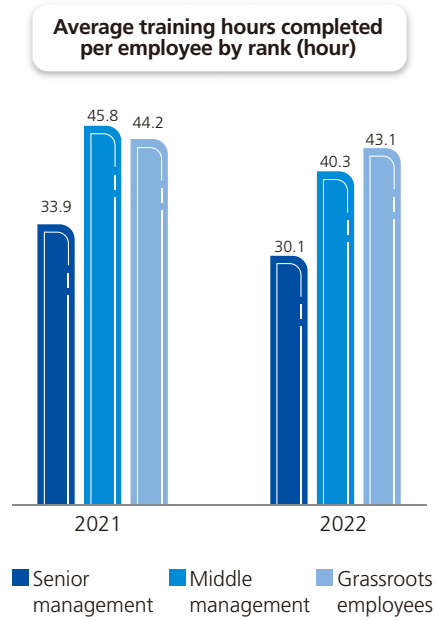
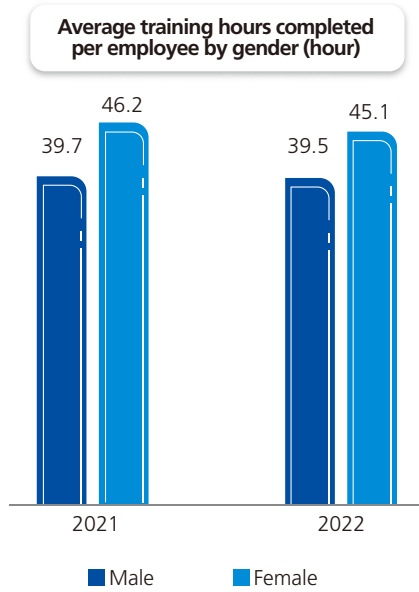
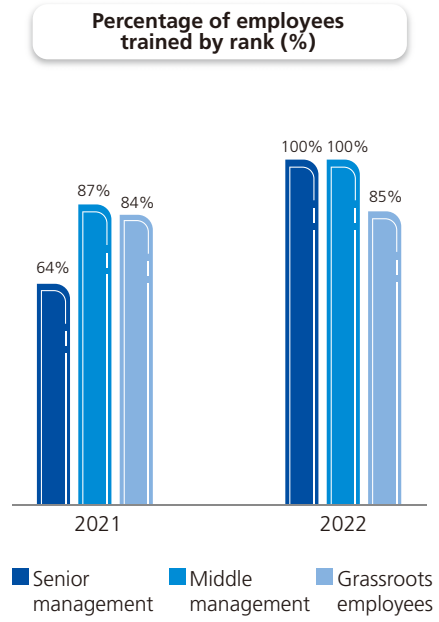
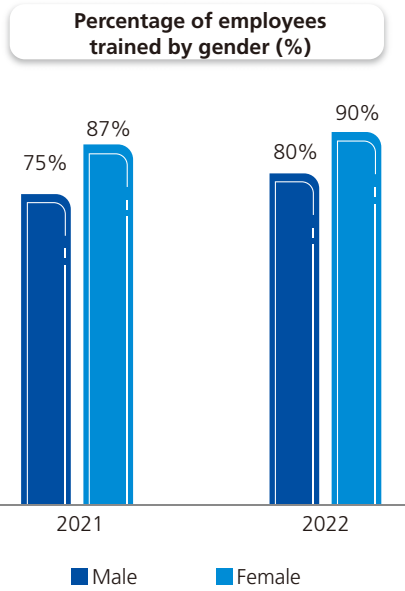
The online training model reduces the time and geographical restrictions for employees to receive training. The video playback function helps employees review lessons, and the live-streaming interactive function promotes effective communication between employees and teachers and among employees. The learning-to-test mode and page-turning answer mode deepen employees' cognition of knowledge points.

As of 31 December 2022, a total of 2,553 employees of the Group participated in the above training activities. The number of trainees accounted for 86% of the total, and the average duration of the training was 39.8 hours per employee.



