



# Fulu Holdings Limited 福祿控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2101

## 2022 Environmental, Social and Governance Report





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# 1 Report Description

## 1.1 ABOUT THE REPORT

Fulu Holdings Limited (the “**Company**”) and its subsidiaries (collectively known as the “**Group**” or “**we**”) publish this Environmental, Social and Governance (“**ESG**”) report (the “**ESG Report**” or “**this Report**”) with aim to communicate with stakeholders on the ESG concept, work, measures and performance of the Group and respond to their needs.

## 1.2 REPORTING STANDARD

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**Guidelines**”) set out in Appendix 27 of the Main Board Listing Rules issued by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). This Report was prepared on the basis of the four reporting principles of materiality, quantitative, balance and consistency, and is in compliance with the “comply or explain” provision of the Guidelines.

“Materiality”: The Group communicates with stakeholders through a variety of channels, conducts materiality assessments and identifies issues of materiality to the Group’s ESG based on it and responded through the ESG report.

“Quantitative”: This Report contains all the key performance indicators (KPIs) required by the Guidelines and we have disclosed the statistical standards, methodologies, assumptions, and/or calculation tools, as well as the sources of conversion factors in this report.

“Balance”: This Report follows the principle of balance and presents a fair view of the Group’s current ESG position, avoiding inappropriately influence a decision or judgment by the report reader.

“Consistency”: This Report uses the consistent statistical and KPI disclosure methodology as previous years. Any changes to the statistical methodology or KPIs, or any other relevant factors affecting meaningful comparisons, will be clearly stated in the ESG Report.

Readers may refer to Appendix II: Index to the Stock Exchange’s Environmental, Social and Governance Reporting Guide for a quick reference. This Report should be read in conjunction with the “Corporate Governance Report” section in 2022 annual report for a full understanding of the Group’s ESG performance.

## 1 Report Description

### 1.3 SCOPE OF THE REPORT

Unless otherwise stated, this Report focuses on the performance of the Group's core business for the period from 1 January 2022 to 31 December 2022 (the "Year"). The environmental KPIs cover the Wuhan head office and Beijing office. Considering that the Group officially launched the digital brand of corporate welfare – Fuxi in this Year, the environmental scope covers newly added Beijing office this Year.

### 1.4 REPORTING LANGUAGE AND ACCESS TO THE REPORT

This Report has traditional Chinese and English versions. In the event of inconsistency, the traditional Chinese version shall prevail. Electronic version of this Report is published on the websites of the Company and the Stock Exchange, readers could view or download the Report on the Company's website (<http://www.fulu.com/>) or the Stock Exchange's website (<https://www.hkexnews.hk/>).

If you wish to receive the printed version of this Report, you may send your request in writing to the headquarters of the Company at 2nd Floor, Building B2, Optics Valley Financial Port, No. 77 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, the PRC to the attention of the Joint Company Secretaries.

### 1.5 APPROVAL AND CONFIRMATION

The Board of Directors of the Company (the "Board") accepts full responsibility for the contents reported in this Report and has approved and confirmed the contents of this Report.

### 1.6 FEEDBACK MECHANISM

We value your comments and suggestions on this Report and please feel free to contact us by email ([IR@fulu.com](mailto:IR@fulu.com)).

## 2 About the Group

The Group was established in 2009 and is a leading third-party digital goods and services platform operator in the PRC. We are committed to providing the most comprehensive and high-quality digital goods and services. In order to effectively connect with digital goods vendors, sales channels and consumers, the Group has established a Software as a Service (SaaS)<sup>1</sup> technology platform, Fulu Open Platform (福祿開放平台), which is a software deployment model under which cloud providers licence software applications to users as a service. We provide platform participants with a “one-stop” service. This innovative “Aggregation + Service” operation model has won the favor of thousands of partners. The Group’s platform connects digital goods vendors with digital goods sales channels and provides them with “business to business” (B2B) digital goods-related services and value-added services, including (i) facilitating digital goods transactions between digital goods vendors and digital goods sales channels; and (ii) providing digital goods-related services, physical goods-related services and value-added services in a wide variety of industries (including corporate welfare, leisure and entertainment, games, telecommunications and lifestyle services-related industries), such as operating online stores for digital goods vendors. We also facilitate the sale of various types of digital goods, such as membership cards, in-app or in-game virtual currencies, virtual cards, e-vouchers, membership benefits, in-game consumables or functions and data usage packages, to help them achieve their commercial objectives, such as traffic acquisition and monetisation.

The Group has always adhered to the values of “Unity, Simplicity, Responsibility, Progressiveness, Deep Learning, and Innovation”. It pays attention to team goals, cooperates with integrity, provides professional and efficient services, and encourages personal development to become a dedicated and responsible professional. We also persevere in continuously breaking through the bottleneck, striving for perfection, and constantly creating value for customers. In addition, we provide a comfortable office environment and hold a variety of employee activities to attract and cultivate talents to achieve the corporate mission of “Committed to providing rich and interesting digital commerce”.

<sup>1</sup> Software as a Service (SaaS) is a software deployment model under which cloud providers licence software applications to users as a service.

## 3 Sustainable Development

### 3.1 BOARD STATEMENT

In order to enhance the corporate investment value of the Group, we have established sound ESG policies and measures to provide long-term returns for its stakeholders. In order to ensure an effective risk management and internal control system, the Board is responsible for monitoring and reviewing the compliance of ESG-related matters with laws and regulations. It is also responsible for the annual review of ESG-related information, and review of the progress in ESG work, the content and quality of ESG reports. Meanwhile, the Board supervises relevant departments to improve ESG-related policies and measures, pays close attention to relevant matters that have a potential impact on business operations, so as to adjust operating policies in a timely manner and jointly achieve the goals of compliant operation and performance of social responsibilities. Meanwhile, we strive to build a communication platform between the Group and major stakeholders, and regularly review the issues that are of concern to major stakeholders, so as to ensure information circulation.

In terms of materiality assessment, the Group engaged a third-party consulting firm to assist in identifying ESG matters and to provide advice on the Group's ESG performance and assist in materiality assessment. With reference to major ESG issues in the industry and ESG issues of peer companies, in materiality assessment, the opinions of stakeholders on ESG issues were analyzed and considered, and the attention to ESG issues was rated and prioritized to identify material issues. The Board reviewed the evaluation results and finally confirmed the material ESG issues of the Group.

In order to effectively promote the effective implementation of the Group's ESG governance, we have established an ESG governance framework. The Board is fully responsible for the ESG governance and sustainable development of the Group. It is responsible for approving material issues of the Group, monitoring ESG performance, regularly evaluating ESG-related risks and opportunities, overseeing the coordination and management of ESG matters, and authorizing the ESG working group to manage ESG-related matters. The Board will also review ESG issues at regular meetings, hear ESG-related reports from the ESG working groups, review ESG objectives, and monitor the coordination and management of ESG matters. In addition, the Group set relevant ESG objectives in the previous year. We reviewed the progress towards the objectives in the Year to improve the sustainable development work.

