



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



2023

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 (collectively referred to as “the Group” or “we”) in 2023. The content regarding corporate governance is recommended to be read together with the section headed “Corporate Governance Report” contained in the Company’s Annual Report 2023 (the “2023 Annual Report”).

SCOPE OF THE REPORT

Unless otherwise specified, the scope of disclosure of the report is consistent with that of an annual report, demonstrating the ESG performance of the Group’s directly operated and managed businesses. The report covers a period from 1 January 2023 to 31 December 2023, 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 C2 to the Listing Rules on The Stock Exchange of Hong Kong Limited (the “Hong Kong 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 of the Company (the “Board”) 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” hereinafter.

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” hereinafter.

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 Hong Kong 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 the ESG management of the Company, please contact us by email. We are looking forward to receiving your valuable comments.



BOARD STATEMENT

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; and the 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 review and 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 by the Group. 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 this report, which was reviewed and approved by the Board on 26 March 2024.





ABOUT DIGITAL TELECOM

The Company was established in 2001 and was officially listed on the Main Board of the Hong Kong Stock Exchange on 8 July 2014 (stock code: 06188) and became controlled by Zhuhai Huafa Group Co., Ltd.* (珠海華發集團有限公司) (“Huafa Group”) in 2021. With more than 20 years of development, the Company possesses high-quality supply chain resources in the industry, and is an important social channel partner of China’s top-notch cell phone manufacturers, trendy brands and three major carriers, and has also built an omni-channel technology new retail network in close cooperation with top-notch e-commerce companies.

As of 31 December 2023, the Company has over 100 subsidiaries and has opened nearly 600 independently operated outlets and franchised outlets in 20 provinces and 4 municipalities in China. Our offline outlets include comprehensive independent outlets, brand stores, UP+ stores¹, operating hall stores and supermarkets. Different outlets have different resource advantages. We have also integrated online resources to empower offline outlets through various major e-commerce platforms.

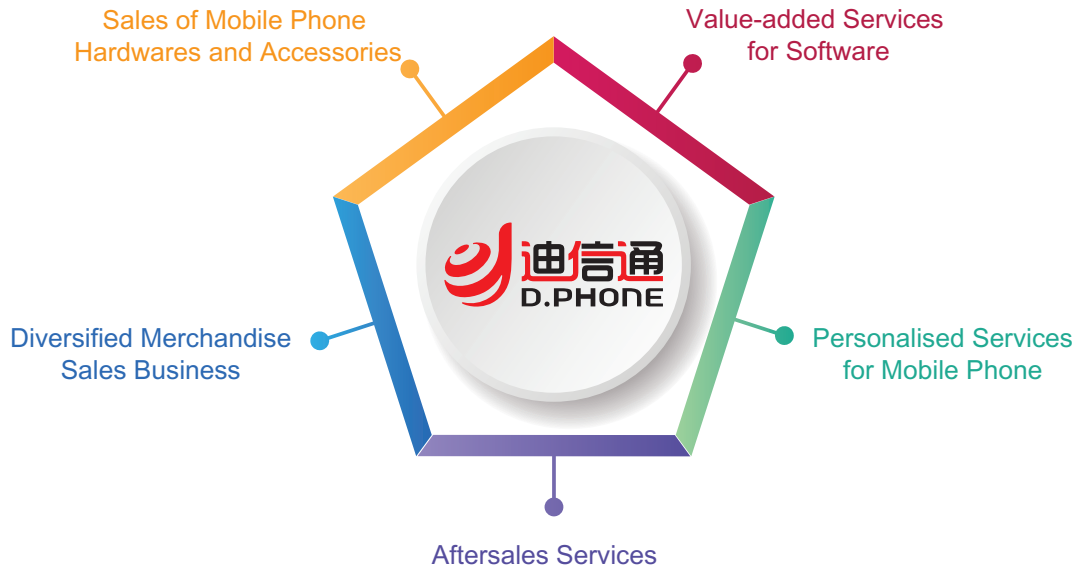
Since its establishment, the Group has been focusing on the sales of mobile telecommunications terminals and the provision of related services. With its extensive offline sales channels and online sales platform, the Group provides a range of comprehensive services to consumers, ranging from the sales of mobile phone hardware and accessories, provision of value-added services for software, and provision of personalised services for mobile phones and aftersales services. Leveraging on its core competitive edge gained from its services and innovation, the Group 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 situation at home and abroad, the Group has steadily launched new retail business and diversified merchandise sales business through multi-channel operation system and multidimensional service model in recent years, so as to consolidate market competitiveness and brand influence. Since 2022, the Group has established three major development strategies, namely, “Implementing New Retail, Strengthening 1+N, Deploying New Track” (做實新零售·做強1+N·佈局新賽道), making full use of Huafa Group’s resources to achieve new track layout. On the basis of the existing retail business layout, we will explore opportunities to expand new tracks such as new energy vehicles, household-distributed photovoltaic, and recycling of used batteries, so as to gradually realise the accumulation of business experience and innovation in business models. Currently, we have deployed physical retail outlets for new energy vehicles, opened up the new energy vehicle leasing sales market, explored the export of new energy vehicles and online car-hailing services in third- and fourth-tier cities, and developed pallet truck business with OEMs including SAIC-GM and SAIC-Volkswagen.

¹ UP+ stores integrate multi-dimensional product categories including global technology optimisation, smart home experience, IOT-integrated supply chain and self-owned products to create smart and trendy consumption scenarios for customers.

* For identification purposes only





Based on the needs of customers, Digital Telecom explores the development of mobile phone recycling, sales of used mobile phones, insurance services, customised accessories branding, and APP promotion business opportunities. Such pilot operations will be made first before further promotion to achieve an orderly and steady development and thus enhance profitability.



On the basis of its existing retail business layout, Digital Telecom continues to promote the integration of system management platforms, improve the efficiency of business operations, expand and strengthen e-commerce business platforms of Digital Telecom, and enhance the refined operation level of its outlets.



Digital Telecom explores development opportunities in the markets of new energy vehicles, household-distributed photovoltaic and waste battery recycling, and gradually achieve the accumulation of business experience and business model innovation in conjunction with its own resource advantages.

Development Strategies of the Group



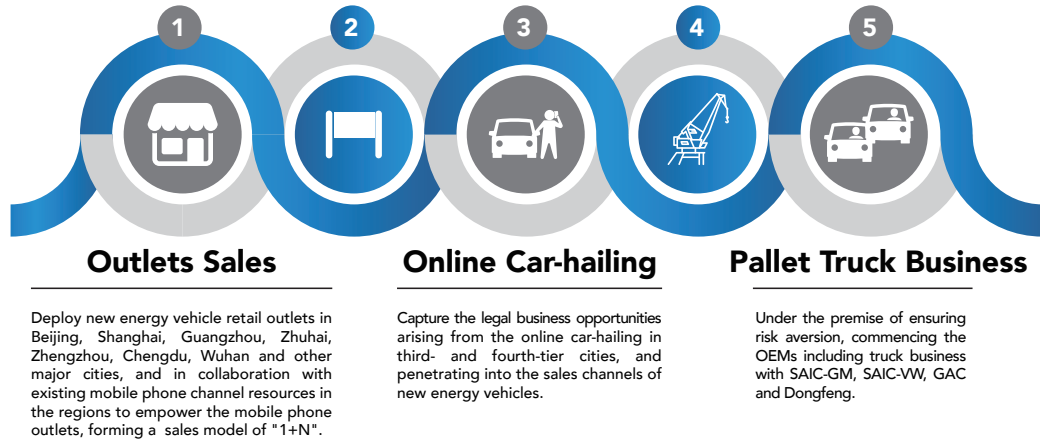


Vehicle Leasing

Actively explore the sales market of new energy vehicle leasing business and externally contact the leading leasing companies nationwide.

New Energy Vehicle Export

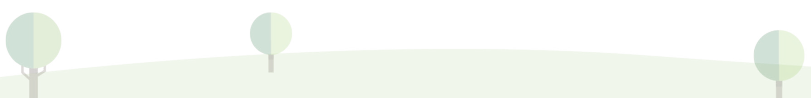
Further expand the sales of new energy taxi and explore the export business of new energy vehicles.



Digital Telecom's New Track Layout

HONORS AND AWARDS

Honors and Awards	Awarding Parties
Beijing Digital Telecom Co., Ltd.	
Strong Business Scale Contribution Award	China Telecommunications Corporation
Tongzhou Award	OPPO Guangdong Mobile Communication Co., Ltd.
Qiushan Award	Huawei Technologies Co., Ltd.
Wenchang Award	Honor Device Co., Ltd.
Companion Award	Beijing Xiaomi Technology Co., Ltd.
Best Channel Partner	China Mobile Communications Group Co., Ltd.
Beijing D-phone Electronic Communication Technology Co., Ltd.	
Advanced Unit of Building Harmonious Labor Relations in Yangfangdian District	Yangfangdian Sub-district Office of the People's Government of Haidian District, Beijing
Tianjin D-phone Electronic Communication Technology Co., Ltd.	
Excellent Channel Partner	China Telecom Corporation Limited, Tianjin Branch
Jinan Dixin Electronic Communication Technology Co., Ltd.	
Excellent Partner of Jinan China Unicom in 2023	China United Network Communications Limited, Jinan Branch
Henan D-phone Trading Co., Ltd.	
Henan Mobile Excellent Distributor in 2023	China Mobile Group Henan Company Limited





Honors and Awards	Awarding Parties
Shanghai Chuanda Communication Technology Co., Ltd.	
Outstanding Contribution Award	CETC
Zhejiang D-phone Trading Co., Ltd.	
Best Operational Performance Award	China Mobile Group Zhejiang Company Limited, Ningbo Branch
Yunnan D-phone Electronic Communication Technology Co., Ltd.	
Outstanding Partner of the Year 2023	Vivo Mobile Communication Co., Ltd.
Fujian Dixin Electronic Communication Technology Co., Ltd.	
Retail Transformation Award	Huawei Technologies Co., Ltd.
Guangzhou Zhongqi Energy Technology Co., Ltd.	
Excellent Service Award	China Mobile Group Guangdong Co., Ltd., Guangzhou (Nansha) Branch

Strong Business Scale Contribution Award by China Telecommunications



Best Channel Partner by China Mobile





Qiushan Award by Huawei



Certificate of Honor for
Advanced Unit of Building Harmonious
Labor Relations in Yangfangdian District



Retail Transformation Award by Huawei



Best Operational Performance Award
by China Mobile





Special topic: Responding to national strategies and expanding new energy business

Digital Telecom responds to the national strategy of “strengthening the real economy and promoting green and low-carbon transformation and development”, and actively participates in the implementation of the “Belt and Road Initiative” to empower the development of innovative businesses.

