



国美

2023

Environmental,  
Social and  
Governance Report

Stock Code: 493

GOME RETAIL HOLDINGS LIMITED  
国美零售控股有限公司 \*

*(Incorporated in Bermuda with limited liability)*



\* For identification purpose only

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# GOME RETAIL HOLDINGS LIMITED

## 2023 Environmental, Social and Governance Report

### MESSAGE FROM THE SENIOR MANAGEMENT

Since its establishment, GOME has been committed to its ideology of “Better home and lifestyle through GOME” in an effort to provide services to upgrade the living quality of domestic households in China and support the high-quality development of the real economy. As a private enterprise with 36 years of history, GOME has been committed to innovating the household electrical appliance retail chain model with an entrepreneurial spirit of being the pioneer, having better quality and taking the lead. It has also maintained its courage and passion for the continuous innovation of new retail models. Attaching great importance to its trustworthiness in serving people, running business and deploying development, GOME has focused on its cooperation with its partners through maintaining interaction, providing support, complementing each other and eliminating competition. As such, a win-win situation was created where GOME and its partners were able to enjoy quality and sustainable development. Aligning with its new development concept, GOME will continue to develop a total retail eco-system sharing platform under its “Home • Living” strategy based on the development philosophy from the user-based, technology-driven, platform-based and closed-loop mindsets.

2023 marked the 36th anniversary of GOME’s establishment and development. In the past year, the domestic economy was affected by both internal and external environments and the global economic downturn, resulting in a slow recovery. The real estate market remained sluggish while related industries, including home appliances, were also dragged down. Coupled with the debt distress caused by the pandemic and other factors in the previous year, the operations of GOME encountered unprecedented difficulties, declining revenue, increasing losses, and a debt crisis. Nevertheless, GOME stayed positive and strived to fully undertake

its social responsibilities, actively resolve debt problems, and continue to promote its strategic focus and business transformation. In addition to effectively divesting businesses and non-core assets with serious losses, GOME also developed innovative business models such as franchising, to expand our income sources and seek new growth curves.

Over the past year, while making positive progress in business transformation and debt resolution, and based on in-depth consideration of new policy requirements, user demands and manufacturer requests, GOME has consolidated its operating experience, resources and capabilities. With a focus on the retail and home service industries, GOME actively strived for breakthrough by leveraging model innovation and technological empowerment. These efforts enabled GOME to explore opportunities brought by the development trends of the retail industry, and create a new growth curve with the help of synergy advantages. In the past year, the Group’s exploration of innovative operating models such as live streaming and franchising has achieved satisfactory results. In the future, it will actively develop new business deployment such as unmanned retail and export of home appliances.

In particular, the plan to enter the unmanned retail industry is the result of GOME Retail’s multi-faceted thinking based on potentials, landscape and trends of the industrial development. From the perspective of industrial development potentials, the rapid growth of the unmanned retail market will bring incremental business opportunities to GOME. Benefiting from the rapid penetration of the offline fast-moving consumer goods market, the size of the unmanned retail market in China has grown rapidly since 2016, and increased from RMB8.812 billion in 2016 to RMB28.727 billion in 2019, representing a compound annual growth rate of 48.28%. Although the market size had declined due to the impact of



the pandemic in 2020, it has resumed growth since 2021. By 2022, the size of the unmanned retail market reached a record high of RMB29.9 billion, and the number of unmanned vending machines was over 1,100,000 units when compared with only 200,000 units in 2016. At present, the penetration rate of unmanned vending machines in China is still at a relative low level of 7.6%. The number of vending machines per thousand people is only 0.7 unit, significantly lower than the United States at 21.9 units, Japan at 20 units and Europe at 6.1 units. With the changes in consumer habits and the development of network, digitalisation and intelligence, the shopping experience has been improved. Coupled with policy encouragement and support for unmanned retail industry, it is likely that the unmanned retail industry will flourish. From the perspective of industrial landscape, the domestic unmanned retail industry has low concentration, with 5-firm concentration ratio (CR5) of only 15.8%. The market share of the company ranking first is 7.7%, while the combined market share of companies ranking second to fifth is only 8.1%. The low concentration means that the market structure has not been solidified and the market is still full of opportunities. More importantly, from the perspective of industry trends, the model of unmanned retail undoubtedly aligns more with the ESG concept in today's business environment where ESG development is highly valued. The unmanned retail industry appears in the form of vending machines, unmanned stores and unmanned shelves as it is not limited by time and location, while saving manpower, facilitating transactions and being greener and more energy-saving. It has become a new business model in the new retail era. Currently, the unmanned retail industry is developing into a large-scale stage and has become a key growth sector for offline consumption, especially in the field of fast-moving consumer goods, where the incremental market continues to expand. Therefore, entering the unmanned retail industry represents a significant enhancement to GOME's retail ecosystem and an important part of GOME's efforts to create a closed-loop retail ecosystem.

The plan to export its home appliances overseas represents GOME's response to national policies and its efforts to seize new opportunities presented by the "Belt and Road Initiative". As the central government has accelerated the quality

development of the "Belt and Road Initiative", domestic supply chains are gradually becoming more and more popular. GOME has also seized the opportunities arising from the "Belt and Road Initiative" to extend its high-quality supply chain to countries and regions along the Belt and Road, creating new growth potential. In the future, with the increasing population in the major developed countries, most of the countries and regions along the Belt and Road will be emerging markets with a very young population structure and high birth rates. Their total population is approximately 3 billion, and their demand for consumption and mobile Internet is huge. In addition, the overall channel efficiency in such emerging markets is relatively low and the markup ratio is high, indicating a greater room for improvement. This presents a substantial opportunity for domestic products to expand into international markets. In recent years, China has continuously promoted opening-up to the outside world with a policy of "easing restrictions, expanding incentives and ensuring safety". Against the backdrop of the "Belt and Road Initiative", China has established comprehensive and multi-level cooperation mechanisms with emerging markets. Deepening cooperation in various fields, particularly in e-commerce, has laid a foundation for high-quality supply chain enterprises like GOME to expand into overseas markets. In view of this, GOME plans to rely on the resources and advantages of its shared retail platform to play the role of the base of new retail infrastructure, implement the national "Belt and Road Initiative", extend its quality supply chain to the countries and regions along the "Belt and Road", and help domestic quality products reach overseas markets. As such, the Group will be able to realise the strategy of "global purchasing and selling".

Having weathered through difficulties and adversities over the past 36 years of market testings and challenges, GOME has become more resilient with a long-term vision and a firm pace. After GOME recovers from its debt crisis and embarks on a new journey, it will always remember the care and support from different sectors of society over the past 36 years. We look forward to building on this long-standing relationship and working together to drive continuous improvement of the industry, paving the way for a brighter future.



# ABOUT THIS REPORT

This 2023 Environmental, Social and Governance (“ESG”) Report is issued by GOME Retail Holdings Limited (the “Company”) together with its subsidiaries (the “Group” or “GOME”). It adheres to the principles of materiality, quantitiveness, balance and consistency, and discloses the ideology, major progress, achievements and future plans of the Group in terms of environmental, social and governance performance, with a period spanning from 1 January 2023 to 31 December 2023 (the “Reporting Period”). If there is any inconsistency, it will be explained in the specific content.

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

## – Reporting Principles

This report is prepared in accordance with the Appendix C2 *Environmental, Social and Governance Reporting Guide* (ESG Guide) in the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. It also takes reference to the Global Reporting Initiative (GRI) Standards, the UN Global Compact, and ISO 26000: Guidance on Social Responsibility.

## – Reporting Scope and Boundaries

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

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

## – Definition of Terms

Unless otherwise specified, the terms used in this report have the same meanings as those defined in the Company’s 2023 Annual Report.

## – Data Source and Reliability Statement

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

## – Confirmation and Approval

This report has been approved by the Board for release.