### 3.2 STRUCTURE OF ESG GOVERNANCE

We are committed to optimizing our ESG governance, integrating social responsibility and ESG philosophies into corporate strategies and implementing them. We have a sound ESG governance structure, covering all levels in the Group from top to bottom, including the decision-making level, the organizational level and the implementation level. The Board is our highest decision-making body and authorizes the ESG working group at the organizational level led by senior management to manage ESG-related work and report ESG-related matters to the Board on a regular basis. Representatives of departments who make up the implementation level are responsible for implementing ESG-related management work and the work assigned by the ESG working group. The ESG governance structure of the Group and the roles and specific responsibilities at each level body within the governance structure are as follows:



Role	Scope of responsibilities
The Board	<ul style="list-style-type: none"> <li>Resolve and approve the Group's ESG management approach, strategies, objectives and annual work</li> <li>Identify potential risks in business development plan</li> <li>Regularly review and monitor ESG performance and progress towards goals</li> </ul>
ESG Working Group	<ul style="list-style-type: none"> <li>Identify, evaluate, review and manage significant ESG issues</li> <li>Coordinate and promote the implementation of ESG policies in various departments and monitor the ESG related work of various functional departments, etc.</li> <li>Collect, understand and respond to stakeholders' views on significant ESG issues through appropriate channels</li> </ul>
Representatives of all Departments	<ul style="list-style-type: none"> <li>Abide by all ESG-related policies</li> <li>Organise and execute all ESG-related activities in accordance with the Group's ESG management approach, strategies, annual work and objectives</li> <li>Collect and regularly report ESG internal policies, systems and ESG-related information to the ESG Working Group</li> </ul>

## 3 Sustainable Development

### 3.3 STAKEHOLDER ENGAGEMENT

The Group believes that the participation and continuous support of stakeholders are essential to the long-term development of enterprises. The Group maintains close communication with external and internal stakeholders, including the government and regulators, shareholders, partners, customers, environmental groups, peer companies, employees and communities, the public, suppliers and the media, with a view to improving its sustainable development strategy and achieve various sustainable development goals. Therefore, through diversified methods, we carry out communication regularly and from time to time, so that stakeholders from different sectors can express their opinions and make suggestions. We respond to the expectations and concerns of stakeholders through different channels. This improves our ESG performance and future development strategies.

Stakeholder	Requirement and Expectation	Communication and Response
Governments and Regulators	<ul style="list-style-type: none"> <li>Compliance with national policies, laws and regulations</li> <li>Support for local economic growth</li> <li>Drive local employment</li> <li>Safe operation</li> </ul>	<ul style="list-style-type: none"> <li>Regular reporting</li> <li>Regular communication with regulators</li> <li>Examinations and inspections</li> <li>On site inspection</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>Returns</li> <li>Compliant operations</li> <li>Rise in company value</li> <li>Transparent information and efficient communication</li> </ul>	<ul style="list-style-type: none"> <li>Annual general meetings</li> <li>Company announcement</li> <li>Corporate communication, emails, telephone communication and company website</li> <li>Senior management meeting</li> <li>On-the-spot investigation</li> </ul>
Partners	<ul style="list-style-type: none"> <li>Operations with integrity</li> <li>Fair competition</li> <li>Performance of contracts by law</li> <li>Mutual benefits and win-win results</li> </ul>	<ul style="list-style-type: none"> <li>Reviews and appraisal meetings</li> <li>Business communication</li> <li>Exchange and discussion</li> <li>Engagement and cooperation</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Outstanding products and services</li> <li>Performance of contracts by law</li> <li>Operations with integrity</li> </ul>	<ul style="list-style-type: none"> <li>Customer service centre and hotline</li> <li>Customer opinion survey</li> <li>Social media platform</li> <li>Service complaint and return visit</li> </ul>
Environmental Groups	<ul style="list-style-type: none"> <li>Compliance with national policies, laws and regulation</li> <li>Ecological protection</li> </ul>	<ul style="list-style-type: none"> <li>ESG information submission</li> <li>ESG working group</li> </ul>



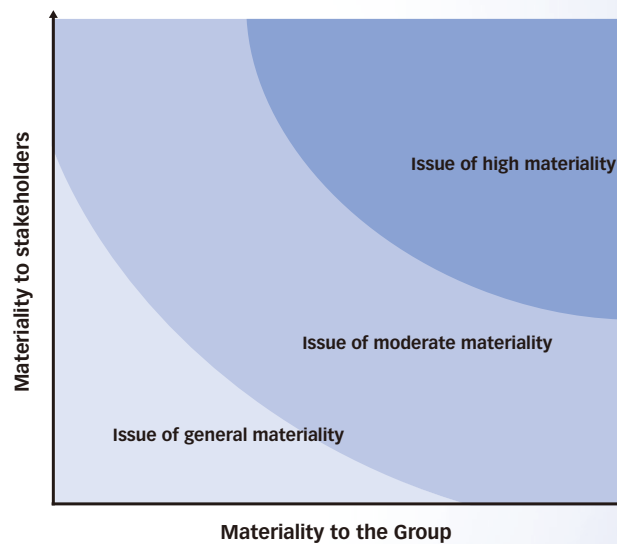
Stakeholder	Requirement and Expectation	Communication and Response
Industry Peers	<ul style="list-style-type: none"> <li>• Operations with integrity</li> <li>• Fair competition</li> <li>• Performance of contracts by law</li> <li>• Mutual benefits and win-win results</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic cooperation projects</li> <li>• Field visits and reciprocal visits</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Remunerations and benefits</li> <li>• Career development</li> <li>• Humanity cares</li> <li>• Occupational health</li> </ul>	<ul style="list-style-type: none"> <li>• Employee communication meetings</li> <li>• Company newsletter and intranet</li> <li>• Promotion mechanism</li> <li>• Employee opinion survey</li> <li>• Seminars/workshops/lectures</li> <li>• Staff training</li> <li>• Employee activities</li> </ul>
Community and the Public	<ul style="list-style-type: none"> <li>• Participate in public welfare</li> <li>• Open and transparent information</li> </ul>	<ul style="list-style-type: none"> <li>• Company website</li> <li>• Company announcement</li> <li>• Social media platform</li> <li>• Donation</li> </ul>
Supplier	<ul style="list-style-type: none"> <li>• Operations with integrity</li> <li>• Fair competition</li> <li>• Performance of contracts by law</li> <li>• Mutual benefits and win-win results</li> </ul>	<ul style="list-style-type: none"> <li>• Suppliers' management system</li> <li>• Supplier assessment and evaluation</li> <li>• Face to face communication</li> <li>• On site inspection</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Transparent information and efficient communication</li> <li>• Industry scale</li> <li>• Prospects and Competition</li> <li>• Company benefits and employee benefits</li> <li>• Senior management's reputation and perspectives</li> </ul>	<ul style="list-style-type: none"> <li>• Press release</li> <li>• Press conference</li> <li>• Senior management visit</li> <li>• Media interviews</li> </ul>

### 3 Sustainable Development

#### 3.4 MATERIALITY ASSESSMENT

During the Year, the Group conducted materiality assessments to identify ESG issues that are critical to the Group's business and its stakeholders and to develop ESG management policies more clearly and effectively. The materiality assessment is based on the opinions of internal stakeholders, the analysis of the opinions of third-party professional consultants, the Guide of the Stock Exchange and the materiality map provided by the Sustainability Accounting Standards Board (SASB). We will use the evaluation results as an internal reference and collect the development opinions put forward by stakeholders to the Group, so as to continuously increase the participation of different stakeholders.