New energy vehicle business

Building a new energy system has become a national strategy, and new energy business is an important breakthrough for Digital Telecom’s new development strategy of “Deploying New Track”. We will focus on the layout of fields like new energy vehicle retail, export, large users and travel, and make full use of our advantages in channels, talents and resources to carry out new energy business in key cities including Beijing, Shanghai, Guangzhou and Zhuhai to form a nationwide new energy channel network, and become a comprehensive retail service provider that provides professional and efficient services.

Overseas export business for vehicles

The “Belt and Road Initiative” has achieved fruitful results over the past ten years since its implementation and has become the most popular international public product and the largest international cooperation platform in the world today. Digital Telecom actively responded to the national strategy and set up port warehouses in Kashgar and Horgos, the two important automobile export towns in Xinjiang, to provide domestic and foreign traders with one-stop port services including export vehicle storage and license transfer agency. In Xinjiang, the Group cooperated with Zhuhai Huafa Automobile Sales Co., Ltd. to carry out second-hand car export-related business, achieving a breakthrough in scale and profit, and also laying a solid foundation for Digital Telecom’s subsequent self-operated export business.

1. COMPLIANCE AND STABLE OPERATION





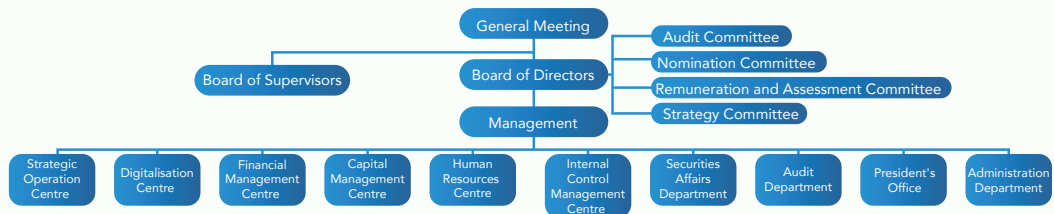
1. COMPLIANCE AND STABLE OPERATION

The Group is committed to comprehensively improving the Company's ESG management, achieving stable corporate operations, fulfilling corporate social responsibilities, safeguarding the interests of stakeholders, and persisting in promoting the Group's sustainable development.

1.1 CORPORATE GOVERNANCE

The Company strictly abides by the requirements of the Company Law of the People's Republic of China, the Rules on Shareholders' General Meetings of Listed Companies, and the Articles of Association, standardises the corporate governance structure and improves governance systems and mechanisms to achieve standardised operations.

The Company has established a governance structure that is coordinated and operated by the general meeting, the Board, the board of supervisors and the operating management, forming a governance mechanism with transparent rights and responsibilities, coordinated operation, and effective checks and balances. The Board is the Company's highest leadership body and consists of 9 Directors, including 3 executive Directors, 3 non-executive Directors and 3 independent non-executive Directors, with female Directors accounting for 33.3%. The Board has four board committees, namely the Audit Committee, the Nomination Committee, the Remuneration and Assessment Committee and the Strategy Committee, which are responsible for different responsibilities and obligations and assisting the Board in promoting the stable development of the Group.



Corporate Governance Structure

The Board has a total of 9 members, including 3 independent Directors, accounting for 33.3%; and 3 female Directors, accounting for 33.3%.

The board of supervisors strictly complies with relevant regulations and uses the powers conferred by relevant laws and regulations to supervise the legal operation of the Company's business and the performance of duties by the Company's Directors, managers and other senior management, effectively ensuring the healthy and standardised development of the Company, and safeguarding the legitimate rights and interests of the Company and its shareholders.

The Company had held 2 general meetings and 2 class meetings, 5 Board meetings, and 3 meetings of the board of supervisors in 2023. For more information on corporate governance, please refer to 2023 Annual Report.



1. COMPLIANCE AND STABLE OPERATION

(continued)

1.2 RISK MANAGEMENT AND INTERNAL CONTROLS

The Company attaches great importance to compliance operations while applying management measures to various risks in the operation process and constantly improving internal controls. The Board has authorised the Audit Committee to continuously supervise the Company's risk management and internal control systems, and conduct annual reviews on the effectiveness of the internal control systems, including finance monitoring, operation monitoring and compliance monitoring.

Under the Company's risk management and internal control structure, the Company's management is responsible for designing, implementing and maintaining the risk management and internal control systems to ensure that i) appropriate policies and procedures have been designed and established to safeguard the Company's assets to avoid improper use or disposal; ii) complying with relevant laws, rules or regulations; and iii) maintaining reliable financial and accounting records in accordance with relevant audit standards and regulatory reporting requirements.

During the reporting period, the Audit Committee has reviewed the effectiveness of the Company's risk management and internal control systems. The Audit Committee did not identify any significant issues that adversely affected the effectiveness and adequacy of the Company's risk management and internal control systems.

For more information on the risk management and internal control, please refer to the 2023 Annual Report.





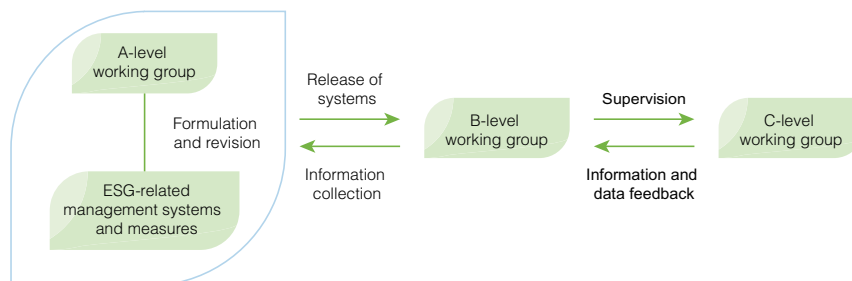
1. COMPLIANCE AND STABLE OPERATION

(continued)

1.3 ESG GOVERNANCE

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 working group includes:

- **A-level working group:** It is responsible for formulating, optimising or updating ESG-related management systems and specific measures, evaluating the effectiveness of implementation of ESG works and sorting out data, and reporting 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, strategic operation centre, the supply chain centre, the internal control management centre and the financial management 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 strategic operation centre, the supply chain centre, and the internal control management centre are jointly responsible for governance at supply chain, product and environmental resource levels, and the human resource centre and the financial management centre are jointly responsible for governance at community investment level;
- **B-level working group:** It is responsible for collecting relevant environmental and social data periodically, and overseeing and guiding the work of C-level working group. The B-level working group comprises 27 general managers of different regional subsidiaries; and
- **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 respectively.



ESG Management Workflow





1. COMPLIANCE AND STABLE OPERATION

(continued)

ESG STRATEGY

The Group adheres to the ESG core concept of “taking into account both environmental and social responsibilities in corporate development” and formulates corporate ESG implementation strategies, focusing on multiple dimensions including green operations, employee development, supply chain management, consumer services, and community participation, and fully integrates ESG strategies into business operations and management.



Promoting green packaging to achieve the Group’s business goals while reducing environmental impact



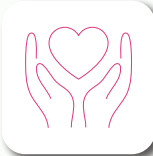
Caring for employees and supporting their development



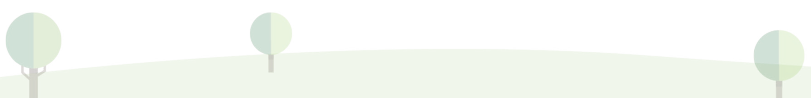
Establishing trustworthy partnerships with suppliers to jointly create corporate social value



Strictly controlling product quality, providing services in a “wholehearted” way, and protecting consumer rights and interests



Actively understanding the needs of surrounding communities, and advocating and practising the spirit of public welfare and dedication




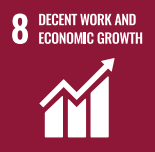



1. COMPLIANCE AND STABLE OPERATION

(continued)

ESG WORKS AND UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS





The Group actively responds to Sustainable Development Goals (SDGs) of the United Nations. We integrate industry characteristics with our actual operations, take into account the environmental, social and economic benefits during management and operation, and actively explore 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. Emphasising the needs 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.