## – Access and Response to This Report

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

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

# 01

## ESG Governance and Participation of the Board





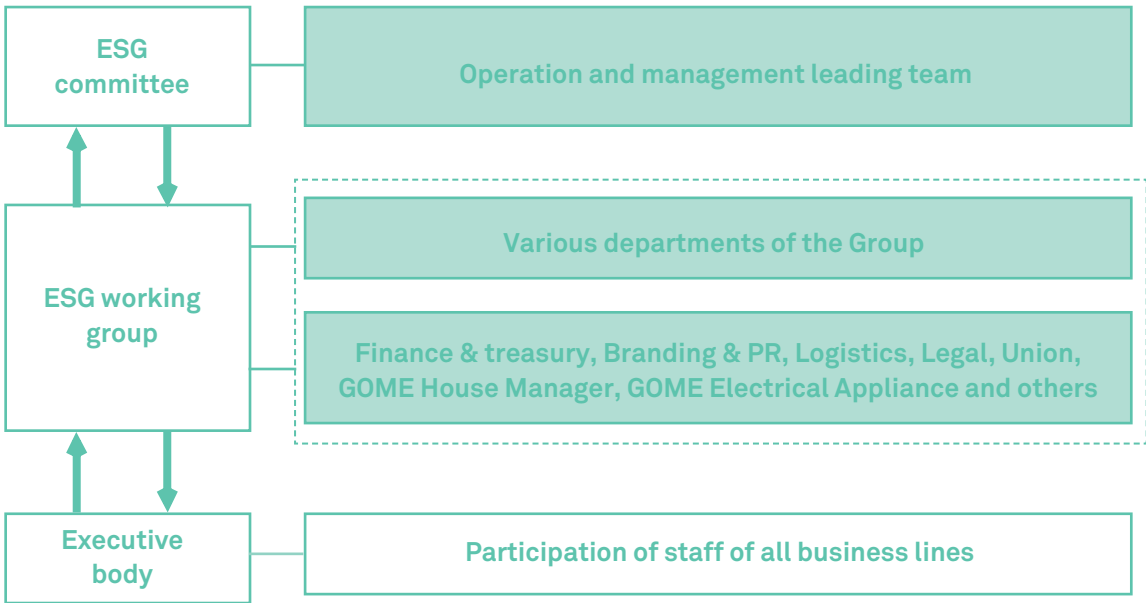
# ESG GOVERNANCE AND PARTICIPATION OF THE BOARD

## PARTICIPATION OF THE BOARD IN ESG

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

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

Organisational structure of sustainable development of the Group

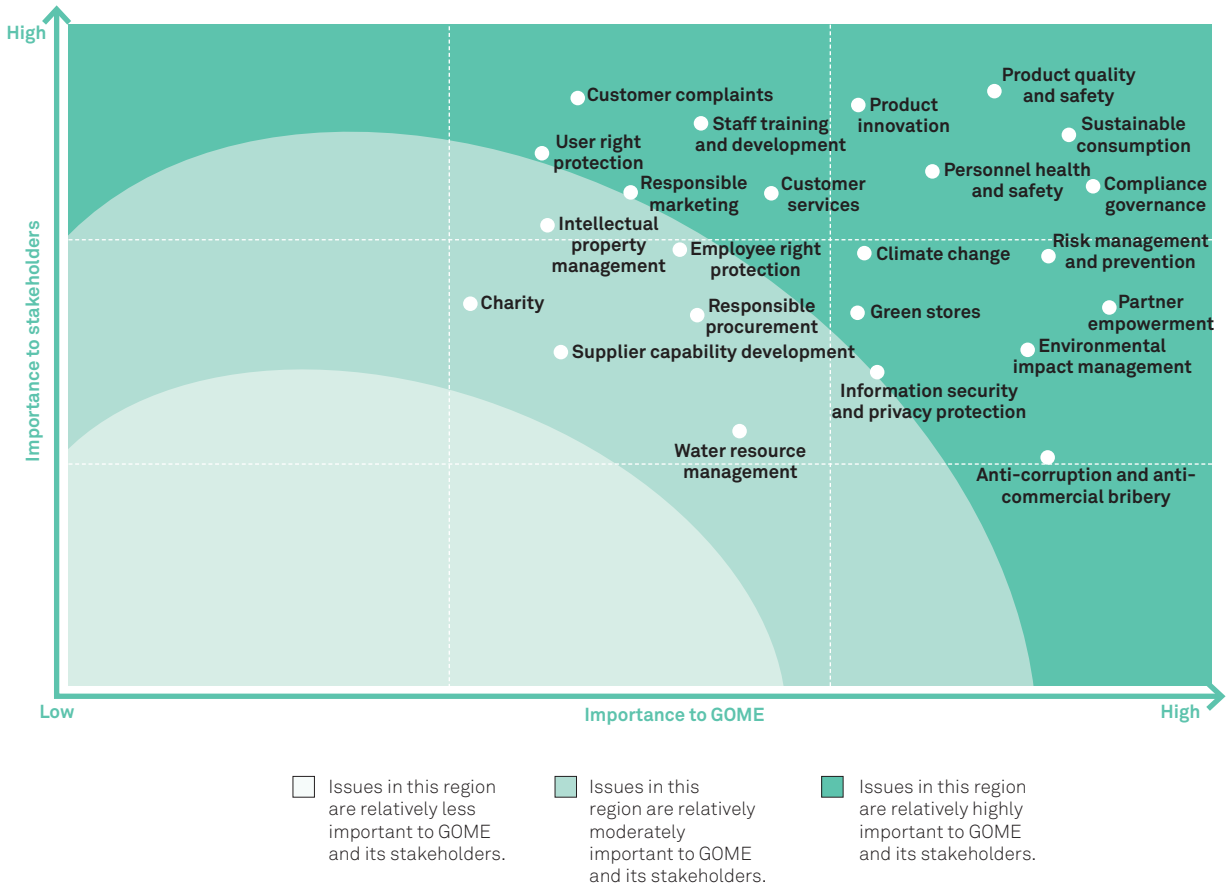


# ESG GOVERNANCE AND PARTICIPATION OF THE BOARD

## MATERIALITY ANALYSIS

In 2023, GOME continued to comprehensively analyse the concerns of external stakeholders through regular communication, industry associations, customer interaction, investor conferences and others. In addition, according to its strategies, the Group had clarified the concerns of internal stakeholders through internal trainings and meetings. Based on the results of internal and external analysis, the following key issues of the year were identified for targeted management and performance improvement.

**Materiality Matrix of GOME**





# ESG GOVERNANCE AND PARTICIPATION OF THE BOARD

## STAKEHOLDER COMMUNICATION

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

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

# ESG GOVERNANCE AND PARTICIPATION OF THE BOARD

Stakeholders	Representatives	Concerns	Communication and participation methods
<b>Employees</b>	<ul style="list-style-type: none"> <li>■ Full-time employees</li> <li>■ Part-time employees</li> </ul>	<ul style="list-style-type: none"> <li>■ Extensive skill training</li> <li>■ Open and transparent career path</li> <li>■ Employee activities</li> <li>■ Workplace health and safety</li> </ul>	<ul style="list-style-type: none"> <li>■ Online communication platforms</li> <li>■ Employee representative meetings</li> </ul>
<b>Partners</b>	<ul style="list-style-type: none"> <li>■ Suppliers</li> <li>■ Franchisees</li> <li>■ Communities</li> </ul>	<ul style="list-style-type: none"> <li>■ Open and transparent selection procedures</li> <li>■ Stable financials and payment policies</li> <li>■ Strategic partnerships</li> <li>■ Fair, just, open and transparent procurement environment</li> </ul>	<ul style="list-style-type: none"> <li>■ Partner meetings</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>■ Surrounding villages and towns</li> <li>■ Surrounding urban communities</li> </ul>	<ul style="list-style-type: none"> <li>■ Community ecology and humanity</li> <li>■ Sharing of corporate development merits</li> </ul>	<ul style="list-style-type: none"> <li>■ Rural industry revitalisation projects</li> <li>■ Community integration activities</li> </ul>

# 02

## Persisting in Orderly Development and Ensuring Operating Compliance

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

### OUR ACHIEVEMENTS

- resolve rate of the reported frauds reached 86.96% in 2023
- organised 2 sessions of directors, supervisors and senior management training on combating corruption

### SUPPORTING THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS





## PERSISTING IN ORDERLY DEVELOPMENT AND ENSURING OPERATING COMPLIANCE

### COMPLIANCE AND RISK MANAGEMENT

In 2023, the Group maintained overall control on anti-corruption, anti-commercial bribery, internal controls and whistle-blowing through the establishment of the Surveillance Center (responsible for the administration of the Headquarters Supervision Office and the Regional Supervision Office) and the Supervision and Management Department.

#### Surveillance Center

Located in the headquarters, the Surveillance Center is responsible for each business sector, business entity and branch of the Group: 1) conducting pre-audit, audit and post-audit supervision of various economic matters, and investigating and recovering any dereliction of duties and losses incurred; disclosing, rectifying and following up any system loopholes and system deficiencies of the Group; 2) handling, investigating and supervising violations of regulations, laws and disciplinary behaviours involving economic matters for employees at all levels. In addition, it is also responsible for liaising and cooperating with national public security, procuratorate, legal and supervision agencies, as well as national network security departments and professional associations to carry out relevant supervision and security management works.

#### Supervision and Management Department

Located in the headquarters, the Supervision and Management Department is responsible for the comprehensive management of the Surveillance Center, as well as the formulation of the internal anti-corruption system of the Surveillance Center, investigation of violations of regulations, disciplinary behaviours, and information management.