3. PUTTING PEOPLE FIRST *(Continued)*

KPIs Employee training



3. PUTTING PEOPLE FIRST (Continued)

3.4 FOCUS ON PHYSICAL AND MENTAL HEALTH

The Group, which values the health and safety of employees, provides a safe and comfortable office environment for all employees, and promotes a healthy and balanced work style, striving to ensure the physical and mental health of employees. We strictly comply with the laws and regulations relating to occupational safety and health, including the *Labour Law of the People's Republic of China*, the *Fire Protection Law of the People's Republic of China*, the *Law on Prevention and Treatment of Occupational Diseases of the People's Republic of China* and the *Regulation on Work-related Injury Insurance*. An employee health and safety management system was established.

Health management

In accordance with the relevant laws and regulations, the Group established a sound work injury prevention system and bought medical insurance and work-related injury insurance for its employees. The Group organises annual medical examinations for all employees and invites experts to hold lectures and training seminars on occupational health from time to time to enable them to discover and manage their health problems. To help employees release pressure and improve communication, the Group also organises outdoor activities for its employees from time to time to help employees keep their spirits up.

The Group, which emphasises on the potential impact of office building materials on employees' health, laid up the *Beijing Digital Telecom Co., Ltd.'s System for Decoration of Stores* to regulate the decoration of stores and the selection of decoration materials, in a bid to ensure that the materials meet the relevant national regulations and standards to avoid damage to the health of employees.

Safety protection

In order to better safeguard occupational safety, the Group has formulated the regulations on the safety of working environment to provide detailed guidance for the operation of employees. In 2022, we formulated the *Production Safety Responsibility System for All Staff* and the *Leadership's One Post and Two Responsibilities for Production Safety and Fire Management*, marking our steps taken to establish and improve the production safety responsibility system for Beijing Digital Telecom and step up efforts on standardisation of production safety. We signed the safety responsibility letter with employees and included production safety into the list of responsibilities for all staff to ensure the effective implementation of production safety measures.

3. PUTTING PEOPLE FIRST *(Continued)*

We collaborate with property management companies from time to time to conduct safety hazard investigations, in a bid to identify and eliminate potential safety hazards in the workplace to prevent work-related injury. We issue fire safety notices and safety warnings to all employees based on the weather and season conditions to remind employees to ensure their safety.

Trainings on safety knowledge and skills and simulated fire drills were designed specifically based on the characteristics of different businesses and positions, with a view to raising the safety awareness of employees

and enhancing their ability to handle emergent or contingent problems. In close cooperation with property management companies, the Group dispatched employees to participate in anti-terrorism, anti-riot and fire-fighting drills in 2022, which further improved employees' fire protection awareness, self-rescue ability and emergency handling ability. In the meantime, the Company organised fire safety training activities to popularise common sense of fire safety and basic knowledge of emergency rescue, and explained and practiced the use of Automated External Defibrillator (AED) to employees.



Fire Safety Drill

In the event of a work-related injury, we shall take a quick and effective action to ensure that the injured receive timely treatment. The number and rate of work-related fatalities occurred in the Group in each of 2019-2022 is 0. There were no work-related injury and lost days due to work injury in 2022.

Pandemic prevention and control

Under the normalisation of pandemic prevention and control, great importance has been attached to the health and safety of our employees. The Group established a leading group and a working group on COVID-19 prevention and control according to the *Management Measures on Personnel*

Screening during Pandemic Prevention and Control and the Rules for Management and Control of Mobility of Employees, as an active response to the country's call. A number of anti-pandemic measures have been taken to further normalise pandemic prevention and control. The leader of the working group on COVID-19 prevention and control is responsible for formulating and improving the emergency response plan to ensure timely response in the event of an emergency. The leader and members are responsible for organising on-site emergency response and conducting on-site command, coordination, handling, rescue and other work after receiving the emergency warnings.