After the results of materiality assessments were obtained, we identified 21 material ESG issues, including 8 issues of high materiality, 12 issues of moderate materiality and 1 issue of general materiality, which are also applicable to the Group's business. The Board, the ESG working group and the management confirmed the results of the materiality assessments and made different degrees of key disclosure in this Report according to the materiality of the issues, which will be taken as a material consideration in developing ESG policies and strategies.



Materiality of ESG Issues	Material Issues
<b>High materiality</b>	<ul style="list-style-type: none"> <li>Customer service management</li> <li>Information and privacy security</li> <li>Intellectual property rights protection</li> <li>Anti-corruption</li> <li>Operational compliance</li> <li>Training and education</li> <li>Employment compliance</li> <li>Employment diversity and equal opportunities</li> </ul>
<b>Moderate materiality</b>	<ul style="list-style-type: none"> <li>Supply chain management</li> <li>Product quality</li> <li>Responsible marketing</li> <li>Healthy and safe products</li> <li>Remuneration and benefit</li> <li>Employee interest</li> <li>Occupational safety and health</li> <li>Energy management</li> <li>Water management</li> <li>Waste management</li> <li>Greenhouse gas management</li> <li>Social contribution</li> </ul>
<b>General materiality</b>	<ul style="list-style-type: none"> <li>Response to climate change</li> </ul>

## 4 Adhere to Business Ethics

### 4.1 BUSINESS ETHICS

The Group believes that an effective anti-corruption mechanism is a cornerstone to ensure the sustainable development of the Group. We actively create an honest and trustworthy corporate atmosphere and pay attention to the development of an atmosphere of integrity. The Group strictly complies with anti-corruption-related laws and regulations, including but not limited to the *Anti-Money Laundering Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*. The Group has developed the *Anti-Corruption Business Conduct Code* and the *Accountability Management System for Employees' Violation of Rules and Disciplines* to provide guides and rules for all employees, such as directors, senior management, middle management and other employees, and standardize their business management behaviors, and hold violators liable. The provisions advocate integrity, diligence and fairness as our professional ethics, so as to prevent any misconduct that harms the interests of the Group. Employees are required to comply with the regulations on conflicts of interest and report to the legal department any circumstance that may cause conflicts of interest. They are not allowed to abuse their power or exploit their position to obtain money or personal gain from others, including accepting gifts, money, loans, services or any compensation from business-related units or individuals.

Meanwhile, we encourage employees, third parties and any other individuals to report any violations of provisions through the reporting hotline. Once a report turns out to be true, we will handle it according to internal systems. We ensure that the entire reporting process is kept confidential to protect the whistleblower.

In addition, the management of the Group is required to sign the *Letter of Responsibility for Integrity*, so as to prohibit any form of commercial bribery and corruption and standardize the behavior of both parties, thus achieving honesty and self-discipline. If there is an interest relationship between the management members and a partner in business negotiation, bidding, the signature of contracts and performance of businesses for a partner project, they shall report the interest relationship to the Group in a timely manner to protect the interests of the Group and the partner. The Group maintains all rights to pursue legal responsibility for any breach by any employee.

We regularly organize anti-corruption training for directors and employees. By mail, we regularly provide them with anti-corruption-related materials, including *Commercial Bribery Risks and Liabilities* provided by legal advisers, so that they can learn by themselves and master the latest anti-corruption and integrity information. During the Year, a total of 8 directors and 217 employees participated in the anti-corruption training, with a total number of hours of anti-corruption training reaching 1.5 hours per person. All of the directors participated in anti-corruption training. During the Year, the Group was not involved in or aware of any violation of anti-bribery or anti-corruption-related laws and regulations.

## 4.2 INFORMATION SECURITY PROTECTION

The Group attaches great importance to information security and privacy protection. The Group strictly complies with industry-related laws and regulations, including but not limited to the *Internet Security Law of the People's Republic of China*, the *Regulations of the People's Republic of China on Security Protection of Computer Information Systems*, and the *Regulations on Personal Information Protection of Telecommunications and Internet Users*. The Group has obtained the "ISO/IEC 20000-1:2018" information technology service management system certification and shows its *Legal Statement and Privacy Policy* to customers before they use the Fulu Open Platform. Customers are not allowed to use our related products or services unless they confirm that they fully understand and agree with the policy. In order to ensure the authenticity of customers' identity and better security assurance, we will require customers to provide identity information such as ID card number and business license for real-name authentication. Anyone who fails or refuses to provide the above information is not allowed to use the Group's services including transaction, account management and order management, so as to protect customer information. Meanwhile, we use encryption technologies and trusted protection mechanisms to improve customer information security and prevent malicious attacks on user information. We also implement an access control mechanism to ensure that only authorized persons have access to customer information.

The Group and all employees must always adhere to professional ethics and are not allowed to disclose or use any customer data without the consent of customers. All employees have the obligation to keep business secrets confidential, so as to protect the rights and interests of customers. The Group will hold training courses on security and privacy protection to enhance the employees' awareness of the importance of protecting user information.

In order to ensure the data security of the Group and its customers, the Group has established a sound data management system and IT management norms. The big data department of the research and development center is responsible for the unified maintenance of daily operation data collected by departments and grading them according to importance. If each department needs to query data, it is required to submit a query application, which should describe the purpose and business scenarios for using the data and the number of data to be used, etc.; meanwhile, the access to data is subject to completion of the whole approval procedure by responsible persons at different levels according to the data level. We also remind employees to lock the computer screen as far as possible when leaving their seats, and regularly check computer programs to avoid computer viruses. In addition, we have database development specifications to standardize database naming and coding styles, keep the database running efficiently and stably, and reduce information leakage risks. During the Year, the Group was not involved in or aware of any violation of laws and regulations related to information security and privacy.

## 4 Adhere to Business Ethics

### 4.3 PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

The Group is well aware of the importance of protecting and enforcing intellectual property rights. In order to respect the intellectual property rights of others and protect its intellectual property rights, the Group has established a sound intellectual property rights management system and strictly complied with laws and regulations related to intellectual property rights, including but not limited to the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*. The Group actively registers its intellectual property rights and applied for patents in a timely manner for inventions that meet the conditions for the grant of patents, so as to obtain legal protection. In cooperation between the Group and domestic and foreign organizations or individuals in research or development, we enter into relevant contracts in accordance with the *Civil Code of the People's Republic of China*. The contracts should contain provisions for the protection of intellectual property rights. Upon joining the Company, employees are required to sign a *Confidentiality Agreement* and a *Non-competition Agreement*, undertaking to keep confidential all data of the Group including resources, operations and technological achievements, so as to protect the intellectual property rights of the Group. In addition, the Group has also developed a legal statement and privacy agreement for the Fulu Open Platform. Any content on the Fulu Open Platform shall not be used without the permission of the platform service provider and/or its associate companies. As of 31 December 2022, the Group obtained a total of 141 software copyrights.