### INTERNAL AUDIT AND CONTROL AND RISK MANAGEMENT

Established in 2003, GOME surveillance system, which is led by the Chairman, is aimed to safeguard the interests of the Company and take full responsibilities of supervision including integrity construction, anti-fraud, improvement on internal controls, sales and cost cycle monitoring and anti-corruption. In 2023, the Group continued to focus on improving risk weaknesses and systematically improved risk management capabilities by focusing on three aspects: system risk control, system regulation and contract management and control.

In respect of system risk control improvement, we have identified violations in relation to extended warranty at closed stores. The audit found loopholes in membership points recharging and lack of risk management control. Since then, the audit has made suggestions on risk management control to increase the risk management control procedures to manage violations and losses from extended warranty issue.



## PERSISTING IN ORDERLY DEVELOPMENT AND ENSURING OPERATING COMPLIANCE

In respect of rules and regulations, there is a certain risk that there were mismatch of promotional activities during the sale of slow-moving products and prototypes, and lack of control over the issuance of coupons. According to the audit findings, each business department rectified the price adjustment of slow-moving products and prototype protection rates and carried out document specifications and system control. At the same time, they strengthened the training of sales staff, closely monitor the issuance and acceptance of coupons to avoid causing any losses to the Company.

In respect of performance of contracts and agreements, there is a certain risk that the collecting of management fees from mobile phone repair service providers were not in accordance to the contracts or agreements. According to the audit findings, the after-sales department has strengthened the related management, refined the tasks, and collected various fees in accordance with the requirements of the contracts or agreements, ensuring that the Company's income is collected in a timely manner.

### ANTI-CORRUPTION AND COMMERCIAL BRIBERY

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

The Company reviews and revises the red line management regulations of employees every six months, and organise trainings on the "Red Line Management Approach of GOME Retail Holdings" and "Penalty Measures of GOME Retail Holdings" for the employees of the Surveillance Center. GOME has formulated strict requirements against any bribery, fraud, extortion, money laundering and other behaviors which are not in compliance with business ethics, and has actively improved employees' awareness of legal compliance and business ethics. Furthermore, the Group organises trainings on integrity for its directors, supervisors and senior management members through meetings. The Group organised 2 sessions of training during the year, which played an important role in providing warning and education and developing a culture of integrity.

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

# PERSISTING IN ORDERLY DEVELOPMENT AND ENSURING OPERATING COMPLIANCE

## COMPLIANCE INDICATOR



## WHISTLE-BLOWER PROTECTION

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

In respect of the management of whistle-blowing process, the management office of the Surveillance Center receives and registers complaints for preliminary screening. The pre-processed complaints will be then classified based on regions and the positions of complainers within 7 working days in the principle of “investigation on all complaints and report on all investigations” and handed over to the investigation department. For serious or urgent complaints, the management office of the Surveillance Center will make suggestions and report to the Surveillance Center in a timely manner. The investigation department will issue verification reports, make suggestions based on the Company’s regulations, pass to the management for approval, and revert the final results to the whistle-blower. In 2023, a total of

23 valid complaints were received, and 20 were investigated and resolved, with a resolve rate of 86.96%.

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

Telephone hotline: 010-84581700  
 Email: gomejb@163.com  
 Social media account: GOME Surveillance Center  
 GOME Office: Surveillance Center  
 Text message: 18910160790  
 Mailbox: 36/F, Block B, Pengrun Building, No. 26 Xiaoyun Road, Chaoyang District, Beijing (Postal Code: 100016)

# 03

## Promoting Talent Training and Facilitating the Development of Employees

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

### OUR ACHIEVEMENTS

- In 2023, GOME Love Mutual Fund provided subsidies amounted to RMB75,000 and benefited 14 employees in aggregate
- In 2023, GOME had a total of 2,196 employees, including 1,019 females and 1,177 males

### SUPPORTING THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS





## PROMOTING TALENT TRAINING AND FACILITATING THE DEVELOPMENT OF EMPLOYEES

### TALENT RECRUITMENT AND TRAINING

GOME strictly abides by the “Labour Law of the People’s Republic of China”, the “Labour Contract Law of the People’s Republic of China” and other relevant laws and has established its recruitment systems accordingly. In order to fully comply with the principles of openness, fairness and impartiality, and to ensure that all departments and positions attracts the required talents in a timely and effective manner, and to facilitate the stable and rapid development of the Group, GOME updated and refined the mechanisms and rules in 2023, including “Recruitment Management System (《招聘管理制度》)”, “Recruitment System Operation Regulations (《招聘系統操作規範》)” and “Interviewer Management Regulations (《面試官管理規範》)”. The original “Nepotism Avoidance Principles (《親屬迴避原則》)”, “Background Investigation Management Regulations (《背景調查管理規範》)” and “Headhunting Channel Management Regulations (《獵頭渠道管理規範》)” have all been modified and merged into the Group’s recruitment management system, and an HRBP operation manual has been added to ensure better implementation of the system.

In respect of staff recruitment, the Group attaches great importance to diversified employee composition and stringently prevents discrimination in terms of race, gender, origin, age and disability. The Group strictly prohibits recruiting minors under the age of 16 in accordance with the Order No. 364, “Prohibition of Child Labour”, issued by the State Council. From time to time, we will organise trainings on laws and regulations regarding human resources management system, consolidate legal knowledge and strengthen legal awareness of its employees, and fundamentally prevent the potential legal risks of using child labour. In 2023, over 62 senior executive and key personnel from the fields of automobile sales, logistics, supply chain and technological research and development were recruited by the Group.

In the context of the digital age, the industry or company’s demand for talent has accelerated. GOME is committed to cultivating a development model for future-oriented management talent. The training system of GOME is based on its business strategies, covering training programs for professional talent, key position talent capability and performance improvement, and leadership development for talent succession. It combines job systems, qualifications, learning programs and competency assessments to help its talent development system become systemised, standardised, digitalised and transparent. The Company’s regular training programs include training programs for new employees, three-month training programs for new executives, leadership training for employees in their positions (talent development program) and professional skills training.

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

GOME has always attached great importance to the precipitation, reuse and sharing of knowledge, and transformed courses, classic cases, learning materials, experiences and other contents in the training process into online resources. Through the functions of the course library, case library, learning project class and BBC circle in the “GOME E-learning” digital learning platform, key stages and focuses are accumulated and organised, and guidance and empowering contents are quickly disseminated to the whole country, creating a positive learning atmosphere and organisational culture.



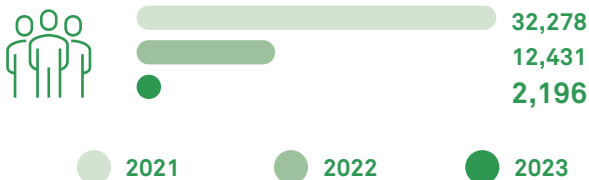


# PROMOTING TALENT TRAINING AND FACILITATING THE DEVELOPMENT OF EMPLOYEES

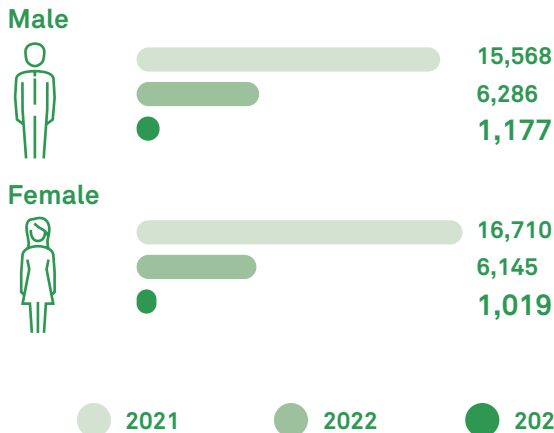
## [Case] Developing and exporting the human resources management system to help franchised joint ventures incubate and develop quickly

GOME has always attached great importance to the accumulation, reuse and sharing of knowledge. In 2023, the franchise-like cooperation model was the key strategy of the year and was crucial to energising GOME. The GOME Human Resources Center systematically streamlined the management systems of each human resources module, identified common management processes and requirements, and formulated 6 system documents, involving organisational structure, talent recruitment and training, incentive systems, corporate culture and other aspects, which help various franchised joint ventures quickly incubate and develop, standardise their management and mitigate their risks.