3. PUTTING PEOPLE FIRST *(Continued)*

Anti-pandemic supplies including masks and disinfectants were provided for employees in day-to-day operations and management. The control over office areas was tightened, with QR scanning, registration, and temperature measurement for visitors at the entrance and exit. Employees were required to get approval for mobility and conduct daily health management. Furthermore, we increased efforts to publicise pandemic prevention and control among employees, updated governments' policies and notices about fight against the pandemic in a timely manner, and helped employees improve their awareness and ability to protect themselves.

Mind-body balance

Based on the actual needs of employees, the Group strove to create a positive, harmonious and pleasant corporate culture atmosphere over the years, committed to becoming an enterprise where employees have a sense of happiness and belonging.

In our daily work, we took practical actions to convey our care for our employees. We provide a variety of benefits for our employees, including ordering quality meals and fruits, distributing seasonal fruits, preparing birthday benefits, offering purchase discounts for purchase of mobile handsets, rewarding them with incentive travel at home and abroad or giving cash rewards, etc. For some new recruits in need, the Company provides them with rent-free accommodation near to the Company. During holidays and festivals, the Company provides special benefits for employees, such as Tangyuan on the Lantern Festival and honey on the National Day.

In addition, each department distributes funds on a quarterly basis to organise team building activities and carry out rich and colourful staff care activities, such as holiday greetings, birthday blessings and care for key employees, in order to enrich the spiritual and cultural life of employees, promote emotional communication among employees, enhance cohesion, and develop a teamwork spirit. Various humanistic care and activities allow hard-working employees to enjoy the achievements of the Company's development and feel the care given for them.



4. PROMOTING GREEN OPERATIONS



4. PROMOTING GREEN OPERATIONS

The Group implements the concepts of energy conservation and emission reduction into its daily business operations and advocates low-carbon life. Close attention has been paid to the identification of and response to climate change risks. We strive to avoid related risks and protect green homes.

4.1 STRENGTHENING EMISSION MANAGEMENT

The Group strictly complies with the relevant national and local laws and regulations, including the *Environmental Protection Law of the People's Republic of China*, the *Environmental Impact Assessment Law of the People's Republic of China*, the *Law on the Prevention and Control of Noise Pollution of the People's Republic of China* and the *Law on the Prevention and Control of Environmental Pollution by Solid Wastes of the People's Republic of China*. Efforts were stepped up on the management of pollutant discharge to reduce the negative impact of the Company's operation on the ecological environment. In 2022, there was no administrative penalty imposed on or litigation against the Group arising from environmental pollution.

The Group's greenhouse emissions are mainly generated from the consumption of petrol, purchased electricity and other energy resources. In the course of daily operations, the Group carries out diverse energy conservation measures in office areas and outlets to increase the efficiency of resource utilisation and reduce greenhouse gas emissions. In response to the country's call for "energy conservation and emission reduction", the Group reduced the number of vehicles and scrapped old vehicles with high energy consumption. Some stores changed the mode of operation by switching from delivery by drivers to delivery by logistics companies, which reduced the use of vehicles.

The source of the Group's solid waste is mainly the general wastes, waste paper and used office supplies generated from our dairy operation. The Group actively advocates green offices to reduce the generation of waste office consumables and increase the use efficiency of office consumables. In 2022, we continuously promoted paperless office and our OA electronic system, and pasted signs near printers to remind employees to check repeatedly to avoid misprinting and repeat printing and prioritise double-sided printing, so as to reduce paper consumption from the source. In addition, we increased online channels and efforts on publicity to reduce the printing of paper leaflets. Meanwhile, we actively promoted the recycling and reuse of waste paper to improve paper usage efficiency. The non-hazardous domestic waste and waste paper produced by the Group in its daily operations were handed over to third-party recyclers for disposal, and hazardous wastes such as waste toner cartridges were recycled by printer manufacturers for harmless treatment. A strict disposal mechanism for domestic waste has been in place, including the establishment of an internal waste classification assessment system, the establishment of a waste classification working group, the designation of persons-in-charge and units' publicists, the formulation of their own waste classification implementation plan, and the waste classification training for employees. In day-to-day operations, containers are placed to collect and classify waste according to the type of waste, with at least four different types of containers placed. Cleaners are assigned for subsequent classification, recycling and disposal.