## 5 Creation of Quality Service

The Group is committed to providing more convenience for users' daily life and work with digital rights products, and offering comprehensive services according to customers' needs and expectations. The uniqueness of the Group is that no matter how much money our customers have, we can provide the best quality products and all-round services, which depends on our continuous upgrading of business models and technologies. As the Group is a third-party digital goods and services platform operator, we are not required to recall any products for safety or health reasons. We won awards and honors from different well-known customers and institutions during the Year.



The 7th Zhitong Caijing Listed Company Selection — Most Valuable Company in Consumer Sector



Wuhan Software Industry Association — 2022 (4th) Top 100 Competitive Enterprises in Software Industry in Wuhan



TikTok E-Commerce — Brand Service Provider 2022



Wuhan Culture and Tourism Bureau — Excellent Cooperative Merchants



Wuhan Federation of Industry and Commerce — 2022 Wuhan Top 100 Private Enterprises



Ant Group — S1 Outstanding Contribution Award 2022



Ant Group — Q1 New Banking Service Providers 2022



Youku — Outstanding Contribution Partner Award 2022

## 5 Creation of Quality Service

### 5.1 CUSTOMER RELATIONSHIP IMPROVEMENT

“Constantly creating new value for customers” is an important value of the Group. With a good reputation, the Group is committed to providing high-quality services to society and customers. We have made bipartite cooperation agreements for the purchase and sale of products, moving in the mall, agency services for operation, marketing, promotion, and product agency services, in accordance with industry-related laws and regulations, including but not limited to the *E-commerce Law of the People’s Republic of China*, the *Regulations on the Protection of Right of Dissemination on Information Networks*, the *Telecommunication Service Specifications*, and the *Law of the People’s Republic of China on the Protection of Consumers’ Rights and Interests*. The agreements specify particulars of the cooperation, cooperation process, service fees and payment procedures, rights and obligations of both parties, confidentiality, integrity in operation, provisions on intellectual property rights, liabilities for breach of contract, etc., in order to define and protect the rights and interests of both parties. During the Year, the total number of inbound consultation services by the Group exceeded 11.44 million.

We provided all-round services to our customers and listen to their needs. Our transparent pricing of goods and services increased mutual trust and let customers know the services and returns they can get. In addition, the continuous research and development investment consolidated the Group’s position in the third-party digital goods market, further accelerated the launch of the new SaaS applications on the Fulu Open Platform and increased the number of users, and helped provide customers with more convenient and breakthrough services.

We attach great importance to the valuable opinions of our customers. We have developed a sound *Customer Complaint Handling Process* to ensure the legitimate rights and interests of customers. According to the types of customer complaints, we will refer them to different responsible teams for handling, and the customer service team will promptly investigate the root causes of complaints and take remedial and preventive measures for customer complaints. In handling complaints, we also pay attention to the customer experience, and require the customer service team to continuously monitor customers’ emotional changes and the progress in meeting their demand, and adjust and provide appropriate solutions in a timely manner. The quality control team will then evaluate the overall handling processes and efficiency of the orders subject to the complaints and collect customer satisfaction data. Our customers make complaints mainly about their dissatisfaction with products and services provided by us, primarily through external channels. During the Year, the percentage of overall positive feedback ratings for the customer services of the Group reached 97.42%; a total of 2,058 external channels complaints were received, and 100% of the complaint were handled; the complaints were mainly caused by the special nature of the digital rights products that the return and replacement policy does not apply to them.



## 5.2 RESPONSIBLE PROCUREMENT

In strict accordance with the *Civil Code of the People's Republic of China* and other relevant laws and regulations, the Group has developed relevant supplier management systems and management requirements. According to the principles of openness, fairness and impartiality, the Group implements purchase policies and control procedures. In selecting suppliers, we consider many factors, including but not limited to the number of users, market share, reputation, qualification, company strength, delivery ability, product safety, after-sales guarantee, technical ability, price advantage and financial indicators. Only suppliers who pass the review can be included in the new supplier review list. We will sign contracts with suppliers who are engaged. The contracts specify the name, category, specification, model, trademark, place of origin and grade of services and products. We will track and monitor their performance and progress. We will conduct an annual review of suppliers. Suppliers who fail to meet the standards set by the Group or have a record of dishonesty and their associate companies will be listed as prohibited suppliers, so as to ensure satisfactory service quality and optimize the supply chain management.

The suppliers of the Group mainly include digital goods consumption scenario, data storage and server host suppliers who charge us commissions. Although the environmental and social risks involved in the supply chain are relatively low, the Group will not only consider the above factors in selecting and appointing service providers, but also strictly review the environmental, health and safety performance of suppliers, as well as their compliance with product liabilities and anti-corruption rules. We give priority to suppliers with internationally recognized standards or certifications related to environmental and social risk management, and local suppliers or suppliers with close geographical locations or convenient transportation to reduce carbon footprint. In addition, we advocate green purchase, and reasonably control the quantity purchased according to the demand to reduce the risk of unsalable inventory.

During the Year, the Group's 1,617 suppliers were mostly digital goods and physical good suppliers and were all from the Mainland China, and the number of suppliers by geographic areas is as follows:

Geographical areas	Number of suppliers
Eastern China	515
Northern China	374
Central China	317
Southern China	317
Northwestern China	43
Northeastern China	51
<b>Total</b>	<b>1,617</b>

## 6 Develop Together

We have always advocated the combination of people and technology. The Group regards employees' talents as valuable assets, and strives to provide employees with an appropriate platform and working environment, promote their professional development, and safeguard their benefits. We provide equal opportunities and create a harmonious working environment in strict compliance with employment-related laws and regulations, including but not limited to *the Labor Law of the People's Republic of China*, *the Labor Contract Law of the People's Republic of China*, *the Social Security Law of the People's Republic of China* and *the Provisions on Prohibition of Child Labor*, so as to ensure that any quasi-employee and current employee will not be discriminated against or deprived of opportunities on the ground of gender, race, background, religious belief, skin color, age, marital status, family status, retirement, physical condition, pregnancy, political connection, sexual orientation and other factors. We are committed to becoming a responsible employer, implementing good employment practices in the workplace, and advocating ethics and human rights.

As of 31 December 2022, the Group had a total of approximately 988 employees, of which 536 were male and 452 were female. The Group as a whole is full of vitality. The composition of the employees of the Group is as follows:

Employment indicators	2022 Number of employees
<b>By gender</b>	
Male	536
Female	452
<b>By age</b>	
Under aged 30	385
Aged 30–50	600
Over aged 50	3
<b>By geographical region</b>	
Northern China	280
Eastern China	55
Central China	585
Southern China	68
<b>By employment category</b>	
Short-term contract/part-time employees	25
Full-time junior employees	368
Full-time mid-level management	531
Full-time senior management	64

## 6.1 COMPLIANT EMPLOYMENT

In open recruitment, the Group has always adhered to the principles of fair competition and merit-based recruitment. We have developed the *Recruitment Management Measures*, which clearly sets out the division of responsibilities of human resources center groups and related departments. The main channels of employee recruitment are campus recruitment, internal recommendation, personal recommendation (also through open recruitment procedures) and online recruitment platform. Meanwhile, the Group has developed the *Recommendation Reward System*. Qualified referrers (including all regular employees and interns of the Group and outsiders) can recommend candidates for all full-time and internship positions at the Group, so as to encourage the recommendation of talents and recruit them.