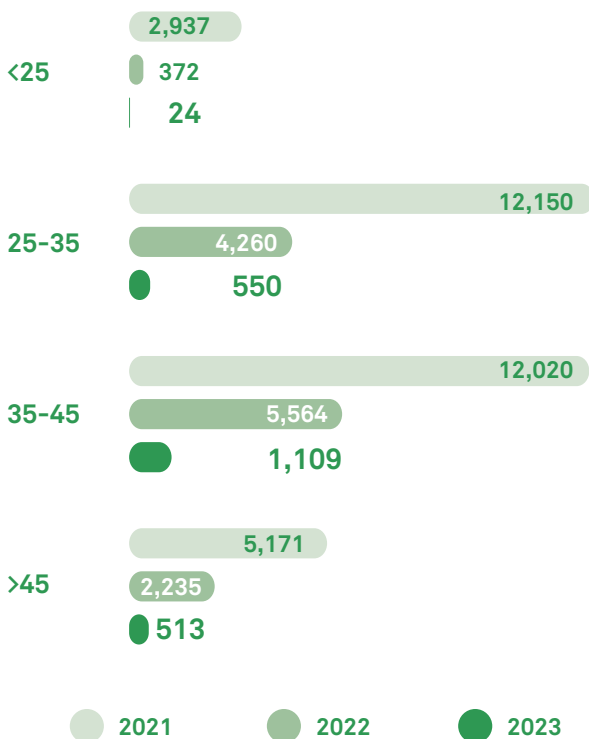
### Total number of employees (person(s))



### By gender (person(s))

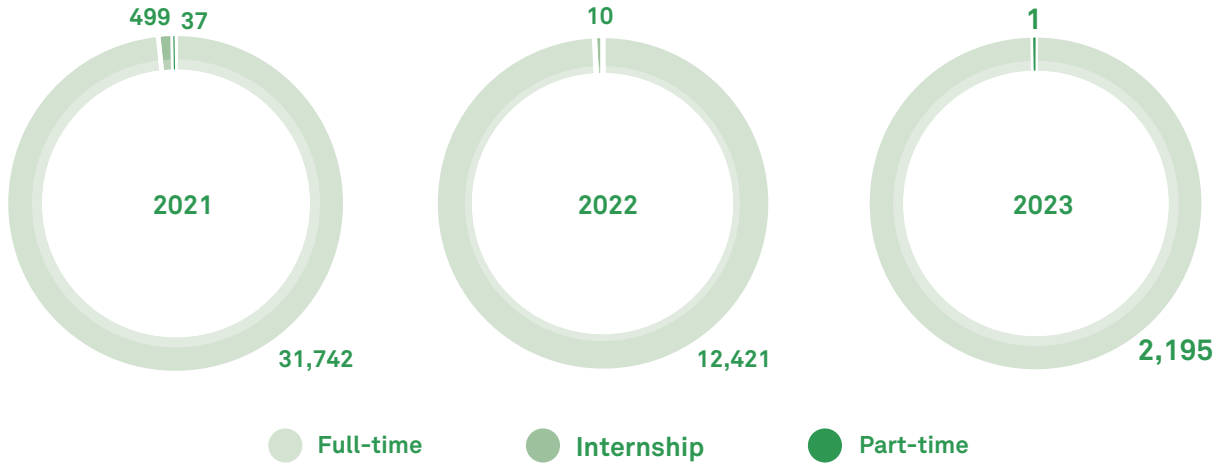


### By age (person(s))

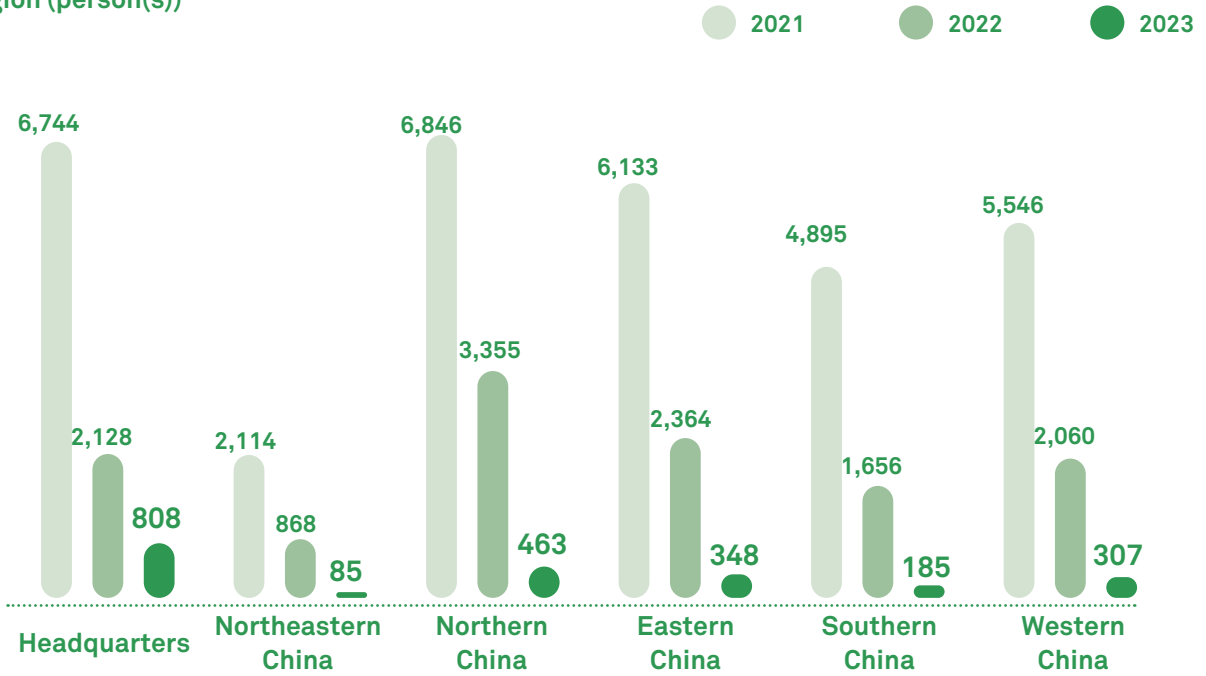


# PROMOTING TALENT TRAINING AND FACILITATING THE DEVELOPMENT OF EMPLOYEES

By employment type (person(s))



By region (person(s))





# PROMOTING TALENT TRAINING AND FACILITATING THE DEVELOPMENT OF EMPLOYEES



Total number of employees trained

2023: **5,686** times  
2022: **274,488** times

Percentage of employees trained

2023: **82.92%**  
2022: **92.00%**



Male employees trained

2023: **953** persons  
**Percentage 80.97%**

2022: **5,847** persons  
**Percentage 93.02%**

Average number of training hours of male employees

2023: **6.4** hours/person  
2022: **47** hours/person



Female employees trained

2023: **868** persons  
**Percentage 85.18%**

2022: **5,590** persons  
**Percentage 90.97%**

Average number of training hours of female employees

2023: **7.3** hours/person  
2022: **59** hours/person



Number of the management trained

2023: **223** persons  
**Percentage 100%**  
2022: **457** persons  
**Percentage 100%**

General employees trained

2023: **1,598** persons  
**Percentage 80.99%**  
2022: **10,980** persons  
**Percentage 91.70%**



Total number of training hours of all employees

2023: **12,509** hours  
2022: **606,748** hours

Average number of training hours of management

2023: **8.8** hours/person  
2022: **46** hours/person

Average number of training hours of general employees

2023: **6.6** hours/person  
2022: **53** hours/person

# PROMOTING TALENT TRAINING AND FACILITATING THE DEVELOPMENT OF EMPLOYEES

## PROTECTION OF EMPLOYEES' RIGHTS

### Interaction and communication with employees

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

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

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

GOME has always attached great importance to employee psychological counseling. The GOME's social media, internal OA system and the GOME Employees' Home often provide positive education and psychological counseling. Employees are encouraged to voluntarily visit the mediation room based on their own needs, and are received by party committee/work union staff. Professional psychological counselors are invited to give lectures and counseling.

In addition, GOME has also set up a monitoring center, which is directly managed by the CEO of GOME Appliance and consisting of five regional monitoring offices. The headquarters monitoring center vertically manages and standardises the internal staff job behavior, protects the legitimate rights and interests of employees, and supervises labor and employment safety risks. The monitoring center has established feedback channels such as WeChat and SMS, email, letter, voice mail and internal office collaboration system, and accepts complaints and reports from any employee within the Group. After preliminary investigation of the reported case, a special monitoring/audit team will be established to follow up and investigate the entire process, feedback, and publish audit results based on the principles of fairness, impartiality and openness.



### Employees' health and security

The Group also attaches great importance to fire safety in the office. Every quarter, we work with the property engineering department and the security department to inspect the fire prevention equipment and facilities in the office building, so as to identify safety problems and rectify them promptly to ensure the fire safety of the office building. During the fire safety month in 2023, the Group carried out lectures on fire prevention and organised fire drills and other activities for employees.