4. PROMOTING GREEN OPERATIONS *(Continued)*

A sound management mechanism was laid up to prevent and control noise pollution that may arise in the course of operations. Stores were required to reduce the use of amplification equipment in promotional activities and encouraged to use electronic screens instead. This is to ensure compliance with laws and regulations in respect of noise pollution and reduce the impact of noises on surrounding enterprises and the public.

Waste recycling

The Group has limited impact on the environment and natural resources, mainly from the consumption of electricity, water, printing paper and packaging materials in office buildings and stores. In addition to strengthening the management of energy and resource use, we actively promote

the separate collection and standardised disposal of e-waste, takeout boxes and packages, waste drinking water bottles and other wastes, in an effort to reduce the negative impact of waste on the ecological environment.

Our trade-in service was available in offline stores in 2022 to recycle e-waste, including mobile handsets and tablets, regardless of the brands and models of products. Recycled e-waste will be dismantled and reused by a third-party company. Currently, our recycling service covers all provincial and municipal subsidiaries. The service not only benefits consumers, but also promotes the improvement of the ecological environment and effectively boosts the development of the circular economy.

KPIs: Emissions¹

Indicators	2022	2021
Total greenhouse gas emissions (Scope 1 and Scope 2) (tonne of CO ₂ equivalent) ²	760.04	1,342.06
Greenhouse gas emissions intensity (tonne of CO ₂ equivalent/sq. m.)	0.06	0.12
Greenhouse gas emissions intensity (tonne of CO ₂ equivalent/person)	0.37	0.60
Direct emissions (Scope 1) (tonne of CO ₂ equivalent)	343.48	367.59
Petrol	343.48	324.13
Diesel	0.00	43.46
Indirect emissions (Scope 2) (tonne of CO ₂ equivalent)	416.56	974.46
Purchased electricity	416.56	974.46
Non-hazardous waste (tonne) ³	40.36	48.16
Per capita non-hazardous waste generation (tonne/person)	0.02	0.02
Hazardous waste (tonne) ⁴	0.18	0.18
Per capita hazardous waste generation (tonne/person)	0.00009	0.00008
Waste toner cartridges	0.16	0.16
Waste fluorescent tubes	0.02	0.01

1. The environmental data provided in this section covers the Group's headquarters, offices of the subsidiaries, the warehouse and stores in some regions. In 2022, due to the increased home-working time, the total amount of the Group's various emissions decreased;

2. Greenhouse gas inventory covers carbon dioxide, methane and nitrous oxide, which are mainly derived from the use of purchased electricity, petrol and diesel. Greenhouse gas emissions are calculated in accordance with the Baseline Emission Factor for Emission Reduction Projects in China's Regional Power Grids in 2019 (2019年減排項目中國區域電網基準線排放因子) published by Ministry of Ecology and Environment of China and 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories (2006年IPCC國家溫室氣體清單指南2019修訂版) published by the Intergovernmental Panel on Climate Change (IPCC) of the United Nations and are presented based on carbon dioxide equivalent;

3. All non-hazardous wastes, mainly including waste paper, waste office stationery and food waste generated in the office area, are handed over to waste collection service providers for disposal;

4. Hazardous wastes, mainly including waste toner cartridges, waste ink cartridges and waste fluorescent lamps, are disposed of by qualified third-party recyclers.

4. PROMOTING GREEN OPERATIONS *(Continued)*

4.2 OPTIMISING RESOURCE UTILISATION

In strict compliance with the relevant laws and regulations, including the *Energy Conservation Law of the People's Republic of China*, the Group actively promotes green offices and carries out a number of measures to save energy and reduce consumption, in a bid to constantly increase the efficiency of resource utilisation.