United Nations SDGs	ESG strategy direction	Our actions
 <p>3 GOOD HEALTH AND WELL-BEING</p>	Putting People First	Actively expanding new business, vigorously introducing excellent talents, promoting diversity in recruitment of talents and providing more high-quality jobs for the society;
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>		Improving the human resource management system, adhering to protecting the legal rights and interests of employees and providing reasonable compensation and benefits; Striving to create a fair, inclusive, diverse, healthy and promising working environment and opportunities for employees;
 <p>10 REDUCED INEQUALITIES</p>		Strengthening health management and safety protection to ensure employees' physical and mental health; and Providing quality resources for employees' promotion, development and vocational education.



1. COMPLIANCE AND STABLE OPERATION

(continued)



United Nations SDGs	ESG strategy direction	Our actions
 	Protecting the Beautiful Home	Building a good interactive relationship with the community through the network of outlets across the country, participating in community charity activities, offering volunteer services and organising material donations and financial support.
 	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 consumers’ demands and protecting their rights and interests;</p> <p>Establishing a supplier management mechanism, identifying, preventing and controlling the ESG risks in the supply chain;</p> <p>Strictly regulating advertising and labelling, strengthening the protection of intellectual property rights; and</p> <p>Emphasising information security, improving and strengthening the internal information system, increasing efforts on publicity and control, and effectively protecting consumer privacy and information security.</p>





1. COMPLIANCE AND STABLE OPERATION

(continued)

United Nations SDGs	ESG strategy direction	Our actions
	<p>Promoting Green Operations</p>	<p>Advocating green office, strengthening publicity on low-carbon and environmental protection, reducing waste generation, and cutting environmental impact;</p> <p>Saving resources, improving resources usage efficiency, and reducing greenhouse gas emissions during operations;</p> <p>Enhancing the awareness of environmental protection, increasing the promotion of low-carbon and environmental protection, encouraging employees' green travel and implementing eco-friendly administration; and</p> <p>Taking the initiative to identify climate change risks, setting and reviewing environmental targets and taking initiatives to address climate change.</p>
	<p>Adherence to Integrity in the Workplace</p>	<p>Building a corporate culture of integrity and honesty, and adhering to compliance operations and integrity operations; and</p> <p>Regularly carrying out internal anti-corruption inspection activities and refining the reporting and handling process; Practising transparent and open procurement and strengthening supplier audit and management.</p>





1. COMPLIANCE AND STABLE OPERATION

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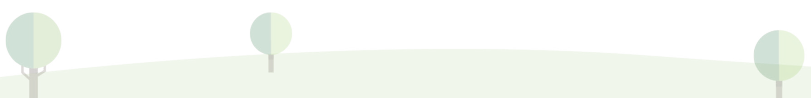
1.4 STAKEHOLDER ENGAGEMENT

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 to promote the sustainable development.

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.

Stakeholder Communication

Key stakeholders	Description of stakeholders	Main concerns	Major communication and feedback channels
Shareholders and investors	Natural persons or legal entities which invest in the Group	Product quality Service quality Data security Integrity building Intellectual property protection	Shareholders' general meetings Annual and interim reports and announcements Public email Investor relations page
Suppliers	Enterprises or their branches which directly supply mobile handsets, accessories and other products and provide related after-sales services to the Group	Supply chain management Service quality Integrity building	Procurement activities Supplier service system Strategic cooperation negotiations





1. COMPLIANCE AND STABLE OPERATION

(continued)

Key stakeholders	Description of stakeholders	Main concerns	Major communication and feedback channels
Consumers	Members of society who purchase, use goods or receive services from the Group's online platform or retail stores	Product quality Service quality Supply chain management Advertising compliance Intellectual property protection	Consumer satisfaction surveys Rewards to consumers Daily operations/communication Service complaint and response mechanism
Community representatives	Members of the community where the Group's offices and stores are located	Community contribution Emission management Use of resources	Community activities Charity activities Social support programmes Daily operations/communication
Employees	Employees hired under various forms of employment contracts with the Group, including regular employees, part-time employees and interns	Protection of employees' rights and interests Employee training and development Employee safety and occupational health Service quality Integrity building	Employee opinion surveys Internal communication meetings among employees Internal announcements Employee feedback system Labour union
Governments and regulators	Government authorities or regulators who supervise the operations of the Group	Protection of employees' rights and interests Data security Product quality Service quality Integrity building Intellectual property protection Advertising compliance	Information disclosure Correspondence On-site visits Relevant meetings



1. COMPLIANCE AND STABLE OPERATION

(continued)

Materiality Analysis

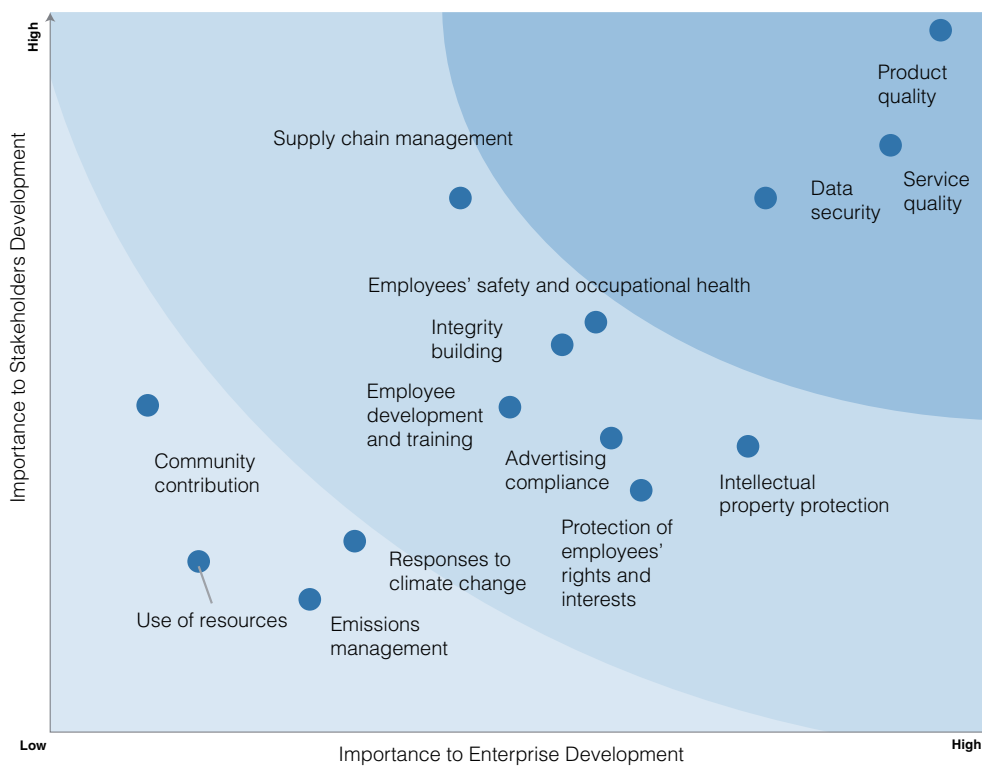
Based on our communication with stakeholders and the characteristics of our business development, the Group identified 14 material ESG issues and used them as important factors for report preparation and information disclosure. Our main work steps and contents are as follows:

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	The Group invited key stakeholders to assess the importance of ESG issues through online questionnaires, etc.; and The Group's management team assessed and analysed the importance of each issue with reference to practices and communication with stakeholders.
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. COMPLIANCE AND STABLE OPERATION (continued)

Based on the analysis results, we identified highly material issues at the present stage, including product quality, service quality, and data security; general 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 this report.



Digital Telecom's Materiality Map



2. FULFILLING PRODUCT RESPONSIBILITIES





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, focuses on compliance management of advertising signs, 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 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 and protect their rights and interests. We make the following commitments and monitor the strict implementation of these commitments in our outlets and provide complaint channels to consumers.

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

If a non-human failure occurs in the mobile handset purchased by a consumer during the warranty period, the Group will provide free repair and maintenance services. The consumer can make an appointment for repair and maintenance services on the official website or in the outlet.

Transportation allowance

If a consumer has to return the product 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 through calling the hotline if they are not satisfied with our sales services by offering a reward of RMB300 to consumers, who propose effective advice, after their complaints are proved to be valid.

The Policy for Return and Exchange Without any Reason Within 7 days stipulates that if there is compliant when a consumer meets the requirements but the outlet refuses to enforce the policy, once verified, the corresponding subsidiary will be penalised by the Group according to the regulations.

We also established relevant policy and procedures on product recall, 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 causing bigger dangers and more losses.

None of the Group's products sold was subject to recalls for safety and health reasons in 2023.



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 shopping environment, continuously raised service standards and actively responded to consumer demands, etc., striving to provide consumers with high-standard services experience so as to raise consumers’ satisfaction.

Optimising the shopping environment

The Group formulated and strictly implemented the Rules for Store Decoration for Beijing Digital Telecom Co., Ltd. to ensure each outlet meets the national regulations and standards on indoor environmental quality, fire safety and so forth, based on which we strictly select decoration materials for each outlet and invite third-party inspection organisations to conduct indoor environmental inspection, striving to provide consumers with a healthy, comfortable and environmentally-friendly shopping environment and improve their shopping experience.

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No: JF-2023090726

项目名称: 公共场所卫生
河南迪信通商贸有限公司郑州分
公司

委托单位: 河南迪信通商贸有限公司郑州分
公司

受检单位: 河南迪信通商贸有限公司
公司

检测类别: 委托检测

签发日期: 2023年09月07日

河南剑锋检测科技有限公司
Henan Jianfeng Testing Technology Co., Ltd.
(加盖检验检测专用章)

Indoor Pollutant Testing Conducted
by the Third-party Inspection Organisation



2. **FULFILLING PRODUCT RESPONSIBILITIES**

(continued)

Raising service standards

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

We provide ten types of free “Enjoy on Arrival” services for consumers, including free charging, card cutting, screen protector film attachment, WiFi and contact backup, and also free hot and cold drinks and home delivery services.