## PROMOTING TALENT TRAINING AND FACILITATING THE DEVELOPMENT OF EMPLOYEES

### HEALTH AND SAFETY INDICATOR



Total number of lost days due to work injuries

The number of deaths on duty in each of the past three years

The rate of death on duty in each of the past three years

	2021	2022	2023
Total number of lost days due to work injuries	11,322 days	228 days	<b>667</b> days
The number of deaths on duty in each of the past three years	0	0	<b>0</b>
The rate of death on duty in each of the past three years	0%	0%	<b>0%</b>

### CAREER DEVELOPMENT AND PROMOTION

GOME believes that the development of talents is vital for the development of the Group. The Group provides employees with competitive remuneration packages and has formulated a clear career development blueprint for them to achieve a win-win situation between their career development and the growth of the Group.

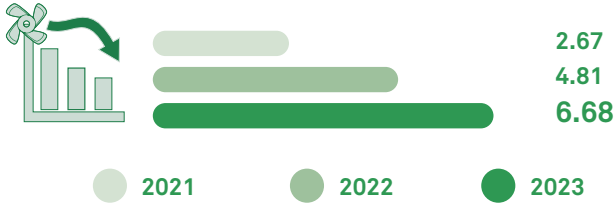
In terms of remuneration, the Group continued to conduct remuneration review and adjustment in 2023, updated the overall remuneration bandwidth and urban remuneration difference coefficients, and improved various welfare standards in accordance with the welfare system.

In terms of incentives, GOME has established short-term and long-term comprehensive incentive mechanisms. In terms of the short-term incentive system, the Group uses annual income as the short-term incentive traction, and implements the corporate commission (organisational performance) and individual commission (individual performance) system in the performance appraisal to further refine the assessment standards. GOME has implemented the “Scores Application Administrative Regulations”. By fully mobilising employees’ enthusiasm through positive incentives and negative incentives, GOME encourages employees to actively participate in various tasks. In addition, an incentive mechanism of “sales revenue commission + net profit distribution + individual rewards and penalties” has been introduced at the end of the year to closely link employees’ remuneration with the Company’s performance. In terms of the long-term incentive system, the Group recruited professional talents and revised its long-term incentive plan and corresponding administrative measures, guidelines and other documents in 2023.

In terms of talent training, based on the current situation of its operation and management, GOME identified and cultivated backbone talents with great potential and quality. In 2023, GOME reviewed its core backbone talents, and carried out key trainings and retention incentives for them. For key positions and high-potential personnel, GOME had carried out hierarchical training and cultivation.

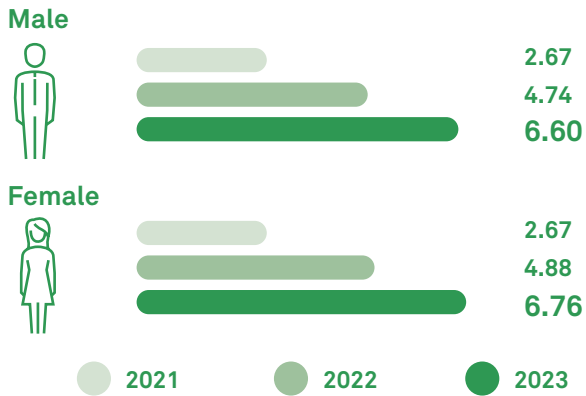
# PROMOTING TALENT TRAINING AND FACILITATING THE DEVELOPMENT OF EMPLOYEES

## Total turnover rate of employees<sup>1</sup> (%)

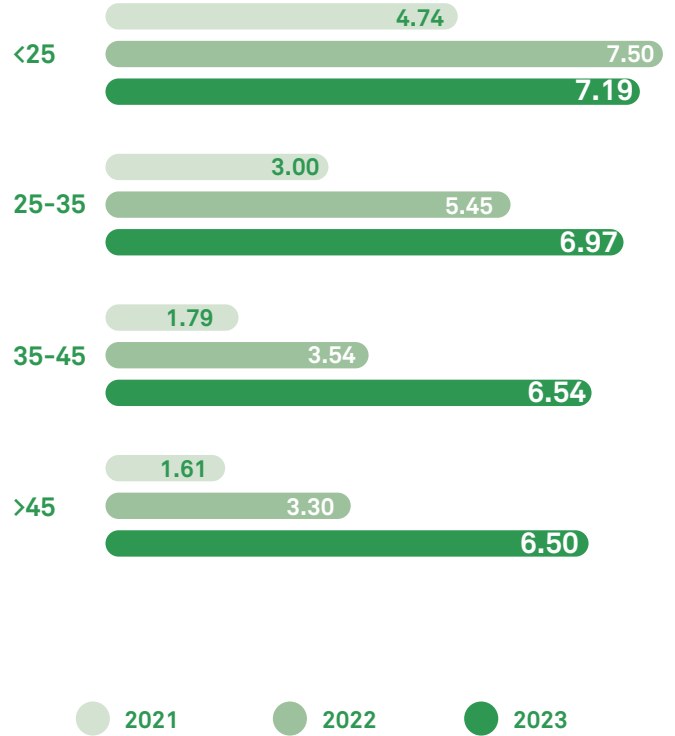


<sup>1</sup> Turnover rate = Number of employees leaving/number of employees leaving + total number of employees

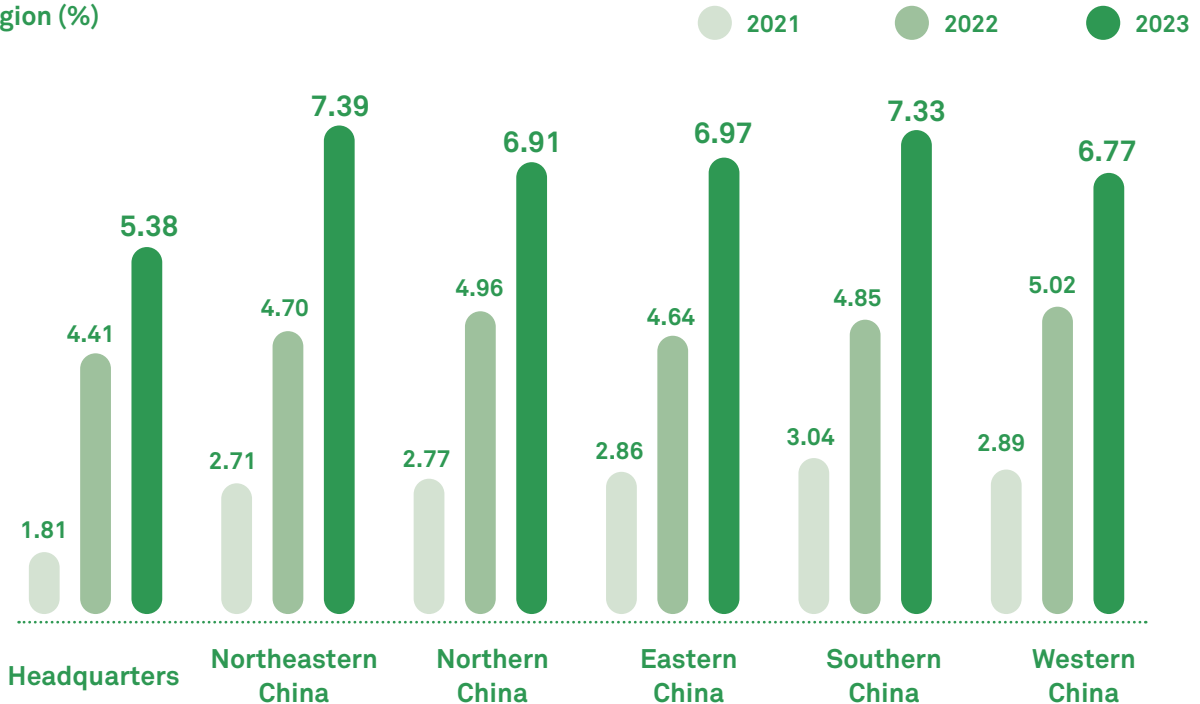
## By gender (%)