In order to save electricity and improve the efficiency of electricity use, the Group formulated relevant management measures, gave priority to the use of energy-efficient equipment, instructed employees to rationally utilise resources, and continuously improved the level of energy management. We purchase and install energy-saving lamps during decoration and replacement, and require employees to actively respond to and follow our energy conservation measures,

such as turning off lights in time and reducing standby time of electronic equipment. Apart from that, signs of energy conservation and emission reduction have been posted in major office areas and the places where there are large electronic equipment. We step up efforts on the supervision of employees' electricity consumption in daily work, such as urging employees to turn off computers during non-use period and turn off lights and air conditioners when leaving the office.

In order to avoid the waste of water resources, the Group strengthens the daily maintenance and management of water equipment, and regularly repairs the faucets to eliminate the phenomenon of "water seepage". We strive to raise employees' awareness of energy conservation by putting up signs in the places where there are water equipment and promote a green life.



4. PROMOTING GREEN OPERATIONS (Continued)

KPIs: Use of energy and resources¹

Indicators	2022	2021
Total energy consumption (MWh) ²	2,013.11	2,909.41
Energy consumption intensity (MWh/sq. m.)	0.17	0.25
Energy consumption intensity (MWh/person)	0.98	1.31
Direct energy consumption (MWh)	1,342.02	1,426.82
Petrol (MWh)	1,342.02	1,266.44
Diesel (MWh)	0.00	160.38
Indirect energy consumption (MWh)	671.09	1,482.59
Electricity (MWh)	671.09	1,482.59
Water consumption (tonne) ³	4,196.47	6,007.80
Per capita water consumption (tonne/person)	2.04	2.71
Use of paper for printing (tonne)	8.29	8.13
Packaging materials (tonne) ⁴	56.89	42.88
Use of wrapping materials per 10,000 mobile handsets sold (tonne/10,000 set) ⁵	0.14	0.12

- The environmental data provided in this section covers the Group's headquarters, offices of the subsidiaries, the warehouse and stores in some regions. In 2022, due to the increased home-working time, the Group's usage of various energy and resources decreased;*
- The energy consumption data are calculated according to the consumption of electricity and fuel and the relevant conversion factors in the General Principles for Calculation of Total Production Energy Consumption (GB/T 2589-2020)(综合能耗计算通则(GB/T 2589-2020)), the national standard of the People's Republic of China. In 2022, the usage mode of some of the Group's vehicles was changed and the units that consumed vehicles were strictly distinguished according to the purpose of use, which reduced the frequency of using the diesel vehicles, and due to the increased transport quantity of vehicles, the petrol consumption increased;*
- The water used by the Group is mainly municipal tap water and purchased bottled drinking water, and there is no issue in sourcing water that is fit for purpose;*
- Due to the nature of our business, the packaging materials mainly include paper bags, plastic bags and non-woven bags given away to consumers for containing mobile handsets sold to them, excluding the packaging materials used to wrap products provided by manufacturers. Data about packaging materials cover all subsidiaries;*
- The consumption of packaging materials per 10,000 mobile handsets sold refers to the packaging materials consumed by the sales of 10,000 mobile handsets. In 2022, due to the increase in the sales of mobile phone accessories of some subsidiaries, the consumption of paper packaging for accessories increased, so that the use of wrapping materials per 10,000 mobile handsets sold increased.*

4. PROMOTING GREEN OPERATIONS *(Continued)*

4.3 RESPONSES TO CLIMATE CHANGE

The increasing impact of climate change on economic development and ecological environment has attracted the attention and discussion from all walks of life. As a retailer, the Group actively identifies the possible impact of climate change on its own business, and actively takes measures to mitigate the impact of climate change on business operations and explore new business opportunities.

Physical risks of extreme weather caused by climate change, such as floods, snowstorms and typhoons, may threaten the normal operation of our business, resulting in increased energy consumption and higher operating costs. In day-to-day operations, we keep a close eye on the forecast of extreme weather events provided by the climate department, issue relevant reminders and urge all stores to make emergency plans, in order to avoid and reduce property losses and casualties caused by extreme weather. We urge stores to conduct safety inspections during severe weather events, such as rain, snow, fog and ice, and allow employees to work from home when necessary to ensure personal and property safety, in a bid to safely respond to extreme weather.