Top Ten Enjoy on Arrival Services



The Group continuously improves the service ability of employees, in a bid to enhance the consumers' 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 them easily. In the meantime, the Group has also created a working group chat of “Full-hearted Loyalty” services, in which it pushes the relevant process and requirements of “Full-hearted Loyalty” services to its employees on a daily basis to constantly strengthen the front-line employees' and management's recognition on its dedication and mission of the “Full-hearted Loyalty” service and enhance the service level of its outlets. To date, the “Full-hearted Loyalty” service has been implemented for eight years, which effectively improves the service awareness and service level of management and front-line service providers around the country.



2. **FULFILLING PRODUCT RESPONSIBILITIES**

(continued)

A wide spread of offline outlets become our advantages to serve consumers. We cooperate with online shopping platforms and leverage on the advantage of wide spread of offline outlets to ensure quick and safe delivery of products to consumers, and continuously increase consumers' shopping experience.

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 Digital Telecom'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 continued to standardise the complaint and handling mechanism.

Complaint channels:

- Brick-and-mortar outlets accept consumer visits and complaints;
- Headquarters' service hotline +86-400-700-8800;
- Official website (including Xiaodishuoshuo and Xiaodishequ), official Weibo account, official WeChat account, Baidu (including Tieba and Baidu Knows), Long March to China Qualification and other platforms.

The Group put forward the principles of "first inquiry responsibility, active cooperation, emotional stability, commitment fulfilment", and established specific procedures for handling consumer complaints from different channels, in order to handle complaints in a timely and effective manner. The Group required receptionists to classify complaints according to the reasons, such as quality problems, service problems and business problems, and contact consumers within two hours after receiving the complaint to learn about the details of the complaint 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 complaint within 24 hours and reply to the call centre of the headquarters about the handling results. If it is difficult to handle a complaint, relevant person can report to the headquarters and obtain the consent of consumers to handle the complaint within 72 hours.



2. **FULFILLING PRODUCT RESPONSIBILITIES**

(continued)

Subsidiaries shall submit a Complaint Handling Report to the call centre of the headquarters at the beginning of each month. The call centre of the headquarters 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, and give feedback to the functional departments or subsidiaries. We 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 show the attention in consumer complaints and 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 2023, the complaint settlement rate was 100%,
and consumers' satisfaction reached 100%.**

In 2023, the headquarters' 400 call centre received a total of 11,604 calls from consumers regarding their feedback, and 46 complaints, of which 37 were valid complaints. The complaint settlement rate was 100%, and consumers' satisfaction reached 100%.

2.3 **RESPONSIBLE PROCUREMENT**

The Group roundly accelerates responsible procurement, maintains a high level of attention to ESG risks of the supply chain in the process of supplier selection, review, procurement and cooperation, and formulates strict management mechanisms to create a more environmentally-friendly, stable, and sustainable supply chain with parties of suppliers.



2. **FULFILLING PRODUCT RESPONSIBILITIES**

(continued)

Supplier selection

The Group has formulated the Supplier Management System, and established supplier selection standards and procedures as well as the hierarchical review mechanism for the selection of suppliers, in a bid to evaluate suppliers from the product 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, and made it clear that only suppliers that have been approved by the newly established risk committee can be included into the “whitelist”. The Group strictly reviews the relevant qualification certificates of qualified suppliers and signs cooperation agreements with them, which clearly stipulates 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 supply qualification certificates. 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 by the Group 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. We conduct performance evaluation on the product quality, environmental benefit, integrity in the workplace, labour management and any other aspects to follow environmental and social risks of the supplier. We establish long-term cooperation with suppliers with excellent performance, and phase out suppliers that are unable to meet sustainable development needs over the long term. All our suppliers (1,796 in total) were audited and evaluated in 2023. At present, the suppliers who have established cooperative relationships with us have fully met the Group’s supplier selection and audit requirements.

All our suppliers were audited and evaluated in 2023.



2. FULFILLING PRODUCT RESPONSIBILITIES

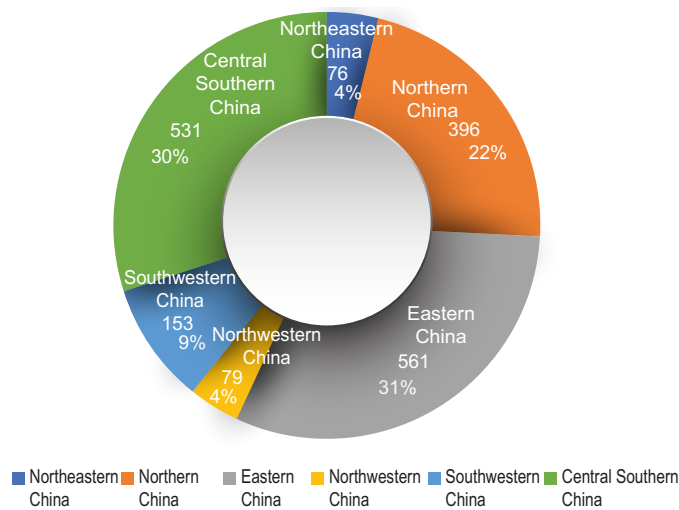
(continued)

Moreover, due to the experience of international retail leaders, the Group has built a highly integrated supply chain management system. The supply chain management system enables us to monitor the sales and inventory of outlets in real time, provides support for the formulation of procurement plans and optimisation of inventory allocation, and thus greatly improved the operational efficiency.

In 2023, we communicated with suppliers from time to time, conveyed our procurement policies and requirements in time, and cooperated with suppliers to create a sustainable supply chain. At present, we have forged a win-win strategic partnership with three major carriers and domestic leading mobile handset brands.



Communication Activities with Suppliers



Number of Major Suppliers of the Group in 2023



2. FULFILLING PRODUCT RESPONSIBILITIES

(continued)

2.4 ADVERTISING AND LABELLING MANAGEMENT

Importance is attached to the protection and improvement of brand value by the Group. 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 fully identifies possible compliance risks in the process of advertising and labelling, and continuously monitors and normalises management and use standards.

According to the actual business needs, the Group has formulated strict management regulations to ensure that the use of promotional copies and various corporate logos in major marketing campaigns is legal and compliant. We have adopted a uniform template of the Letter of Trademark Licensing, and described in the template the authorised name and registration number of the licensed trademark, licensing period, the geographic territory, scope of use, etc., to regulate the use of advertisements and logos in offline outlets, and to clarify the authorisation to avoid unclear authorisation. In order to raise awareness of compliance and avoid infringement, 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, we 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 2023, we kept an eye on the use of advertisements and trademarks in publicly available information, and continued to follow up on possible infringements and defend our rights in a timely manner.

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 Digital Telecom's Measures for the Administration of Intellectual Property Rights, a management rule, to protect its own intellectual property. The Group regularly organises training sessions on intellectual property rights for front-line 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**

The Group has followed 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, and continuously established and improved its internal information security management system, formulated management measures such as the System Operation Specification, Management Measures for the System User Account Rights, and explored advanced digitalisation means, and devoted itself to the creation of a safe and reliable information environment. In 2023, we formulated the Management Specification for the Position of Information Technology Specialist, Management Specification for the System Function of Subsidiaries, etc., which clarified the scope of the system function management, management responsibilities and the way of work synergy, and required all subsidiaries to designate corresponding information technology specialists while utilising the information technology system to carry out synergy, in a bid to ensure compliance in carrying out the management work of the Group's system function and strengthen the management of information.

We also actively take protective measures in various scenarios to enhance the protection of consumers' private information:

- We enter into tripartite confidentiality agreements with consumers in the product sales process and strictly implement them.
- In internal operations, we establish an internal member information system to implement effective management of consumer privacy and data, and continue to enhance our information technology capabilities 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.
- In employee training, we emphasise the awareness of information and privacy protection, organise the study of relevant policies, systems and implementation rules, and require employees not to disclose consumer information to any third-party without valid permission.

No major consumer information leakage occurred within the Group in 2023.

3. PUTTING PEOPLE FIRST





3. PUTTING PEOPLE FIRST

The Group, which regards talents as the first driving force for enterprise development, attaches great importance to the introduction and cultivation of talents, respects and protects the legal rights and interests of each employee, and pays attention to the occupational health and safety of employees. 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 enterprise and employees.

3.1 ATTACHING IMPORTANCE TO OUTSTANDING TALENT INTRODUCTION

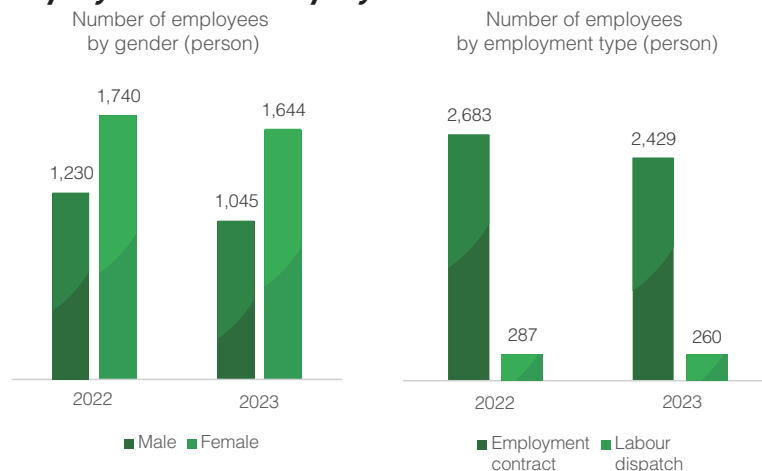
In order to enhance the competitiveness of the enterprise, based on the needs of traditional business development and deployment of new business models, the Group insists on continuously building a high-quality talent team through various recruitment channels, and actively introduces senior business and management talents in the industry to reserve and train new forces to consolidate the foundation of talents.