## By age (%)



## By region (%)



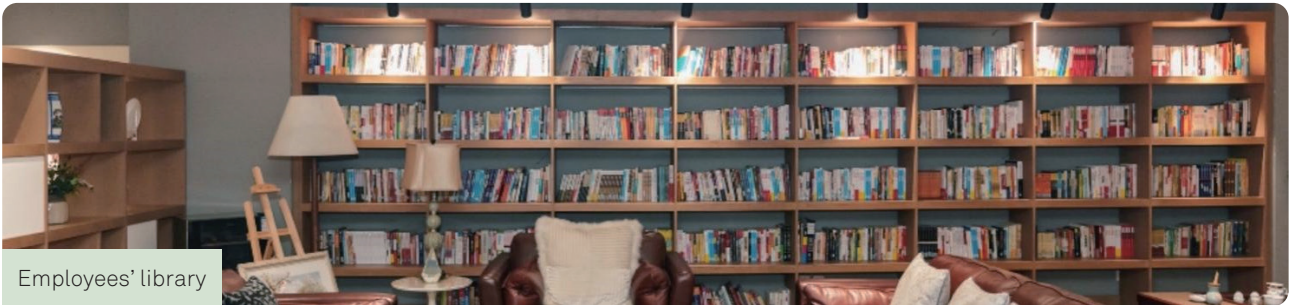


# PROMOTING TALENT TRAINING AND FACILITATING THE DEVELOPMENT OF EMPLOYEES

## STAFF WELFARE AND CARE

### Welfare system of the Group

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



Employees' library

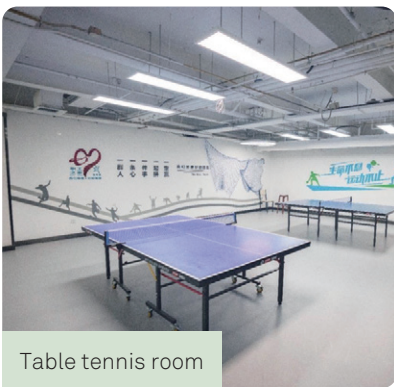


Table tennis room



Gym room



Nursery room



## PROMOTING TALENT TRAINING AND FACILITATING THE DEVELOPMENT OF EMPLOYEES

### Work and Life Balance

To enrich employees' daily life and realise the cultural ideology of "Better home and lifestyle through GOME", the Group has promoted its corporate culture and values through organising various activities that celebrate and commemorate traditional/ethnic festivals embodying similar values. Employees will receive gifts and benefits specially prepared by the Group on their birthdays and on traditional festivals. The Group published soft promotional articles on WeChat public accounts during the New Year Day, Spring Festival, Dragon Boat Festival and Mid-Autumn Festival in 2023. Combining the Company's strategic direction, festival atmosphere and employee status, the Group made themed promotions to encourage all employees to enjoy these pleasure moments together and create a better new journey.

### Support for employees – GOME Love Mutual Fund

GOME Love Mutual Fund, short for Employee Love Mutual Aid Fund of GOME Retail Holdings Limited, was initiated and established by GOME Retail. It is an internal love fund for mutual aid among employees who voluntarily participate, and it is an important platform for implementing GOME's core value of "dedication and gratitude". Employees can join voluntarily. If an employee or their relatives encounter an accident, such as illness, economic setbacks or a traffic accident, they can receive a certain proportion of the donated funds from GOME Love Mutual Fund to alleviate economic pressure or supplement education assistance for underage children. The GOME Love Mutual Fund gathers the strength of the GOME family, reflecting the love and responsibility of GOME employees to help others, help themselves, care for colleagues, and show compassion to fellow citizens. It is also an important and beneficial supplement to GOME's corporate welfare. In 2023, the expenditures of GOME Love Mutual Fund amounted to RMB75,000 and benefited 14 employees.

#### [Case] GOME Love Mutual Fund provided a grant of RMB20,000 to a critically ill employee

In June 2023, an employee with surname Lei of Zunyi branch in Guizhou, was hospitalised due to illness. After two months of continuous treatment, the condition continued to worsen and was complicated by multiple serious diseases such as pancreatitis, respiratory distress syndrome and acute renal failure. With the medical expenses exceeded RMB400,000. After learning about the situation, GOME immediately launched a charity fund and provided Lei with a grant of RMB20,000 to help get through the difficulties.



# 04

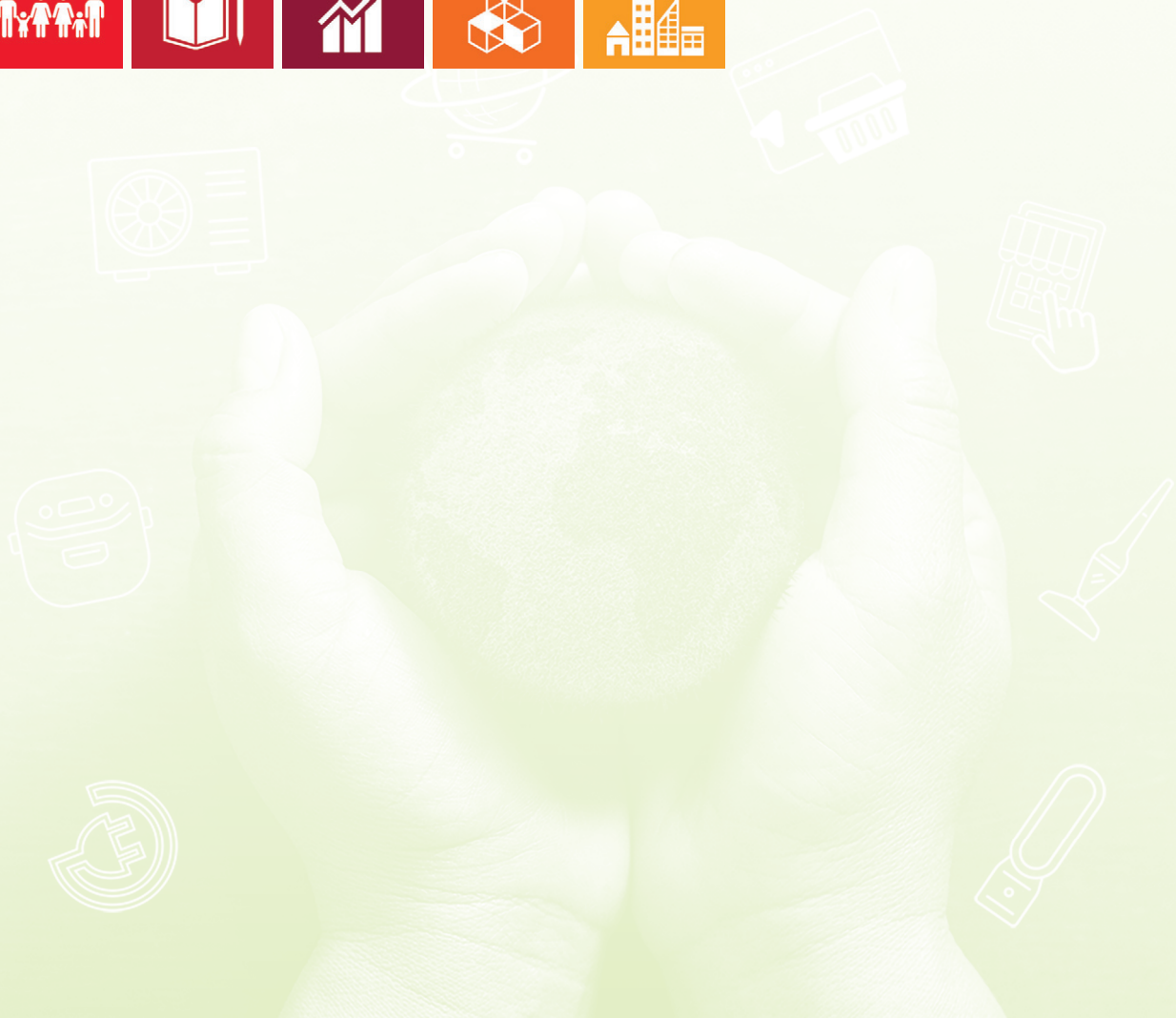
## Protecting Customers' Rights to Create Better Lifestyle

Focusing on the retail and home services industries, GOME implemented strategic focus and business transformation and upgrading in response to the external market downturn and internal debt crisis in 2023.

### OUR PROGRESS

- 6 self-constructed logistic bases
- In 2023, general customer complaint rate of GOME was 0.05%; and customer satisfactory rate was 98.2%

### SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS OF THE UNITED NATIONS



# PROTECTING CUSTOMERS' RIGHTS TO CREATE BETTER LIFESTYLE

## RESPONSIBLE SUPPLY CHAIN

### Enhancing the Logistic System

Logistic base is an important infrastructure of warehousing and distribution. As of December 2023, GOME had 6 self-constructed logistic bases in five cities in China; 6 operating logistic bases (located in Shenyang, Xi'an, Tianjin, Qingpu in Shanghai, Jiading in Shanghai and Nanjing, respectively) with a total warehouse area of approximately 451,000 sq.m., office area of approximately 93,000 sq.m.; and two logistic bases that are under construction (located in Chengdu and Changsha, respectively).

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

platform and big data/cloud warehousing platform. This will also improve our turnover efficiency and intelligence level which achieves intelligence logistic that provides in-depth services and experience for our end customers.

GOME sets speedy delivery, full coverage and installation with delivery as its service standard and promptly response to users by monitoring the logistic delivery time and effectiveness. GOME also solves customer inquiries on its products, services and after sales issues via real person audio of video shopping guides and interaction through video, which truly satisfied full-process service experience of its users.