During recruitment, the Group pays attention to the educational background, professional skill level, work experience and competence of candidates, regardless of their age, gender, physical and mental health, race, religion and other factors. The Group also prohibits the employment of child labor. During the recruitment process, we check and review the identity documents, relevant certificates and work experience of candidates to verify their ages. If child labor is found, we will immediately remove children from work and conduct an investigation to identify loopholes and implement remedial measures to prevent the recurrence of similar incidents. The Group will sign employment contracts with employees, which specify the working hours, rest time, insurance and benefits of employees, so as to protect the rights and freedoms of employees and prohibit forced labor. We prevent and discourage employees from working overtime. If employees need to work overtime due to workload, we will compensate them in accordance with relevant laws, regulations and internal systems. The Group has also developed the *Resignation Management-Related System*, which sets out the appropriate procedures for resignation, termination of employment relationships and dismissal. If employees tender their resignations, relevant personnel will meet with them to find out the reasons for their resignations. During the Year, the Group was not involved in or aware of any violation of laws and regulations related to employment and labor practices, prevention of child labor and forced labor.

## 6 Develop Together

As of 31 December 2022, the turnover rate of the Group is 21.09%. The employee turnover rate of the Group by different categories is as follows:

Turnover rate indicators (Note 1)	2022 Percentage (%)
<b>By gender</b>	
Male	20.94
Female	21.25
<b>By age</b>	
Under aged 30	2.78
Aged 30–50	29.66
Over aged 50	0.00
<b>By geographical region</b>	
Northern China	9.39
Eastern China	0.00
Central China	28.31
Southern China	5.56

Note:

1. The calculation of turnover rate for this Year is  $\text{Employee turnover rate} = \frac{\text{Total number of departed employees during the Year under the category}}{(\text{Total number of departed employees during the Year under the category} + \text{Number of employees at the end of the Year under the category})} \times 100\%$ . Moreover, the turnover rate does not include employees who leave during the probationary period.

### 6.2 REMUNERATION AND BENEFITS

We provide employees with competitive salary and promotion opportunities, which generally include basic fixed salary, performance bonus and other welfare allowances. The Group conducts annual salary reviews and adjustments according to the annual performance appraisal results and rank evaluation results of employees, and the operating conditions, so as to encourage employees to continuously improve themselves. With regard to promotion, internal transfer and career development, the Group has developed the *Performance Management Measures* of the Group and related position management measures to provide clear views and guidance for employees' career development and improve human resource management. Every year, we comprehensively evaluate employees' competence, attitude, improvement and contribution in the past year, and objectively and comprehensively assess the work performance of each employee. The Group will promote or demote employees according to their performance appraisal results, career development plans and vacancies, and give priority to internal promotion over external employment, so as to provide employees with a broader development path.

## 6 Develop Together

The Group provides all employees with a number of benefits to care for them and encourage them to work. We strictly ensure that the working hours, wages and benefits of all employees meet the standards. According to local regulations in China, the Group also makes contributions to the social insurance funds for its employees, including contributions to basic endowment insurance, employment injury insurance, maternity insurance, basic medical insurance, unemployment insurance and housing provident funds. We make contributions under the employee benefit plan, based on a specified percentage of the total remuneration of employees. The Group determines the working hours of employees in accordance with relevant regulations and adopts a five-day work week arrangement with working hours not exceed 8 hours per day to ensure that employees have sufficient time to rest. Employees are also entitled to statutory holidays, annual leave, funeral leave, marriage leave, maternity leave, paternity leave and breastfeeding leave.

In addition, in order to reflect the humanized management philosophy of the Group, we provide free checkups, marriage and childbirth cash gifts, illness allowances, and birthday and holiday benefits to show our care for our employees. The Group also pays attention to the physical and mental health of employees and the balance between work and life. We hold a number of exciting and rich employee activities through online and offline ways, such as festival celebrations, open day activities, etc. to promote communication among employees. In addition, this Year, we held 618 Excellent Employee Incentive Activities, outdoor team building activities and other activities. We set up various communication channels in the Company, listening to the opinions of employees in a timely manner, and had an open feedback mechanism to encourage the participation of all employees.



618 Excellent Employee Incentive Activities



Double 11 Celebration Activities



Fulu Open Day Activities



Ecological Park Visiting Activities

## 6 Develop Together

### 6.3 TALENT DEVELOPMENT

The Group firmly believes that employees are the key to business development. The Group is committed to nurturing outstanding talents, so as to promote its sustainable development and efficient operation. The Group has implemented the *Employee Training Management System*. The Group carries out internal training in flexible and diversified forms such as apprenticeship and internal communication and introduced external courses in due course to help employees absorb new external knowledge and concepts. We designate suitable mentors for new employees to help them understand their responsibilities, work and goals, and the standard operating procedures of the Group. The training provided by us for new employees includes company profile, attendance and performance management system, code of conduct system and information system operation. We also arrange training according to the needs of employees at different levels and positions, including cadre training and vocational training. Meanwhile, we provide training allowances for employees, encouraging them to participate in symposiums and sharing meetings organized by external organizations, so as to enrich their professional knowledge. After the training, we will conduct a satisfaction survey and make adjustments and improvements according to the feedback from employees. In addition, we provides reward points or cash rewards for internal trainers who have completed course development, participated in course review and gave instruction. The Group conducts internal trainer evaluation. The internal trainer with the highest points in the Year will win the "Chief Lecturer of the Year" award. During the Year, the Group has established and implemented the *Training System Plan 2022*, which covers three levels, namely system level, resource level and operation level, so as to improve our training system. We have also carried out different types of internal training, including TTT training, new employee training programs, benchmark sharing sessions, special training programs, and business training programs.



Newcomer Training Program



Specialized Training Program

During the Year, the training-related data of the Group is as follows:

Training indicators	2022	
	Average training hours per employee (Hour) (Note 2)	Percentage of trained employee (%) (Note 3)
<b>By gender</b>		
Male	15.80	100.00
Female	15.80	100.00
<b>By employment category</b>		
Short-term contact/part-time employees	5.00	100.00
Full-time junior employees	13.50	100.00
Full-time mid-level management	17.80	100.00
Full-time senior management	26.20	100.00

Notes:

- The calculation of average training hours per employee for the this Year is Total training hours of employee under each category/Number of employees under each category.
- The calculation of percentage of trained employees for this Year is Trained employees under each category/Number of employees under each category × 100%.

## 6 Develop Together

### 6.4 SAFE WORKING ENVIRONMENT

As a responsible employer, the Group is committed to providing a safe working environment for current employees, in compliance with laws and regulations in relation to occupational health and safety, including but not limited to the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*. The management of the Group is responsible for establishing and consolidating a clear and effective safety system, reporting accidents, diseases, etc. in the office in a timely manner, and informing employees about safety inspection and other related matters. In case of a work-related injury, we will conduct a comprehensive investigation to find out its causes and punish employees who endanger themselves or others. In the office, we always remind employees to maintain safety awareness. The Group will regularly check electrical safety in the office, such as whether power strips are overloaded or not, and whether sundries are placed around electrical equipment, and make timely improvements. If it is found that electrical equipment in any area is not turned off after work, the Group will impose a corresponding fine to enhance employees' awareness of electrical safety. In order to prevent any accidents, we will also clean up spilled liquids and debris in a timely manner. We prohibit anyone from smoking in the workplace to enhance fire safety awareness. In the past three years (including the Year), the Group was not subject to potential risks of occupational diseases mentioned, and there were no significant health and safety accidents or work-related deaths in the Group. During the Year, the Group has not incurred any loss of working days due to work-related injuries.