The Group focuses on the release and interpretation of laws, regulations and policies related to national green development and circular economy, and evaluates possible business operation risks. We actively advocate a green and low-carbon lifestyle, and encourage employees, consumers and suppliers to reduce carbon emissions in their daily business, helping raise public awareness of environmental protection and low carbon.

We have set environmental targets and will monitor and review progress made against these targets, in a bid to further implement our concept of energy conservation and

emission reduction, improve the efficiency of resource utilisation, and contribute to energy conservation and carbon reduction and continuous improvement of the ecological environment.

Energy conservation and emission reduction targets:

- Newly purchased electronic office equipment, such as computers, mobile phones and printers, will meet the level-1 energy consumption requirements;
- LED lamps will be installed in newly renovated office areas or will be used to replace waste lamps;

Water conservation targets:

- Water-saving faucets will be used in the office area;

Waste reduction targets:

- Employees will be urged to classify all domestic waste;
- We will increase paper usage efficiency and reduce paper consumption year by year;
- Hazardous waste will be continuously placed in designated areas to achieve 100% recycling and disposal of plastic packages, printing consumables and other wastes.

Achievement of targets

All environmental targets had been met in 2022.

The Group will make continuous efforts on energy and water conservation, emission reduction and waste reduction in 2023.



5.

**ADHERENCE TO
INTEGRITY IN THE
WORKPLACE**



5. ADHERENCE TO INTEGRITY IN THE WORKPLACE

The Group has always taken integrity as one of the core elements of its smooth operation, and resolutely puts an end to any violation of professional ethics and business ethics. Based on our actual situation, we have formulated relevant administrative rules for preventive and punitive purposes, such as the *Anti-bribery Regulations, Procedures and Measures for Dealing with Fraud* and *Beijing Digital's Rules for Procurement Monitoring*, in accordance with national and local laws and regulations, including the *Anti-unfair Competition Law of the People's Republic of China* and the *Interim Regulations on Prohibition of Commercial Bribery*. In 2022, we formulated the *Anti-Corruption Policy*, which specifies zero tolerance for all forms of bribery and corruption, defines all types of irregularities, and establishes mechanisms for reporting, investigation, review, etc. In order to consistently facilitate the legal operation of the Company and enhance all employees' professional ethics relating to integrity, the Group has formulated the *Rules for Integrity of Beijing Digital Telecom Co., Ltd.* The rules cover the code of conduct on integrity, including prohibition of duty encroachment and commercial bribery, and prohibition of unauthorised disclosure of trade secrets and rewards and punishments.

In order to prevent misconducts such as corruption, bribery, extortion, fraud and money laundering, the Group has established a sound internal audit and risk control system, and has set up a specific internal audit team comprising employees from the financial, audit and legal departments. The internal audit team is responsible for the annual anti-corruption audit of the Company and each of its subsidiary to check whether their contract management and financial revenue and expenditure are in compliance with the internal control policies of the Company. If it is determined that any irregularity exists, the internal audit team will carry out an ad hoc inspection and record all actions it has taken and their findings. It will make recommendations on the optimisation of

the internal control system and report to the senior management. The senior management is responsible for assessing the effectiveness of anti-corruption measures and weaknesses in the internal control system, and making timely decisions for improvement. The financial department of the Group's headquarters regularly checks the cash outflow of subsidiaries and reviews and follows up doubtful transactions in a timely manner. For the relatively sensitive positions in the procurement department, we have implemented a job rotation system at different frequencies and with different tenures to prevent potential corruption in business operations.

The Group has implemented a strict supplier cooperation process in order to build a honest and clean partnership. Prior to the establishment of new partnerships, the business department must perform a due diligence on the background of suppliers to ensure that its quoted price is in line with the prevailing market price. Unless being properly authorised, purchasers are not permitted to place any order through their personal account, nor are they permitted to request for any advance payments from a supplier. In addition, all procurement contracts entered into by the Group and its principal suppliers are approved by the legal department of the Group's headquarters. Such contracts contain explicit terms of applicable laws and regulations on anti-bribery and anti-money laundering. The Group refined the terms of transparent and open procurement and commitment to integrity in the contracts, in which it defined commercial bribery and defined a breach of terms as a breach of contract.