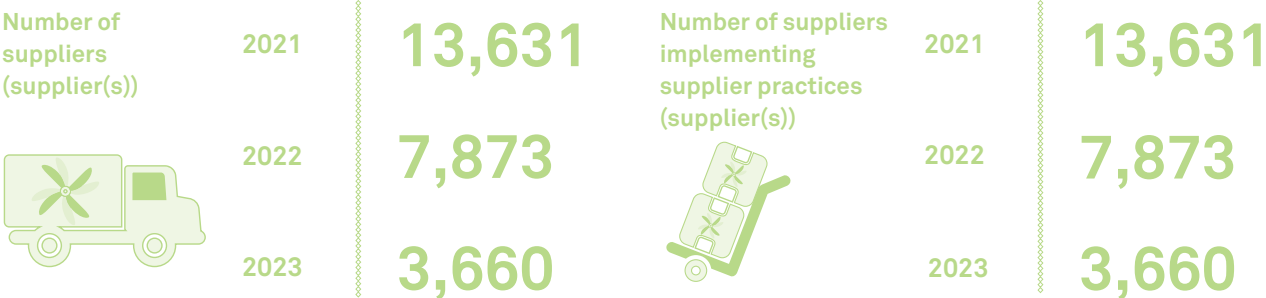


# PROTECTING CUSTOMERS' RIGHTS TO CREATE BETTER LIFESTYLE

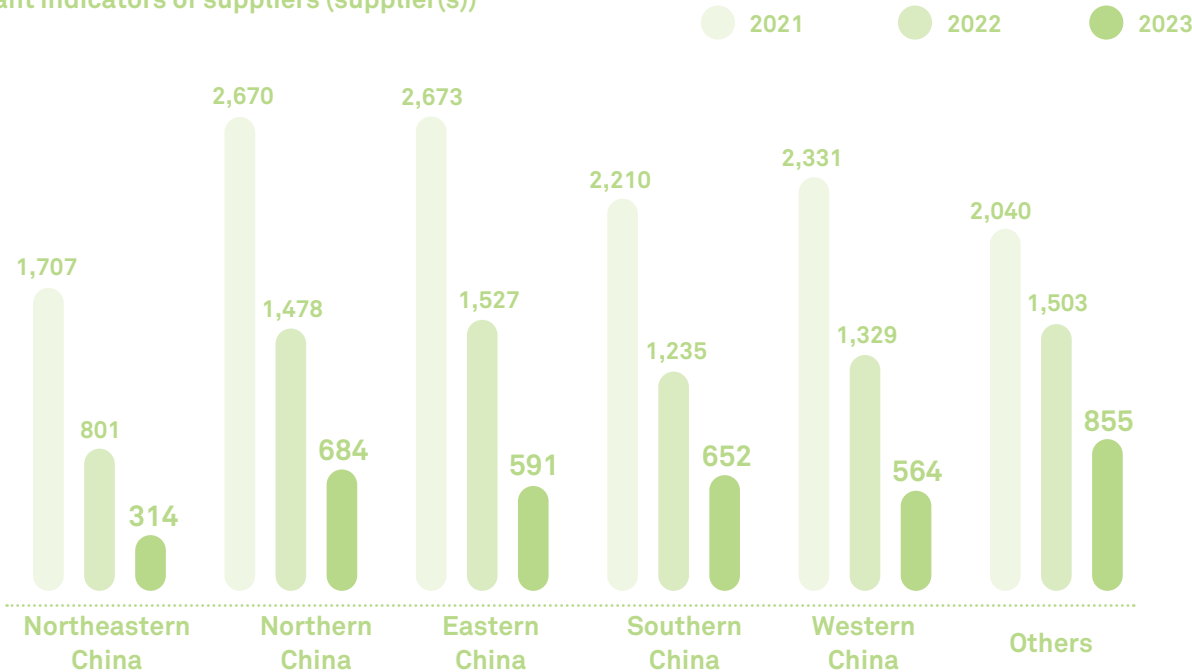
## All Round Management of Suppliers

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

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



## Relevant indicators of suppliers (supplier(s))



# PROTECTING CUSTOMERS' RIGHTS TO CREATE BETTER LIFESTYLE

## Enabling Franchisers with Diversity

In 2023, the Group further optimised the expansion of its stores by providing franchisers resources support including showcases, salespersons and materials through trainings, furnishings of stores and promotional events.

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

## Deep Connection with Service Providers

In early 2021, GOME House Manager has again regulated the introduction system of its service providers, which consolidate the transformation of GOME from “electric appliance service provider” to “family service provider”. From the second half of 2021 to throughout 2023, GOME House Manager developed service alert function for PC and mobile devices which enables service providers to contact their users immediately upon the receipt of orders, monitor service status efficiently, identify service time and location, and improve the efficiency of order placement.

In 2023, GOME House Manager organised service provider trainings, surveys, random inspection based on the implementation progress of service providers until fully integrated such service providers. Moreover, it has established an assessment system for its service providers by streamlining the full process of services and survey. The monitoring and control of service indicators and its transparency have realised information sharing

between the headquarters, branches and service providers, which enabled elimination through quality contest between its service providers.

## ENSURING SERVICE QUALITY

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

## Optimisation of Internal Mechanism

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

## Strict Control of Product Resources

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



## PROTECTING CUSTOMERS' RIGHTS TO CREATE BETTER LIFESTYLE

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

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

### Upgraded Marketing Experiences

GOME has been adhering to the national policies, adopting industry standards as its benchmark, and upholding its customer orientated principle for the performance of marketing activities. In 2023, GOME further refined its store management in respect of operating capabilities, human resources effectiveness, non-compliance/omission control and management as well as video shopping guide, which optimised store management efficiency and user marketing experience.

In addition, GOME has been adhering to its good reputation of "low price". By prudentially selecting quality products and providing quality services and

adopting new entertaining marketing approaches with "FUN" APP, GOME has provided its users with satisfying marketing experience with low price. GOME further implemented its "Home • Living" strategy as the core and integrated full-scenario marketing approaches covering online and offline platforms. GOME organised various promotion events and IP marketing events, such as "New Year Shopping Festival", "Black Friday", "1 May, 18 June, 1 October, 11 November and 12 December Shopping Festivals".

### Exploring markets in lower tier cities

In 2023, as a part of its core strategic plan, the Group sought for changes in its operation model. Leveraging on the advantages of its offline platform, GOME has upgraded its stores in respect of business, product offerings and scenarios, so as to transform its business model into a solution and scenario experience model, thereby creating flagship stores with new and unique characteristics. In particular, the new store at Xibahe of Beijing has undergone more than a year of development and operation, gaining acclaims from consumers and the community.

In addition, the Group put great efforts in establishing and developing its community and promoted "One Store One Webpage" for all of its stores across the country. The digitalisation of stores and online transformation and upgrading of stores have been gradually completed and expand its business coverage to all online and offline O2O scenarios. Besides, GOME has promoted trade-in offers in its new retail stores. The new retail stores may elect to participate in the trade-in offer promotion and door to door cleaning services, so as to expand the local daily life service market. As of the end of 2023, the Group had a total of 1,073 offline stores, including 11 city display stores, 24 flagship stores, 1 boutique store and 1,037 new retail stores.

# PROTECTING CUSTOMERS' RIGHTS TO CREATE BETTER LIFESTYLE

## Effective communication channels

Focusing on customer demands, GOME works to build up a smart and scenario-based customer service system with multiple access points including the 400 hotlines, online customer service, Weibo, WeChat and physical stores to serve our customers and thus creating a “Three-dimensional, smart and open” customer service ecosystem. Xi'an Customer Satisfaction Service Center has nearly 300 employees. It handles over 20,000 requests of customers per day and its overall customer satisfaction rate is over 98.2%.

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

In 2023, the overall complaint ratio of GOME was 0.05%. Our customer satisfaction ratio reached 98.2%.

Indicators of product responsibilities	Unit	2021	2022	2023
Percentage of total products sold or shipped subject to recalls for safety and health reasons	%	0	0	0
Number of products and service related complaints received	case(s)	22,969	11,690	7,168

## USER PRIVACY SECURITY

In accordance with Personal Information Protection Law (《個人資訊保護法》), Information Security Law (《資料安全法》) and Cybersecurity Law (《網絡安全法》) promulgated and implemented by the government of China, GOME formulated policies and a monitoring framework in relation to privacy protection in its online business. In 2023, GOME revised the Measures on Software Security Design and Development (《國美軟體安全設計及開發規範》), which refines the requirements regarding the software security design and coding and specifies the requirements on design in respect of privacy compliance. In addition, GOME further refined the Administrative Measures on Retail Data Security (《國美零售數據安全管理規範》), Assessment Guidelines on Personal Information Security Impact on Online Business (《國美線上業務個人信息安全影響評估指南》), Sensitive Data Classification and Grading Sample Table (《敏感性資料分類分級樣表》) and Checklist for Privacy Compliance Feature Design (《隱私合規功能設計需求表》), so as to supplement the classification and grading methods of sensitive personal data and promote implementation into its business lines.