In response to COVID-19, the Group resolutely carried out pandemic prevention and the fight against the pandemic, and developed pandemic prevention and control plans and work guides to protect the health of employees. Since December 2019, diseases caused by COVID-19 have seriously affected China (including Wuhan, Hubei Province, where our headquarters is located) and other parts of the world. Because we provided services to platform participants through Internet and stored our data in the cloud before the COVID-19 outbreak, we did not experience any major business interruption or operational difficulties due to the COVID-19 outbreak.

During the epidemic, we took a number of measures to prevent the outbreak, including providing anti-epidemic materials to employees in the office, disseminating anti-epidemic safety control notices to employees to raise their awareness, improving the ventilation system in the office, closely monitoring employees' body temperature, daily movements and health conditions, and replacing business travels with video conferencing whenever possible. In addition, we have set up an emergency response team to handle emergencies, cleaning and sanitation for more effective planning, coordination, and distribution of work on epidemic prevention. We arrange for employees to work remotely online from out of the office via our electronic office system and Fulu open platform.



## 7 Green Operation Practice

The Group attaches great importance to environmental protection and resource conservation, and continuously pays attention to the environmental impact of its business operations. The Group is committed to maintaining the common development of economy, environment and society, and raising awareness of environmental protection and resource conservation in daily operations. The Group's operating facilities are mainly located in China. Therefore, we strictly comply with local environmental laws and regulations, including but not limited to the *Environmental Protection Law of the People's Republic of China*, the *Air Pollution Prevention Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes*. The Group closely monitors the activities that have a potential impact on the environment in the course of business operation, and grasps the impact on the surrounding environment, so as to fulfill the environmental protection responsibility and obligation. During the Year, the Group was not aware of any environmental-related violations. During the Year, the Board and the management reviewed the environmental-related targets set in the previous year. As we had new businesses including corporate benefits in the Year, there was an increase in the intensity of water consumption and waste generation. On the contrary, the energy consumption intensity and greenhouse gas emission intensity remained unchanged basically or decreased slightly as compared with the previous year. Due to the rapid development of the Group's business, it is difficult to predict the change of environmental data, and it takes several years to collect environmental data for setting targets. In 2025, the Group will maintain or gradually reduce the energy consumption intensity, water consumption intensity, greenhouse gas emission intensity and waste generation intensity.

### 7.1 EMISSIONS REDUCTION

The Group has been committed to protecting the environment and reducing emissions and waste in the course of operation by controlling and managing resource consumption. The Group's business is mainly office operation, which does not give rise to exhaust gas emissions related to fuel combustion. The exhaust gas generated by the Group mainly comes from the use of vehicles. In order to reduce exhaust gas emissions and maintain the efficiency of vehicles, the Group regularly checks vehicles, inflates tires in a timely manner to maintain correct tire pressure, and avoids the idling of vehicles.

In the future, we will continue to review the Group's energy-saving measures to achieve our goals. During the Year, the summary of air pollutant emissions from the Wuhan headquarters office and Beijing office is as follows:

Air pollutant emissions (Note 4)	Unit	2022
Nitrogen oxides	kg	3.95
Sulphuric oxides	kg	0.11
Particulates	kg	0.29

Note:

- It is calculated based on Appendix 2 "Reporting Guidance on Environmental KPIs", published by the Stock Exchange.

## 7 Green Operation Practice

The Group's greenhouse gas emissions can be classified into direct emissions (scope 1) and indirect energy emissions (scope 2) from vehicle use and purchased electricity respectively. We encourage employees to use telephone or video conference instead of unnecessary business travel and choose direct flights for unavoidable business travel. We also encourage employees to go to work by public transport and hold company activities near public transport, so as to reduce their carbon footprint and contribute to carbon neutrality. The Group is committed to reducing its carbon footprint by adopting a number of measures for saving electricity, which will be further described in the section headed "RESOURCES CONSERVATION" in this Report, so as to reduce carbon emissions and achieve the goal of carbon neutrality in China.

During the Year, we conducted a greenhouse gas inventory in the Wuhan headquarters office and Beijing office. The summary of greenhouse gas emissions is as follows:

Greenhouse gas emissions (Note 5)	Unit	2022
Total greenhouse gas emissions	tCO <sub>2</sub> e	279.72
Scope 1 — direct emissions	tCO <sub>2</sub> e	20.04
Scope 2 — energy indirect emissions	tCO <sub>2</sub> e	259.68
Intensity of greenhouse gas emissions	tCO <sub>2</sub> e/employee	0.28

Note:

- We only calculated GHG emissions for Scope 1 (direct emissions) and Scope 2 (indirect energy emissions) based on the requirements of KPI A1.2 in Appendix 27 "Environmental, Social and Governance Reporting Guide", published by the Stock Exchange.

### 7.2 WASTE REDUCTION

Non-hazardous wastes of the Group are mainly daily office wastes, including office paper and general waste, which are collected and disposed of by the property management company in the park where the office is located. The Group's hazardous wastes include scrapped computers, which are collected and recycled by computer service providers. By collecting and disposing of waste in an appropriate and legal way, we are committed to reducing the impact of waste on the environment. The Group will continue to improve the existing waste management policies, actively encourage employees to classify waste and reduce unnecessary waste.

Office paper is one of the main sources of waste. Therefore, we encourage employees to use the electronic communication system for disseminating information as far as possible, so as to reduce the use of fax and document copying, thus decreasing the use of paper. We replace the paper-based office administrative system with the electronic office system and encourage employees to print in black and white, copy and print on both sides of paper, and use paper that was printed on one side and waste paper for note-taking. When purchasing paper, we choose printing paper that contains recycled materials and conduct regular paper volume measurements to monitor the use of paper and make timely improvements when necessary. For other items, we make efforts to avoid using disposable and non-recyclable products, use recyclable ink cartridges, and arrange for electronic companies to recycle old computers. We also reuse envelopes, binders, file cards and other stationery, and use replacement refills to reuse pens. Meanwhile, we regularly evaluate material consumption to avoid excessive inventory and waste.

During the Year, the non-hazardous waste and hazardous waste of the Group in the Wuhan headquarters office and Beijing office are as follows:

Waste	Unit	2022
<b>Non-hazardous waste (Note 6)</b>		
Total office and domestic waste generated	metric ton	<b>103.07</b>
Intensity of office and domestic waste generated	metric ton/employee	<b>0.10</b>
<b>Hazardous waste (Note 7)</b>		
Total host generated	Set	<b>73</b>
Total display generated	Set	<b>73</b>
Total all-in-one computers generated	Set	<b>3</b>

Notes:

6. The non-hazardous waste generated by the Group is estimated based on daily operations.
7. The hazardous waste generated by the Group is calculated based on actual weight.