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 laws and regulations, and updates and improves the Recruitment Management System in a timely manner. The Group attaches importance to communication and relationship maintenance with candidates, pays sufficient attention and respect to them during their interviews and assessments, and provides them with clear job descriptions and remuneration packages. For fresh graduates and management trainees, we provide them with clear promotion and training channels and establish a good compensation model, which provides a good resource advantage for talent reserve and selection.

In addition, the Group actively provides jobs for the underprivileged to help solve the employment problems of the disadvantaged and fulfill its corporate social responsibility.

As of 31 December 2023, the Group had 2,689 employees.

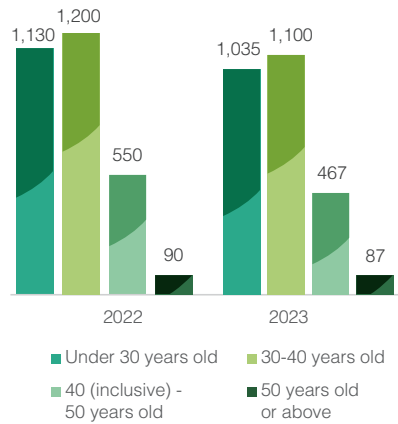
KPIs: Employment and employee turnover rate



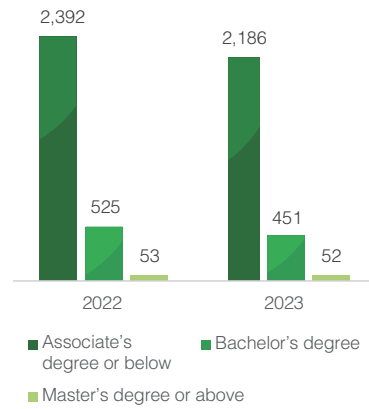


3. PUTTING PEOPLE FIRST (continued)

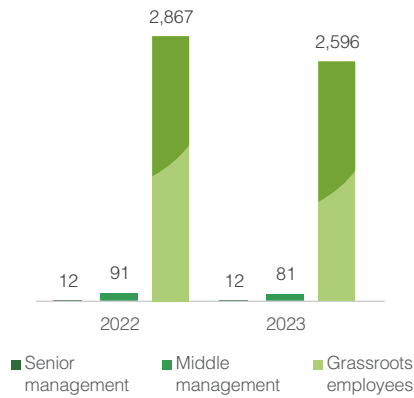
Number of employees by age group (person)



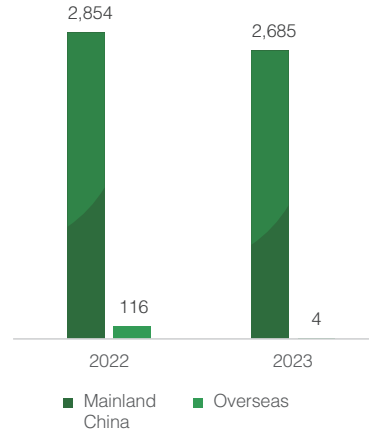
Number of employees by education level (person)



Number of employees by rank^{1,2} (person)



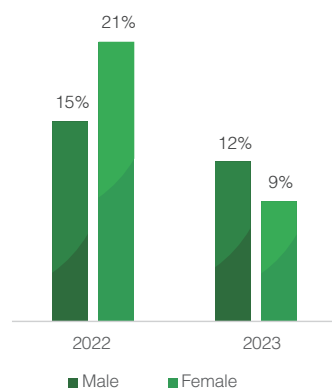
Number of employees by geographical region (person)



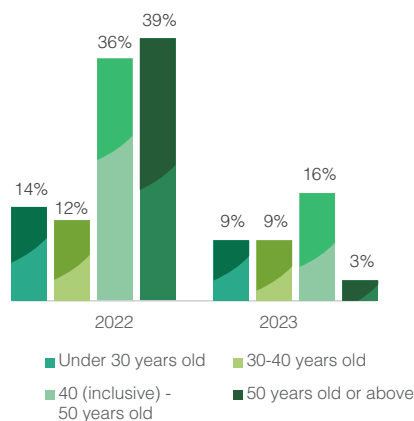


3. PUTTING PEOPLE FIRST (continued)

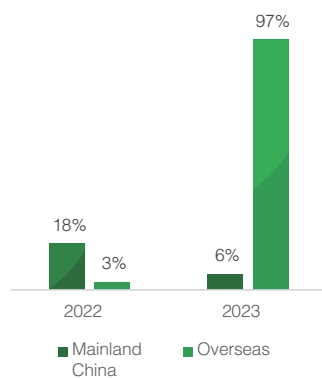
Employee turnover rate by gender (%)



Employee turnover rate by age group (%)



Employee turnover rate by geographical region³ (%)



1. Senior management refers to employees at vice president level and above, and middle management refers to employees at general manager, deputy general manager, director and deputy director level;
2. There were four women in senior management in 2023, accounting for 33%; and
3. The overseas employee turnover rate has increased in 2023 due to the closure of the company and outlets in Spain.





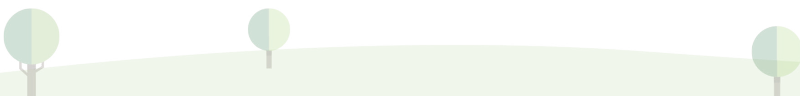
3. PUTTING PEOPLE FIRST *(continued)*

3.2 PROTECTION OF EMPLOYEES' RIGHTS AND INTERESTS

The Group strictly complies with the 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 continues to identify and track their latest changes to fully safeguard the rights and interests of its employees. In 2023, in conjunction with the Group's development objectives and strategic planning, we further improved and optimised the human resources management system in terms of performance appraisal, promotion and development channels, key personnel management and training and development, focusing on systems, and completed the formulation and revision of systems such as the Performance Appraisal Management Specification and the Cadre Management Measures. At the same time, we also optimised the systems and processes related to attendance and leave, onboarding and offboarding, remuneration and benefits, etc., and made efforts to provide employees with a fair and just, diversified and equal working environment, and to protect the legitimate rights and interests of employees.

The Group has established a comprehensive performance management system, which forms a closed-loop management in terms of objective setting, communication and feedback, appraisal management and application of appraisal results, and has set up a number of appraisal incentives such as performance bonuses to create better development opportunities and platforms for employees, and to promote the rapid growth of employees and the achievement of the Company's overall objectives. Meanwhile, we regularly commend employees with excellent performance in various tasks to enhance their sense of honor. In 2023, we added organisational performance assessment indexes to our performance appraisal mechanism, based on the responsibilities of employees in the departments and projects to conduct targeted index assessment, and adopt different remuneration policies to motivate employees to grow rapidly.

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. We encourage multiculturalism and respect of religious beliefs, and resolutely eliminate discrimination based on race, gender, native place, age, health status, etc. and effectively protect the legitimate rights and interests of employees.





3. PUTTING PEOPLE FIRST (continued)

Child labour and forced labour are strictly prohibited in the Group. 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 person-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 various smooth and efficient communication channels for employees, aiming to create a good and positive working atmosphere. Employees can give feedback to the management of the Group through online and offline channels such as mailboxes, e-mails, and enterprise WeChat. Moreover, seminars were held by the Group among employees from time to time and presided over by management of the Group. The attendees include old and new employees. The Group carefully listened to employees who expressed opinions and ideas and gave timely feedback and made responses.

In 2023, 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 being punished in respect of the protection of the rights and interests of employees.



3. PUTTING PEOPLE FIRST (continued)

Case: Establishment of the Women's Federation in a subsidiary of the Group

On 27 October 2023, the Women's Federation in Henan D-phone Electronic Communication Technology Co., Ltd, a subsidiary of the Group, was established and women representatives and branch committees were elected. The Women's Federation aims to better protect the legitimate rights and interests of the company's female employees, so that more excellent women can get good career development while promoting the progress of the enterprise.



3.3 UPGRADING THE TRAINING MODEL

A systematic training management system has been in place to help employees improve their professional competence. Training sessions are organised, updated and optimised according to the changes in the market and social environment. In 2023, in order to continue stimulating the innovativeness of our employees and gradually consolidate and improve their professional capabilities, we tracked the changes in the market and external environment, innovated the talent training mode, and strengthened the systematic planning of training based on a series of experience sharing and training activities, such as refined operation management training, market trend training and sharing on communication industry, special training on the private domain system, and new energy business training, and formulated a progressive training and follow-up training mechanism. In addition, for the cadre group and reserve talents, we have formulated a training path centered on experience, carried out targeted training and paid attention to it in real time, and strived to realise a win-win situation of synergistic development between the enterprise and employees.