In 2022, the Group and its employees were found with no major violations such as corruption, bribery, fraud or money laundering, and there were no legal cases regarding corrupt practices brought against them.



5. ADHERENCE TO INTEGRITY IN THE WORKPLACE *(Continued)*

PUBLICITY AND TRAINING

The legal department of the Group publicises integrity in morning meetings at the headquarters level and regularly reports at regular management meetings, in order to promote its integrity system more efficiently and improve the professional ethics of employees. We provide training on laws and policies related to business ethics such as anti-corruption, anti-fraud and anti-money laundering semi-annually for ordinary employees and the Directors. The training is about recent influential anti-corruption cases within the industry, interpretation of relevant anti-corruption laws and regulations, and the promotion of the Company's anti-corruption policies. The purpose is to constantly enhance the legal compliance awareness of employees and the Directors. In 2022, we provided training about updates on laws for the Directors and senior management members, including updates and cases of anti-corruption policies and laws.

WHISTLEBLOWING AND HANDLING

The Group strives to set up a convenient and efficient communication platform to collect information on the Company's potential internal control risks, so as to promptly deal with violations of laws and regulations related to corruption and fraudulent business activities. If an employee finds any actual or alleged violation of its policy, he/she may report it in accordance with the whistleblowing channel and procedures set forth in the Whistleblowing Policy. Currently, the anonymous reporting channels put in place by the Group include a hotline, email, official WeChat account and other "anonymous reporting platforms". Upon receipt of relevant reports, the responsible management of the Group will immediately set up an investigation team to promote the follow-up investigation and seriously deal with those responsible. The above measures provide employees, partners and consumers with a convenient and effective way to give feedback or suggestions, and significantly improve the efficiency of handling reports.





6. PROTECTING THE BEAUTIFUL HOME



6. PROTECTING THE BEAUTIFUL HOME

The Group actively fulfils its social responsibilities as a corporate citizen, coexists and pursues win-win results with communities and residents, and supports the sustainable development of communities. As an active response to the needs of governments, employees and residents for building better homes, we launched diverse charity programmes in 2022, contributing to the building of better communities. We purchased charity paper products, realising warm interactions with charity primary schools.

- **JOINING THE FIGHT AGAINST THE PANDEMIC**

In the face of the repeat COVID-19 outbreaks, nearly 1,000 stores of the Group have offered consumers with free masks that meet medical standards to reduce the risk of the spread of the pandemic. At the same time, we also sent employees and outstanding Party members to participate in community volunteer service activities amid the pandemic, including nucleic acid testing services and guarding in communities, to contribute to the pandemic prevention and control in the country and communities, in order to give back to the society and reduce the pressure on medical staff.



Offering volunteer services for pandemic prevention and control

- **SUPPORTING NATIONAL COLLEGE ENTRANCE EXAMINATION**

When the National College Entrance Examination is held in June every year, nearly 1,000 stores of the Group across China provide three-day considerate services both online and offline, through which it sends mineral water, fans and other materials free of charge, helping tens of millions of students in an all-round way and supporting the families with test takers.

THE STOCK EXCHANGE'S ESG CONTENT INDEX

Area	Issue	Disclosure Requirements	Relevant Section in the Report
Governance Structure	–	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses. 	Board Statement
Reporting Principles	–	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <p>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.</p> <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	About the Report
Reporting Boundary	–	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	About the Report

Area	Issue	Disclosure Requirements	Relevant Section in the Report
Environmental	A1 Emissions	General Disclosure Information on:	4.1 Strengthening Emission Management
		(1) the policies; and	
		(2) 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 waste.	
		A1.1 The types of emissions and respective emissions data.	4.1 Strengthening Emission Management
		A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.1 Strengthening Emission Management
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.1 Strengthening Emission Management
		A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.1 Strengthening Emission Management
		A1.5 Description of emission target(s) set and steps taken to achieve them.	4.1 Strengthening Emission Management and 4.3 Responses to Climate Change
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.	4.1 Strengthening Emission Management and 4.3 Responses to Climate Change		