### 7.3 RESOURCES CONSERVATION

The Group is fully aware of the importance of effective use of resources and has been striving to streamline its operations to optimize the utilization of resources, save energy and reduce consumption. We actively promote the importance of environmental protection to employees and enhance their awareness of environmental protection, so as to practice the philosophies of energy saving, waste reduction at source, effective use of resources and green office. Therefore, we have taken different measures for integrating the philosophy of environmental protection into our daily operations, so as to build a comprehensive enterprise that takes into account economy, environment and society aspects.

Resources consumed by the Group are mainly electricity, vehicle fuel and water used in daily office operations. Due to the Group's business nature as a third-party digital goods and services platform operator, we are not involved in the use of any packaging materials.

## 7 Green Operation Practice

### Energy conservation

As the Group is committed to optimizing operational processes to save energy, we promote the use of various electricity-saving facilities in offices. For lamps, we install independently controllable lighting switches in different areas of the office and use lamps with high energy efficiency. For air-conditioning equipment, we choose air-conditioning equipment with an energy efficiency label; clean, check and repair air conditioners regularly to avoid serious leakage of refrigerant and improve energy efficiency. We also raise employees' awareness of energy conservation, and place energy-saving stickers in different areas to remind employees to save and avoid wasting energy, and require them to turn off the lights and power in the corresponding areas after work.



Energy saving signs

During the Year, the energy consumption of the Group's Wuhan headquarters office and Beijing office is as follows:

Energy use	Unit	2022
Total energy consumption	MWh	515.10
Direct energy consumption - vehicle fuel (Note 8)	MWh	68.14
Indirect energy consumption – purchased electricity (Note 9)	MWh	446.96
Intensity of energy consumption	MWh /employee	0.52

Notes:

8. The vehicle fuel consumption data is calculated based on the "Appendix 2: Reporting Guidance on Environmental KPIs" published by the Stock Exchange.
9. Electricity data is based on the actual electricity usage of the Group.

### Water conservation

As water is a precious resource, the Group knows the importance of saving water. Due to the Group's business nature as a third-party digital goods and services platform operator, it will not generate or discharge any industrial wastewater. Water is used by the Group mainly for daily office operations. The domestic sewage generated by the Group will be discharged into the municipal sewage pipe network for treatment. During the Year, the Group did not have any issue in sourcing water and had a stable water supply system. The Group has various water-saving measures to save water, such as placing water-saving stickers in toilets to raise employees' awareness of water saving and conducting leakage tests regularly. If any water leakage is found, the Group will arrange maintenance and inspection in a timely manner.

During the Year, the water consumption of the Group's Wuhan headquarters office and Beijing office is as follows:

Water consumption (Note 10)	Unit	2022
Total water consumption	m <sup>3</sup>	4,499.29
Intensity of water consumption	m <sup>3</sup> /employee	4.55

Note:

10. The water consumption data is based on the actual water consumption of the Group.

## 7.4 CLIMATE CHANGE

In recent years, the international community has paid more and more attention to climate change, and China has also put forward relevant commitments and goals of "carbon peaking" and "carbon neutrality." During the Year, the Group has not found any significant climate change related risks which were relevant to its business as a third-party digital goods and services platform operator. Nevertheless, during the Year, the Group understood the seriousness of global warming and identified and assessed climate change risks such as physical risks, transition risks and regulation risks. Among the physical risks, natural disasters such as earthquake, extreme high temperature, lake flooding and urban flooding may cause server interruption and failure, system or network failure, and the office may need to be temporarily closed and may be affected by a power cut or sudden power failure. Therefore, we have developed relevant emergency management systems to improve the ability of employees to respond to emergencies, and designate appropriate personnel to address climate-related risks, so as to avoid or reduce losses caused by bad weather conditions arising out of climate change. The Group has a legal team to identify and monitor climate-related litigation and related legal risks to the Group in a timely manner. The Group will continue to review policies, regulatory updates, scientific and technological developments and market trends in the world and operating regions, regularly identify, assess and manage climate-related risks that may have a financial impact on the Group's business, and take corresponding measures. We will also promote the importance of reducing carbon emissions to stakeholders and work with them to tackle climate change.

## 8 Caring for the Community

The Group attaches great importance to corporate social responsibility and regards the prosperity and stability of society as the cornerstone of its development. To this end, the Group actively participates in charitable projects and public welfare activities and provides job opportunities for people with disabilities. We also encourage employees to participate in volunteer activities and make charitable donations to comprehensively enhance employees' sense of social responsibility, with a view to making greater contributions to social welfare and promoting common development and benefit sharing. During the Year, the Group donated a total of over RMB32 thousand.

During the Year, as the sixth National Disability Prevention Day was approaching, we strongly supported Wuhan Zhiliao Rehabilitation Hospital to carry out a grand commemorative activity, actively requesting employees to provide assistance, bringing a wealth of gifts and toys to children in the hospital, establishing a book corner and donating more than 300 books, which was welcomed by the children and parents. By promoting charity activities, we hope to build a bridge of love between enterprises and public welfare, work together to contribute to the rehabilitation of exceptional children and their integration into society, thus spreading love and charity. The following is the certificate issued by Wuhan Zhiliao Rehabilitation Hospital in recognition of the Group's contribution:



## Appendix I: Summary of Sustainable Development Data

The following is a summary of sustainability information of the environmental scope for this Year:

Environmental	Unit	Quantized Value of 2022
<b>Air emissions</b>		
Nitrogen oxides (NO <sub>x</sub> )	kg	3.95
Sulfur oxides (SO <sub>x</sub> )	kg	0.11
Particulates (PM)	kg	0.29
<b>Greenhouse gas (GHG) emissions</b>		
Direct GHG emissions (scope 1)	tCO <sub>2</sub> e	20.04
Indirect GHG emissions (scope 2)	tCO <sub>2</sub> e	259.68
GHG emissions in total (scope 1 and 2)	tCO <sub>2</sub> e	279.72
GHG emissions intensity per capita (scope 1 and 2)	tCO <sub>2</sub> e/employee	0.28
GHG emissions intensity per square meter (scope 1 and 2)	tCO <sub>2</sub> e/square meter	0.04
<b>Waste generated</b>		
<b>Hazardous waste generated</b>		
Total hosts generated	Unit	73
Total displays generated	Unit	73
Total all-in-one computers generated	Unit	3
Hosts generated per capita	Unit/employee	0.07
Displays generated per capita	Unit/employee	0.07
All-in-one computers generated per capita	Unit/employee	0.00
Hazardous waste recycled	%	100.00
<b>Non-hazardous waste generated</b>		
Total office and domestic waste generated	Tonne	103.07
Total office and domestic waste generated per capita	Tonne/employee	0.10
<b>Paper consumption</b>		
Paper consumption	kg	3,297.41
Paper consumption per capita	kg/employee	3.34
<b>Energy consumption</b>		
Total energy consumption	MWh	515.10
Vehicle fuel consumption	MWh	68.14
Purchased electricity consumption	MWh	446.96
Intensity of energy consumption per capita	MWh/employee	0.52
<b>Water consumption</b>		
Total water consumption	m <sup>3</sup>	4,499.29
Water consumption intensity per capita	m <sup>3</sup> /employee	4.55

## Appendix I: Summary of Sustainable Development Data

The following is a summary of information on sustainable development of the Group in the social subject area for this Year:

Social	Unit	Quantized Value of 2022
<b>Number of employees</b>		
Total workforce	No. of people	988
<b>Number of employees by gender</b>		
Male	No. of people	536
Female	No. of people	452
<b>Number of employees by employment category</b>		
Short-term contract/part-time employees	No. of people	25
Full-time junior employees	No. of people	368
Full-time mid-level management	No. of people	531
Full-time senior management	No. of people	64
<b>Number of employees by age group</b>		
Aged below 30	No. of people	385
Aged 30 – 50	No. of people	600
Aged above 50	No. of people	3
<b>Number of employees by geographical region</b>		
Northern China	No. of people	280
Eastern China	No. of people	55
Central China	No. of people	585
Southern China	No. of people	68
<b>Employee turnover rate (Note 1)</b>		
Total employee turnover rate	%	21.09
<b>Employee turnover rate by gender (Note 1)</b>		
Male	%	20.94
Female	%	21.25
<b>Employee turnover rate age group (Note 1)</b>		
Aged below 30	%	2.78
Aged 30 – 50	%	29.66
Aged above 50	%	0.00



## Appendix I: Summary of Sustainable Development Data

Social	Unit	Quantized Value of 2022
<b>Employee turnover rate by geographical region (Note 1)</b>		
Northern China	%	9.39
Eastern China	%	0.00
Central China	%	28.31
Southern China	%	5.56
<b>Occupational health and safety</b>		
Number of work-related fatalities (2020, 2021 and 2022)	No. of people	0
Rate of work-related fatalities (2020, 2021 and 2022)	%	0.00
Lost days due to work injury	Day	0
<b>Development and Training</b>		
<b>The percentage of employees trained by gender (Note 3)</b>		
Male	%	100.00
Female	%	100.00
<b>The percentage of employees trained by employment category (Note 3)</b>		
Short-term contact/part-time employees	%	100.00
Full-time junior employees	%	100.00
Full-time mid-level management	%	100.00
Full-time senior management	%	100.00
<b>The average training hours of employees trained by gender (Note 2)</b>		
Male	Hour	15.80
Female	Hour	15.80
<b>The average training hours of employees trained by employment category (Note 2)</b>		
Average Training Hours per short-term contact/part-time employee	Hour	5.00
Average Training Hours per full-time junior employees	Hour	13.50
Average Training Hours per full-time mid-level management	Hour	17.80
Average Training Hours per full-time senior management	Hour	26.20

## Notes:

- The calculation of turnover rate for this Year is  $\text{Employee turnover rate} = \frac{\text{Total number of departed employees during the Year under the category}}{\text{Total number of departed employees during the Year under the category} + \text{Number of employees at the end of the Year under the category}} \times 100\%$ . Moreover, the turnover rate does not include employees who leave during the probationary period.
- The calculation of average training hours per employee for this Year is  $\frac{\text{Total training hours of employee under each category}}{\text{Number of employees under each category}}$ .
- The calculation of percentage of employees trained for this Year is  $\frac{\text{Employees trained under each category}}{\text{Number of employees under each category}} \times 100\%$ .

# Appendix II: Index to the Stock Exchange's Environmental, Social and Governance Reporting Guide

Indicators		Sections
<b>A. Environmental</b>		
<b>A1: Emissions</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 air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.
		7. Green Operation Practice
A1.1	The types of emissions and respective emissions data.	7.1 Emissions Reduction Appendix I: Summary of Sustainable Development Data
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).	7.1 Emissions Reduction Appendix I: Summary of Sustainable Development Data
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7.2 Waste Reduction Appendix I: Summary of Sustainable Development Data
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7.2 Waste Reduction Appendix I: Summary of Sustainable Development Data
A1.5	Description of emission target(s) set and steps taken to achieve them.	7. Green Operation Practice 7.1 Emissions Reduction
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.	7. Green Operation Practice 7.2 Waste Reduction

## Appendix II: Index to the Stock Exchange's Environmental, Social and Governance Reporting Guide

Indicators		Sections	
<b>A2: Use of Resources</b>	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	7.2 Waste Reduction 7.3 Resources Conservation
	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).	7.3 Resources Conservation Appendix I: Summary of Sustainable Development Data
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	7.3 Resources Conservation Appendix I: Summary of Sustainable Development Data
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	7. Green Operation Practice 7.3 Resources Conservation
	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.	7. Green Operation Practice 7.3 Resources Conservation
	A2.5	Total packaging material used for finished products (in tonnes) and, where appropriate, with reference to per unit produced.	The Group's business does not involve packaging material
<b>A3: The Environment and Natural Resources</b>	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The impact of the Group's business on the environment and natural resources is remote
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The impact of the Group's business on the environment and natural resources is remote
<b>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.	7.4 Climate Change
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	7.4 Climate Change

Indicators		Sections
<b>B. Social</b>		
<b>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.  6. Develop Together
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.  6. Develop Together Appendix I: Summary of Sustainable Development Data
	B1.2	Employee turnover rate by gender, age group and geographical region.  6.1 Compliant Employment Appendix I: Summary of Sustainable Development Data
<b>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.  6.4 Safe Working Environment
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.  6.4 Safe Working Environment Appendix I: Summary of Sustainable Development Data
	B2.2	Lost days due to work injury.  6.4 Safe Working Environment Appendix I: Summary of Sustainable Development Data
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.  6.4 Safe Working Environment

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Indicators			Sections
<b>B3: Development and Training</b>	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	6.3 Talent Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	6.3 Talent Development Appendix I: Summary of Sustainable Development Data
	B3.2	The average training hours completed per employee by gender and employee category.	6.3 Talent Development Appendix I: Summary of Sustainable Development Data
<b>B4: Labor Standards</b>	B4	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.	6.1 Compliant Employment
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	6.1 Compliant Employment
	B4.2	Description of steps taken to eliminate such practices when discovered.	6.1 Compliant Employment
<b>B5: Supply Chain Management</b>	General Disclosure	Policies on managing environmental and social risks of the supply chain.	5.2 Responsible Procurement
	B5.1	Number of suppliers by geographical region.	5.2 Responsible Procurement
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	5.2 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.	5.2 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.	5.2 Responsible Procurement

Indicators		Sections	
<b>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, labeling and privacy matters relating to products and services provided and methods of redress.	5. Creation of Quality Service 4.2 Information Security Protection
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Group does not involve in products sold or shipped during the course of business
	B6.2	Number of products and service related complaints received and how they are dealt with.	5.1 Customer Relationship Improvement
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	4.3 Protection of Intellectual Property Rights
	B6.4	Description of quality assurance process and products recall procedures.	The Group does not involve in quality assurance process and products recall procedures during the course of business
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	4.2 Information Security Protection

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Indicators		Sections	
<b>B7: Anti-corruption</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.	4.1 Business Ethics
	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.	4.1 Business Ethics
	B7.2	Description of preventive measures and whistle blowing procedures, how they are implemented and monitored.	4.1 Business Ethics
	B7.3	Description of anti-corruption training provided to directors and staff.	4.1 Business Ethics
<b>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.	8. Caring for the Community
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	8. Caring for the Community
	B8.2	Resources contributed to the focus area.	8. Caring for the Community