3. PUTTING PEOPLE FIRST *(continued)*

Currently, the Group's main training programmes include:

Onboarding

In order to help new employees quickly integrate into the company and master various workplace knowledge and skills, the headquarters of the Group adopts a new employee training model that combines “developmental assessment + blended learning + coaching feedback”. Through the introduction of the Group's development overview, business logic, corporate culture, rules and regulations, and professional attitude during the induction training, the Group aims to help new employees understand the environment and workflow of the Company, so that they can more quickly get familiar with and adapt to the new working environment and job duties. The Group holds an exchange meeting for school enrollment every year to enhance the communication among staff, realise experience sharing, and promote the growth and development of outstanding talents.

Management training

For managers at different levels, we design different training programs by combining the characteristics and needs of the levels. Among them, middle and senior managers will select enterprise topics for discussion/solution, and mentors will conduct developmental assessment for trainees; newly promoted/reserve middle and senior managers need to quickly complete their role orientation and keep abreast of the dynamics of the Group's headquarter and subsidiaries through special trainings, which include, but are not limited to, understanding of the latest industry dynamics, key product exchanges, and sharing of professional management knowledge and experience.

Vocational training for front-line outlets

The training content for outlets focuses on four aspects, including improving sales skills, enhancing product knowledge, strengthening teamwork ability and cultivating efficient work habits for sales personnel. Among them, training in communication skills, customer relationship management, and other aspects enables them to better communicate with customers and improve sales effectiveness; training on product features, advantages, usage methods, and other product information to enable them to better understand the product and introduce it to customers; training on teamwork skills to enable effective collaboration with team members and achieve sales targets together; training on efficient work habits such as time management, sales records, and customer follow-up to improve work efficiency.



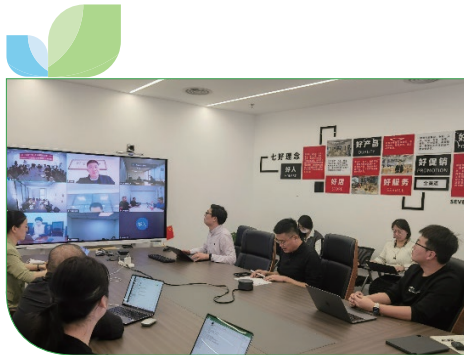
3. PUTTING PEOPLE FIRST (continued)

We have also set up a training camp for reserve store manager. The training camp quickly improves the core competitiveness of front-line talents from business ability, management ability and other aspects in the form of closed courses, so that they can move from front-line business positions to management positions more smoothly, in order to enhance the service and management level of retail store managers.

Case: Digital Telecom introduced “Retail Huangpu” Program

In order to improve the knowledge of the retail staff of our outlets about a certain cell phone brand they sell, and to enhance the service ability of the sales team and the management ability of the store team, we carried out the “Retail Huangpu” program for potential outlets and sales staff.

The first phase of the program covered 412 sales staff in 309 outlets nationwide. Through intensive training, tracking and review, and preaching and defense, we built learning courses such as the Starfire Camp based on the Beidou Camp curriculum system, and guided the students to learn and have some participation by combining online and offline methods. This project has effectively improved the professional skills of sales staff. After the project was launched, the sales of mobile phones of the brand in 200 branches has increased by 33.4%.



“Retail Huangpu” Program Mobilisation Conference



3. **PUTTING PEOPLE FIRST** (continued)

Vocational training

The Group has launched a variety of vocational training courses for all employees, and implemented 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 backbones, professional knowledge and training of general skills, etc.



**One of Our Offline Outlets Won the First Place
in the Sales Competition in Chongqing**



Sales Skills Training

Training by internal trainers

Internal trainers play a vital role in all kinds of internal trainings of the Group. We have a tailor-made professional training programme in place for our internal 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 continuously.



3. PUTTING PEOPLE FIRST (continued)

Other forms of training activities

The Group is dedicated to creating a favourable learning atmosphere. In addition to organising various in-house trainings, we also encourage our employees to pursue further studies at institutions or professional training institutes without affecting their own work, and provide them with appropriate subsidies. At the same time, we encourage our employees to make full use of their spare time to study during daily work by organising reading sessions and sharing articles on WeChat official account. We also provide an online examination platform for employees to check their learning outcome. Of which includes:

- 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 publishes and shares articles on WeChat official account based on its strategic need of “strengthening corporate culture”, enabling employees to have an in-depth understanding of new retail, platform-based+ digital transformation, consumer service, and corporate culture; and
- Individual learning + centralised assessment: Relevant business training materials are centrally published via the Group’s learning system, and an employee may perform an online assessment via the online examination platform to check the learning outcome in time after their individual learning.

The online training model breaks the time and geographical restrictions for employees to receive training. The video playback function helps employees to 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 strengthen employees’ learning outcomes.

The Group provided 36 training programmes with a total of 2,321 employees participated in the training activities in 2023. The number of trainees accounted for 86.3% of the total, and the average duration of the training was 43 hours per employee.



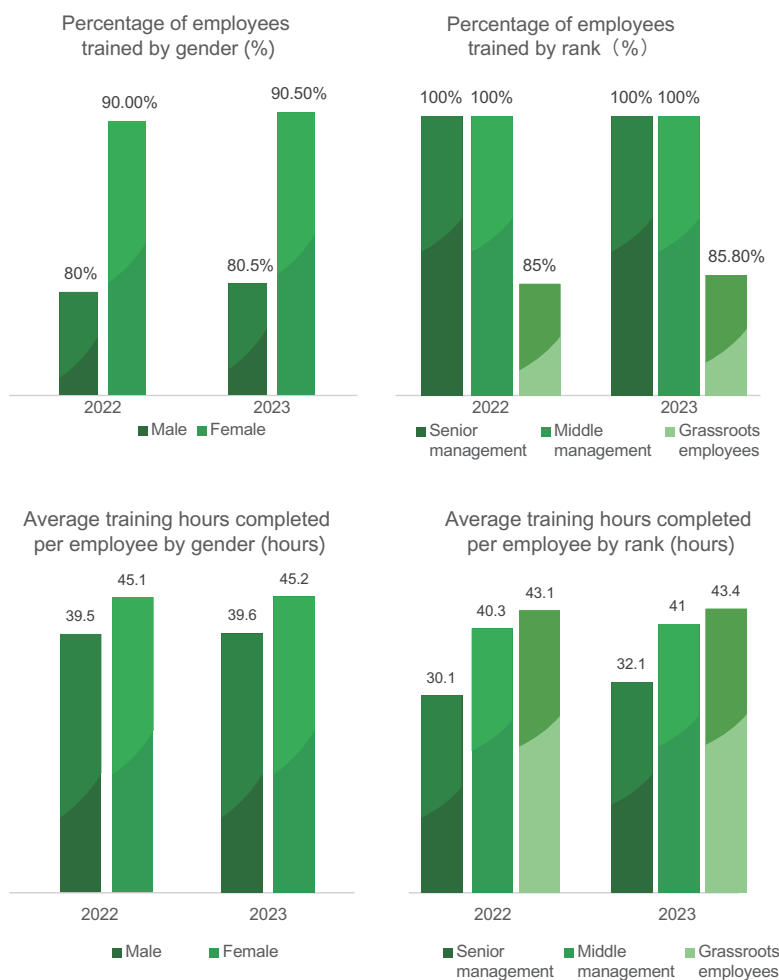
Our Training Programme





3. PUTTING PEOPLE FIRST (continued)

KPIs: Employees' Training



1. Senior management refers to employees at vice president level and above, and middle management refers to employees at general manager, vice general manager, director and deputy director level.

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 is also established.



3. PUTTING PEOPLE FIRST *(continued)*

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 all 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, who highly 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 outlets and the selection of decoration materials, in a bid to ensure that the materials meet the relevant national regulations and standards so as to avoid damage to the health of employees.

In addition, when employees need to be hospitalised for various reasons, the Group will send representatives to offer condolences in a timely manner.



Conciliatory Gift for the Hospitalised Employees





3. PUTTING PEOPLE FIRST *(continued)*

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 2023, we formulated the One Red Line, Trouble Shooting, Ordering and Elimination Responsibility System of Beijing Digital Telecom Co., Ltd. and Safety Production Archives Management System of Beijing Digital Telecom Co., Ltd., improved the production safety responsibility system for Digital Telecom, stepped up efforts on standardisation of production safety, 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 protection inputs.

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 a timely manner in the workplace to prevent work-related injury at source. We issue fire safety notices and travel safety reminders to all employees based on the weather and season conditions to remind employees to ensure their safety and protection.

Trainings on employees' safety knowledge and skills and simulated fire drills were designed specifically based on the professional characteristics of different businesses and positions, with a view to raise the safety awareness of employees and enhance their ability to handle emergent or contingent safety problems. In close cooperation with property management companies, the Group organised employees to participate in anti-terrorism, anti-riot and fire-fighting drills, and explained and practiced the use of Automated External Defibrillator (AED) to employees in 2023, which further improved employees' self-rescue ability and emergency handling ability. In the meantime, the Group organised fire safety training activities to enhance fire protection awareness and popularise common sense of fire safety and basic knowledge of emergency rescue.



3. PUTTING PEOPLE FIRST (continued)

Case: Understanding Health Protection and Building a Healthy Society Together

In 2023, the Group invited experts from the Safety Professional Committee of Henan Association of Emergency Assistance to give a lecture on health protection knowledge to its employees. Through the seminar, the employees learnt about first aid for cardiopulmonary resuscitation, prevention of common chronic diseases and major diseases, and early screening and prevention of high incidence of cancers, thus improving their health management ability.



Health Training Site

In the event of a work-related injury, we ensured the injured receive timely treatment through quick and effective response mechanism.