Area	Issue	Disclosure Requirements	Relevant Section in the Report
A2	Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	4.2 Optimising Resource Utilisation
		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).	4.2 Optimising Resource Utilisation
		A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	4.2 Optimising Resource Utilisation
		A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	4.2 Optimising Resource Utilisation and 4.3 Responses to Climate Change
		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.	4.2 Optimising Resource Utilisation and 4.3 Responses to Climate Change
A3	The Environment and Natural Resources	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	4.2 Optimising Resource Utilisation
		General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources	4.1 Strengthening Emission Management
A4	Climate Change	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4.1 Strengthening Emission Management
		General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	4.3 Responses to Climate Change
		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.	4.3 Responses to Climate Change

Area	Issue	Disclosure Requirements	Relevant Section in the Report
Social	B1 Employment	General Disclosure Information on:	3.1 Attaching Importance to Talent Introduction and
		(1) the policies; and	3.2 Protection of Employees' Rights and Interests
		(2) 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.	
		B1.1 Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	3.1 Attaching Importance to Talent Introduction
		B1.2 Employee turnover rate by gender, age group and geographical region.	3.1 Attaching Importance to Talent Introduction
	B2 Health and Safety	General Disclosure Information on:	3.4 Focus on Physical and Mental Health
		(1) the policies; and	
		(2) 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.	
		B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	3.4 Focus on Physical and Mental Health
		B2.2 Lost days due to work injury.	3.4 Focus on Physical and Mental Health
B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.		3.4 Focus on Physical and Mental Health	

Area	Issue	Disclosure Requirements	Relevant Section in the Report
B3	Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	3.3 Facilitating Coordinated Development
		B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	3.3 Facilitating Coordinated Development
		B3.2 The average training hours completed per employee by gender and employee category.	3.3 Facilitating Coordinated Development
B4	Labour Standards	General Disclosure Information on:	3.2 Protection of Employees' Rights and Interests
		(1) the policies; and	
		(2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	
		B4.1 Description of measures to review employment practices to avoid child and forced labour.	3.2 Protection of Employees' Rights and Interests
B5	Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	2.3 Responsible Procurement
		B5.1 Number of suppliers by geographical region.	2.3 Responsible Procurement
		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.	2.3 Responsible Procurement
		B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	2.3 Responsible Procurement
		B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	2.3 Responsible Procurement

Area	Issue	Disclosure Requirements	Relevant Section in the Report
B6	Product Responsibility	General Disclosure Information on:	2.1 Strict Control over Product Quality,
		(1) the policies; and	2.2 Improving Service Experience,
		(2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	2.4 Advertising and Labelling Management and
			2.5 Information and Cybersecurity
		B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	2.1 Strict Control over Product Quality
		B6.2 Number of products and service related complaints received and how they are dealt with.	2.2 Improving Service Experience
		B6.3 Description of practices relating to observing and protecting intellectual property rights.	2.4 Advertising and Labelling Management
		B6.4 Description of quality assurance process and recall procedures.	2.1 Strict Control over Product Quality
B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	2.5 Information and Cyber security		
B7	Anti-corruption	General Disclosure Information on:	5. Adherence to Integrity in the Workplace
		(1) the policies; and	
		(2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	
		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.	5. Adherence to Integrity in the Workplace
		B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	5. Adherence to Integrity in the Workplace
B7.3 Description of anti-corruption training provided to directors and staff.	5. Adherence to Integrity in the Workplace		

APPENDIX *(Continued)*

Area	Issue	Disclosure Requirements	Relevant Section in the Report
	B8 Community Investment	<p>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.</p> <p>B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).</p> <p>B8.2 Resources contributed (e.g. money or time) to the focus area.</p>	<p>6. Protecting the Beautiful Home</p> <p>6. Protecting the Beautiful Home</p> <p>6. Protecting the Beautiful Home</p>



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