## PROTECTING CUSTOMERS' RIGHTS TO CREATE BETTER LIFESTYLE

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

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

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

# 05

## Responding to Climate Change and Persisting on Green Development

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

### OUR ACHIEVEMENTS

- In terms of greenhouse gas emissions, the total carbon dioxide emission was approximately 30,400 tons in 2023, reducing by over 80% as compared with the corresponding period last year
- In terms of use of energy, the total power consumption was approximately 95,841,000 kWh in 2023, reducing by over 70% as compared with the corresponding period last year
- In terms of use of water, the total water consumption was approximately 541,000 cubic metres in 2023, reducing by over 70% as compared with the corresponding period last year

### SUPPORTING THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS







## RESPONDING TO CLIMATE CHANGE AND PERSISTING ON GREEN DEVELOPMENT

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

### GREEN OFFICE

GOME has set a long-term green operation and development plan and a green office management plan. Through paperless office and online meetings to reduce travel, the Group has implemented green operations to achieve low-carbon emission reduction and green development. In the course of ordinary operation, the Group has continued to implement the nationwide "e-signature" project. Labour contracts or employment agreements were changed to electronic version instead of paper version, so as to promote the progress of paperless office. Office paper must be used on both sides before being discarded (except in special circumstances), and dedicated staff is responsible for the distribution and use of paper and office supplies to reduce waste. In addition, we actively promote efficient management of cloud resources and reduce costs and increase efficiency to further achieve the goal of carbon neutrality.

### LOW-CARBON (WATER AND ENERGY SAVING)

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

irregular inspection. Rooftop day-lighting bands are used in all self-built and leased warehouses. During the daytime, the use of lightings is reduced. In addition, all lightings in warehouses are replaced with safe and environmentally friendly energy-saving lightings. In 2023, the total water and power consumption of GOME decreased by over 70% as compared with the corresponding period last year.

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

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

For medium and bulky commodities, GOME arranged re-useable environmental-friendly plastic boxes for the transport and delivery of commodities to stores.

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

# RESPONDING TO CLIMATE CHANGE AND PERSISTING ON GREEN DEVELOPMENT

## GREEN SERVICES

Environmental protection and energy conservation are critical to peak carbon dioxide emissions and carbon neutrality. In response to the national green and low-carbon development requirements and to fully utilise the functions of the platform, GOME carries out online and offline promotion initiatives and sets up green stores. In addition, GOME uses live voice and video interactive shopping guides to serve its consumers. Through various intensive means, the overall use of resources such as water and electricity has been reduced, and environmental pollutions such as exhaust gas and noise caused by personnel travel have also been mitigated, allowing us to provide customers with better shopping experience.

GOME has expanded its used product collection business under “GOME House Manager” for a long term. GOME House Manager has implemented the concept of “exchange old for new” for home appliances for several consecutive years. It promotes the exchange of old home appliances for new ones through activities such as “anniversary”, “shopping festival” and “exchange old for new” campaigns. Moreover, RMB100 discount for purchase amount of over RMB1,000 was offered to stimulate consumer demand for green appliances, which effectively promote high efficiency and reduce consumption. By continuously stimulating

consumer demand for green electrical appliances, energy conservation and emission reduction have been effectively promoted.

## FACILITATING GREEN DEVELOPMENT

Climate change is a huge global challenge. With an important role in economic development, retail e-commerce enterprises shall continuously explore low-carbon sustainable business models in response to China’s climate goal to peak carbon dioxide emissions and achieve carbon neutrality. GOME continued to promote “energy conservation and emission reduction” and “green consumption” in cooperation with other brands to improve the sales of 1st and 2nd Grade energy efficiency commodities. GOME stores also continued to launch “green home appliances” experience activities. In-store experience and trial were arranged to stimulate consumer demand for green home appliances, creating a “green store” consumption scenario.

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



## RESPONDING TO CLIMATE CHANGE AND PERSISTING ON GREEN DEVELOPMENT

Emission indicator	Unit	2021	2022	2023
Greenhouse gas emissions	tCO <sub>2</sub> e	366,000	197,000	<b>30,400</b>
Scope 1: Direct greenhouse gas emissions	tCO <sub>2</sub> e	61,000	15,000	<b>400</b>
Scope 2: Indirect greenhouse gas emissions	tCO <sub>2</sub> e	305,000	182,000	<b>30,000</b>
Scope 1: Direct greenhouse gas emission intensity	tCO <sub>2</sub> e/million of turnover	1.31	0.86	<b>0.62</b>
Scope 2: Indirect greenhouse gas emission intensity	tCO <sub>2</sub> e/million of turnover	6.56	10.4	<b>46.38</b>
Total hazardous wastes	kilogram	1	0.5	<b>0.4</b>
Total non-hazardous wastes	ton	8.58	7.8	<b>7.1</b>
Hazardous waste intensity	gram/million of turnover	0.02	0.03	<b>0.62</b>
Non-hazardous waste intensity	gram/million of turnover	184.54	447.13	<b>10,975.42</b>
Hazardous waste target <sup>1</sup>	kilogram	0.5	0.5	<b>0.4</b>
Non-hazardous waste target <sup>2</sup>	ton	8.1	7.8	<b>6.5</b>
Nitrogen oxides (NOx)	kilogram	1,602.7	1,238.39	<b>4.36</b>
Sulfur oxides (SOx)	kilogram	342.56	81.47	<b>0.002</b>
Particulate matter (PM)	kilogram	142.98	108.56	<b>0.41</b>

Use of resources indicator <sup>3</sup>	Unit	2021	2022	2023
Total power consumption	kWh	484,129,000	372,337,000	<b>95,841,000</b>
Power consumption intensity	kWh/million of turnover	10,415.01	21,344.12	<b>148,154.27</b>
Gasoline consumption	litre	23,304,000	5,542,000	<b>170,000</b>
Gasoline consumption intensity	litre/million of turnover	501.33	317.69	<b>262.79</b>
Total water consumption	cubic metre	2,730,000	2,100,000	<b>541,000</b>
Water consumption intensity	cubic metre/million of turnover	58.74	120.38	<b>834.75</b>

<sup>1</sup> GOME targets to reduce the hazardous waste of its headquarter to 0.4 kg by 2024.

<sup>2</sup> GOME targets to reduce the non-hazardous waste of its headquarter to 6.5 tons by 2024.

<sup>3</sup> The principal business of the Group is retailing, not manufacturing of products. Therefore, the Group is not involved in the use of packaging materials of related finished goods.

# STATEMENT OF THE BOARD

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

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

GOME pays close attention to the following issues:

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

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

# ESG REPORTING GUIDELINES INDEX OF THE HONG KONG STOCK EXCHANGE

	Description	Where to Find
<b>Aspect A1: Emissions</b>		
General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Section 5
KPI A1.1	The type of emissions and respective emissions data.	Section 5
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Section 5
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Section 5
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Section 5
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Section 5
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Section 5
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Section 5
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Section 5
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Section 5
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Section 5
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Section 5
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Section 5
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Section 5
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Section 5
<b>Aspect A4: Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Section 5
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Section 5

# ESG REPORTING GUIDELINES INDEX OF THE HONG KONG STOCK EXCHANGE

	Description	Where to Find
<b>Aspect B1: Employment</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Section 3
KPI B1.1	Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	Section 3
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Section 3
<b>Aspect B2: Health and Safety</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to providing a safe working environment and protecting employees from occupational hazards.	Section 3
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Section 3
KPI B2.2	Lost days due to work injury.	Section 3
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Section 3
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Section 3
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Section 3
KPI B3.2	The average training hours completed per employee by gender and employee category.	Section 3
<b>Aspect B4: Labor Standards</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to preventing child and forced labor.	Section 3
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Section 3
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Section 3

# ESG REPORTING GUIDELINES INDEX OF THE HONG KONG STOCK EXCHANGE

	Description	Where to Find
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Section 4
KPI B5.1	Number of suppliers by geographical region	Section 4
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Section 4
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Section 4
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Section 4
<b>Aspect B6: Product Responsibility</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Section 4
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Section 4
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Section 4
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Section 4
KPI B6.4	Description of quality assurance process and recall procedures.	Section 4
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Section 4
<b>Aspect B7: Anticorruption</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to bribery, extortion, fraud and money laundering.	Section 2
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Section 2
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Section 2
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Section 2
<b>Aspect B8: Community Investment</b>		
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.	Section 5
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Section 5
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Section 5

# FEEDBACK FROM READERS



Dear Readers,

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

Your comments: (Please tick the appropriate columns)

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

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

Name:

Telephone No.:

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You can contract us through the following means:

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Thank you for your concern.