The number and rate of work-related fatalities of employees occurred in the Group remained zero from 2020 to 2023.

There were no work-related injury and lost days due to work injury in 2023.



Safety Training of Digital Telecom



3. **PUTTING PEOPLE FIRST** (continued)

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, and 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 Group provides them with rent free accommodation near to the Company. During holidays and festivals, the Group provides special benefits for employees.

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 Group's development and feel the care given to them.



Reunion Activities



Making Rice Dumplings during the Dragon Boat Festival

4. PROMOTING GREEN OPERATIONS





4. PROMOTING GREEN OPERATIONS

The Group actively responds to the national dual-carbon strategy, strictly fulfils its corporate environmental responsibility, integrates energy conservation, emission reduction and low-carbon living into its development concepts, vigorously promotes green operation, responds to the risk of climate change and constructs a green home with practical actions.

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 Group's operation on the ecological environment. In 2023, there was no administrative penalty imposed on or litigation against the Group arising from environmental pollution.

The Group's gaseous emissions are mainly generated from energy consumption in the course of daily operations, such as greenhouse gases generated from the consumption of petrol and purchased electricity. In order to reduce greenhouse gas emissions, the Group carries out diverse energy conservation measures in office areas and operated outlets to increase the efficiency of resource utilisation, including switching off lights and air-conditioning, and replacing traditional lighting with energy-saving lighting in the office areas. In response to the national Dual Carbon Goals, the Group has reduced the number of vehicles and gradually phased out old vehicles with high energy consumption and high emissions. Some outlets changed the mode of operation by switching from the original delivery by drivers to delivery by logistics companies, which reduced the use of vehicles.

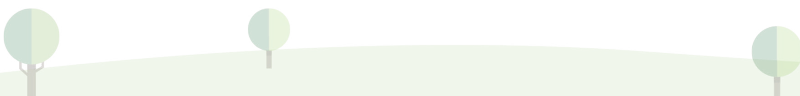




4. PROMOTING GREEN OPERATIONS *(continued)*

The source of the Group's solid waste is mainly the general wastes, waste paper and waste office consumables generated from our dairy operations. The Group actively advocated green offices to reduce the generation of waste office consumables, continuously promoted paperless office and 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. We also increased online channels and efforts on publicity to reduce the printing of paper leaflets, and actively promoted the recycling and reuse of waste paper to improve paper usage efficiency. The nonhazardous domestic wastes 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 handed over to third-party recyclers for harmless treatment. A strict disposal mechanism for domestic wastes 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 our own waste classification implementation plan, and popularising the knowledge of our general wastes classification among our employees, etc. 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 waste sorting containers placed. Cleaners are assigned for subsequent classification, recycling and disposal.

A sound management mechanism was laid up to prevent and control noise pollution that may arise in the course of operations. Outlets 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.





4. PROMOTING GREEN OPERATIONS (continued)

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 outlets. 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.

During the year, we proactively carried out recycling business, provided trade-in services at offline outlets, and recycled used electronic waste. We have strengthened cooperation with third-party recyclers. 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	2023	2022
Total greenhouse gas emissions (Scope 1 and Scope 2) (tonne of CO ₂ equivalent) ²	678.14	760.04
Greenhouse gas emissions intensity (tonne of CO ₂ equivalent/sq. m.)	0.06	0.06
Greenhouse gas emissions intensity (tonne of CO ₂ equivalent/person)	0.25	0.37
Direct emissions (Scope 1) (tonne of CO ₂ equivalent)	253.53	343.48
Petrol	231.75	343.48
Diesel	21.78	0.00
Indirect emissions (Scope 2) (tonne of CO ₂ equivalent)	424.62	416.56
Purchased electricity	424.62	416.56
Non-hazardous waste (tonne) ³	38.13	40.36
Per capita non-hazardous waste generation (tonne/person)	0.01	0.02
Hazardous waste (tonne) ⁴	0.27	0.18
Per capita hazardous waste generation (tonne/person)	0.00010	0.00009
Waste toner cartridges	0.26	0.16
Waste fluorescent tubes	0.01	0.02

1 The environmental data provided in this section covers the Group's headquarters, offices of the subsidiaries, the warehouse and outlets in some regions;

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. In 2023, our carbon emissions decreased due to the consumption of petrol was reduced;

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; and

4 Hazardous wastes, mainly including waste toner cartridges, waste ink cartridges and waste fluorescent lamps, are handed over to qualified third-party recyclers for disposal.



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.

Electricity management

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 strengthen the supervision on employees' electricity consumption in daily work and require employees to actively respond to and follow our energy conservation measures, such as turning off lights, air conditioners and computers in time when leaving the office and reducing standby time of electronic equipment. Apart from that, in order to improve employees' energy saving awareness, signs of energy conservation and emission reduction have been posted in major office areas and the places where there is large electronic equipment.



Posting Electricity-saving and Paper-saving Signs





4. PROMOTING GREEN OPERATIONS *(continued)*

Water management

In order to save 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. Meanwhile, we strive to raise employees' awareness of water conservation by putting up signs of water conservation in the places where there are water equipment to advocate common practice of green life.

KPIs: Use of energy and resources¹

Indicators	2023	2022
Total energy consumption (MWh) ²	1,676.54	2,013.11
Energy consumption intensity (MWh/sq. m.)	0.15	0.17
Energy consumption intensity (MWh/person)	0.62	0.98
Direct energy consumption (MWh)	985.86	1,342.02
Petrol (MWh) ³	905.49	1,342.02
Diesel (MWh)	80.37	0.00
Indirect energy consumption (MWh)	690.68	671.09
Electricity (MWh)	690.68	671.09
Water consumption (tonne) ⁴	4,188.99	4,196.47
Per capita water consumption (tonne/person)	1.56	2.04
Use of paper for printing (tonne)	6.99	8.29
Packaging materials (tonne) ⁵	35.18	56.89
Use of wrapping materials per 10,000 mobile handsets sold (tonne/10,000 set) ⁶	0.09	0.14



4. PROMOTING GREEN OPERATIONS *(continued)*

- 1 *The environmental data provided in this section covers the Group's headquarters, offices of the subsidiaries, the warehouse and outlets in some regions;*
- 2 *The energy consumption data are calculated according to the consumption amount of electricity and fuel and the relevant conversion factors in the General Principles for Calculation of Total Production Energy Consumption (GB/T 2589-2020) (綜合能耗計算通則(GB/T 2589-2020)), the national standard of the People's Republic of China;*
- 3 *Since the Group replaced some of our own fuel vehicles with new energy vehicles, the consumption of petrol was reduced in 2023;*
- 4 *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;*
- 5 *Due to the nature of our business, the packaging materials mainly include paper bags, plastic bags and non-woven bags given away to consumers during the process of sales of mobile handsets, excluding the packaging materials used to wrap products provided by manufacturers. Data about packaging materials cover all subsidiaries. In 2023, some of our subsidiaries didn't need to package the goods when making a delivery, hence the amount of packaging materials was reduced; and*
- 6 *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.*

4.3 RESPONSES TO CLIMATE CHANGE

As climate change has an increasing impact on economic development and ecological environment, it is urgent to respond to climate change, which 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.





4. PROMOTING GREEN OPERATIONS *(continued)*

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 convey early warning information in a timely manner, as well as urge all outlets to formulate and implement emergency plans, in order to avoid and reduce property losses and casualties caused by extreme weather. We urge outlets to conduct safety inspections during severe weather events, and allow employees to work from home when necessary to ensure personal and property safety, and in a bid to safely respond to extreme weather.



Digital Telecom Responded to Snowfall Weather to Ensure Safety

Case: Expanding Residential Photovoltaic Business

In 2023, Digital Telecom's first residential photovoltaic power station has been put into operation in Dai County, Xinzhou City, Shanxi, and has simultaneously expanded to other cities and counties including Yangcheng County, Jincheng City and Wutai County, Xinzhou City, achieving a revenue of RMB4.68 million in 2023. In addition, residential photovoltaic power stations have been gradually put into operation in provinces including Jiangsu and Hubei, achieving breakthroughs in residential photovoltaics and promoting model replication. While expanding the Company's business types, the residential photovoltaic business actively responds to the national Dual Carbon Goals and helps residents practice low-carbon life.



Residential Photovoltaic Equipment

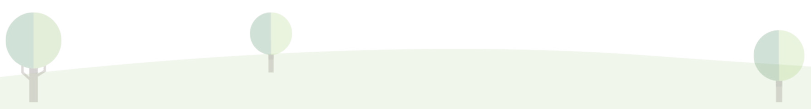


4. PROMOTING GREEN OPERATIONS *(continued)*

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. Meanwhile, we actively advertise and 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 continuously monitor and review progress of 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:	Achievement of targets:
<ul style="list-style-type: none"> • office electronic equipment that meets the level-1 energy consumption requirements will be purchased; and • LED lamps will be used. 	<ul style="list-style-type: none"> • All environmental targets had been met in 2023; and • The Group will make continuous efforts on energy and water conservation, emission reduction and waste reduction in 2024.
Water conservation targets: <ul style="list-style-type: none"> • Water-saving faucets will be used on water consumption equipment in the office area. 	
Waste reduction targets: <ul style="list-style-type: none"> • Employees will be urged to classify all domestic wastes; • We will increase paper usage efficiency and reduce paper consumption year by year; and • Hazardous wastes will be placed in designated areas to achieve 100% recycling and disposal of plastic packages, printing consumables and other wastes. 	



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 operation situation, we have formulated relevant management system for preventive, control and punitive purposes, such as the Integrity System, the Anti-bribery Regulations, the Anti-Corruption Policy, the Procedures and Measures for Dealing with Fraud and Digital Telecom's System 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. We have a zero-tolerance approach to all forms of bribery and corruption, and have defined all types of irregularities and established mechanisms for reporting, investigation, review, etc., specifying that embezzlement, commercial bribery and unauthorised disclosure of business secrets are prohibited, so as to promote the legal operation. The Group has clarified and adopted specific reward and punishment measures and other codes of conduct on integrity, and urged all employees to work with integrity to enhance all employees' professional ethics relating to integrity. In 2023, we revised the Compliance Management System, established a compliance management working committee, and set up an internal control management center as the leading department for compliance management.

In order to prevent corruption, bribery, extortion, fraud and money laundering, the Group has established a sound internal audit and risk control system, and has set up an 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 each subsidiary to ensure their contract management and financial revenue and expenditure are in compliance with the internal control policies of the Group. If any irregularity is identified, the internal audit team will carry out an ad hoc inspection and record the investigation process and findings. It will also make recommendations on the optimisation of the internal control system and report to the senior management. The management is responsible for assessing the effectiveness of anti-corruption measures and the perfection of the internal control system, and making 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 differentiated job rotation system to prevent potential corruption in business operations. In addition, if necessary, we will introduce external third-party professionals to participate in compliance audit investigations to ensure that the investigation results are objective and fair. In 2023, the chairman of the Board, middle and senior management and employees of the Group signed the Compliance Commitment Letter to express a zero-tolerance attitude towards illegal activities.



5. ADHERENCE TO INTEGRITY IN THE WORKPLACE

(continued)

The Group has implemented a strict supplier cooperation process in order to build an 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 suppliers 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 the form of commercial bribery and classified a breach of terms as a breach of contract.

In 2023, the Group and our 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 us.

PUBLICITY AND TRAINING

The Group publicises integrity in morning meetings at the headquarters level and regularly reports at regular management meetings, in order to strengthen the construction of its integrity system 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 all 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 Group's anti-corruption policies. The purpose is to constantly enhance the legal compliance awareness of employees and the Directors. In 2023, we provided training about updates on relevant laws for the Directors and senior management, focusing on the newly revised Listing Rules, the latest changes in national anti-corruption related policies, case analysis and their practical applications to ensure senior management maintains a high degree of legal compliance in decision-making and execution all the time. Meanwhile, we conducted training on contract management, hierarchical authorisation management and criminal compliance for ordinary employees.

WHISTLEBLOWING AND HANDLING

The Group strives to set up a convenient and efficient communication platform to collect information on the Group 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 the whistleblowing 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", allowing employees, partners and consumers to conveniently provide opinions or suggestions while ensuring privacy and security. Upon receipt of relevant reports, 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



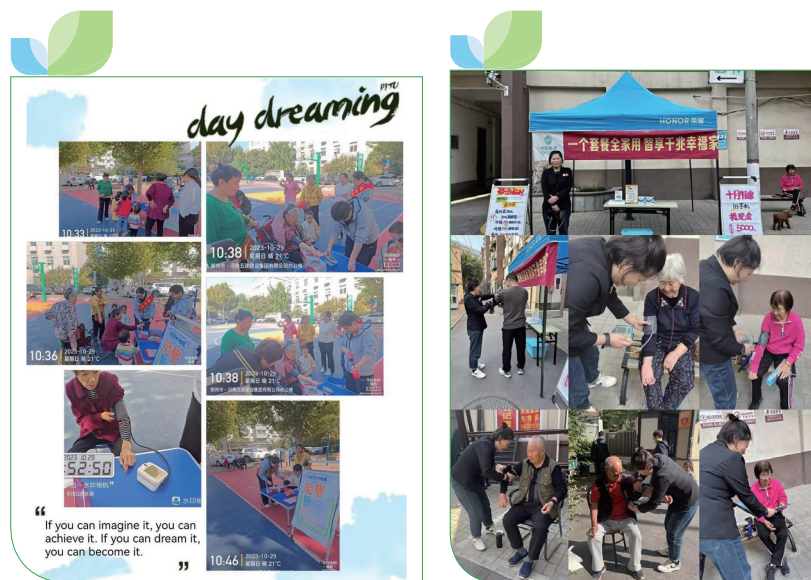


6. PROTECTING THE BEAUTIFUL HOME

The Group actively fulfils its social responsibilities as a corporate citizen, enhances social well-being through public welfare activities and provision of warmth to the masses, and joins hands with all parties to build sustainable development for the community. In 2023, as an active response to the needs of governments, employees and residents for building better homes, we have contributed to building a better community in a variety of ways to achieve social value.

CONNECTING WITH LOVE AND SERVING THE COMMUNITY

In an era of rapid advancement in information technology, confusion among middle-aged and elderly people about mobile phones and the Internet has emerged. During the Double Ninth Festival in 2023, we carried out gift-giving activities in some residential communities and answered questions arising from the use of smart electronic devices for the elderly, helping middle-aged and elderly people reduce the digital divide and enrich their lives.



Community Charity Activities



6. *PROTECTING THE BEAUTIFUL HOME* (continued)

DELIVERING CARE AND GIVING BACK TO THE SOCIETY

We have established care stations in many offline outlets in China to provide free hot and cold drinks and charging services to takeaway delivers, couriers or sanitation workers, and set up special rest areas to send warmth to those in need with practical actions, so as to work side by side with the city guardians to jointly maintain a beautiful home.



Offline Outlets Provided Drinks to Sanitation Workers

SUPPORTING NATIONAL COLLEGE ENTRANCE EXAMINATION WITH HEART-WARMING ESCORTING

When the National College Entrance Examination is held in June every year, nearly 1,000 outlets of the Group across China will establish care stations and 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. In addition, we provide preferential activities to students who have passed the National College Entrance Examination and send our wishes for a bright future.



Caring Services to Support National College Entrance Examination

APPENDIX





APPENDIX

THE HONG KONG STOCK EXCHANGE'S CONTENT INDEX OF ESG REPORTING GUIDE Mandatory Disclosure Requirements

Mandatory 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 this Report





APPENDIX (continued)

Mandatory Disclosure Requirements		Relevant Section in the Report
Reporting Boundary	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.	About this Report

“Comply or explain” Provisions

Area	Issue	Disclosure Requirements	Relevant Section in the Report
Environmental	A1 Emissions	<p>General Disclosure: Information on:</p> <p>(1) the policies; and</p> <p>(2) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p>A1.1 The types of emissions and respective emissions data.</p> <p>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).</p> <p>A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p> <p>A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p>	<p>4.1 Strengthening Emission Management</p> <p>4.1 Strengthening Emission Management</p> <p>4.1 Strengthening Emission Management</p> <p>4.1 Strengthening Emission Management</p>



APPENDIX (continued)

Area	Issue	Disclosure Requirements	Relevant Section in the Report
		A1.5 Description of emission target(s) set and steps taken to achieve them.	4.1 Strengthening Emission Management 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 4.3 Responses to Climate Change
	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 4.3 Responses to Climate Change





APPENDIX (continued)

Area	Issue	Disclosure Requirements	Relevant Section in the Report
		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 4.3 Responses to Climate Change
		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
A3	The Environment and Natural Resources	General Disclosure: Policies on minimising the issuer's significant impacts on the environment and natural resources. 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 4.1 Strengthening Emission Management
A4	Climate Change	General Disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. 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 4.3 Responses to Climate Change





APPENDIX (continued)

Area	Issue	Disclosure Requirements	Relevant Section in the Report
Social	B1 Employment	General Disclosure: Information on:	3.1 Attaching Importance to Outstanding Talent Introduction
		(1) the policies; and	
		(2) compliance with relevant laws and regulations that have a significant impact on the issuer	3.2 Protection of Employees' Rights and Interests
		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 Outstanding Talent Introduction
		B1.2 Employee turnover rate by gender, age group and geographical region.	3.1 Attaching Importance to Outstanding 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		





APPENDIX (continued)

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 Upgrading the Training Model
		B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	3.3 Upgrading the Training Model
		B3.2 The average training hours completed per employee by gender and employee category.	3.3 Upgrading the Training Model
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	
	B4.2 Description of steps taken to eliminate such practices when discovered.	3.2 Protection of Employees' Rights and Interests	

**APPENDIX** (continued)

Area	Issue	Disclosure Requirements	Relevant Section in the Report
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





APPENDIX (continued)

Area	Issue	Disclosure Requirements	Relevant Section in the Report
B6 Product Responsibility		General Disclosure: Information on:	
		(1) the policies; and	2.1 Strict Control over Product Quality
		(2) compliance with relevant laws and regulations that have a significant impact on the issuer	2.2 Improving Service Experience
		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
			2.5 Information and Cyber Security
		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		



APPENDIX (continued)

Area	Issue	Disclosure Requirements	Relevant Section in the Report
	B7 Anti-corruption	<p>General Disclosure: Information on:</p> <p>(1) the policies; and</p> <p>(2) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to bribery, extortion, fraud and money laundering.</p> <p>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.</p> <p>B7.2 Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.</p> <p>B7.3 Description of anti-corruption training provided to Directors and staff.</p>	<p>5. Adherence to Integrity in the Workplace</p> <p>5. Adherence to Integrity in the Workplace</p> <p>5. Adherence to Integrity in the Workplace</p> <p>5. Adherence to Integrity in the Workplace</p>
	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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