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ATRENEW



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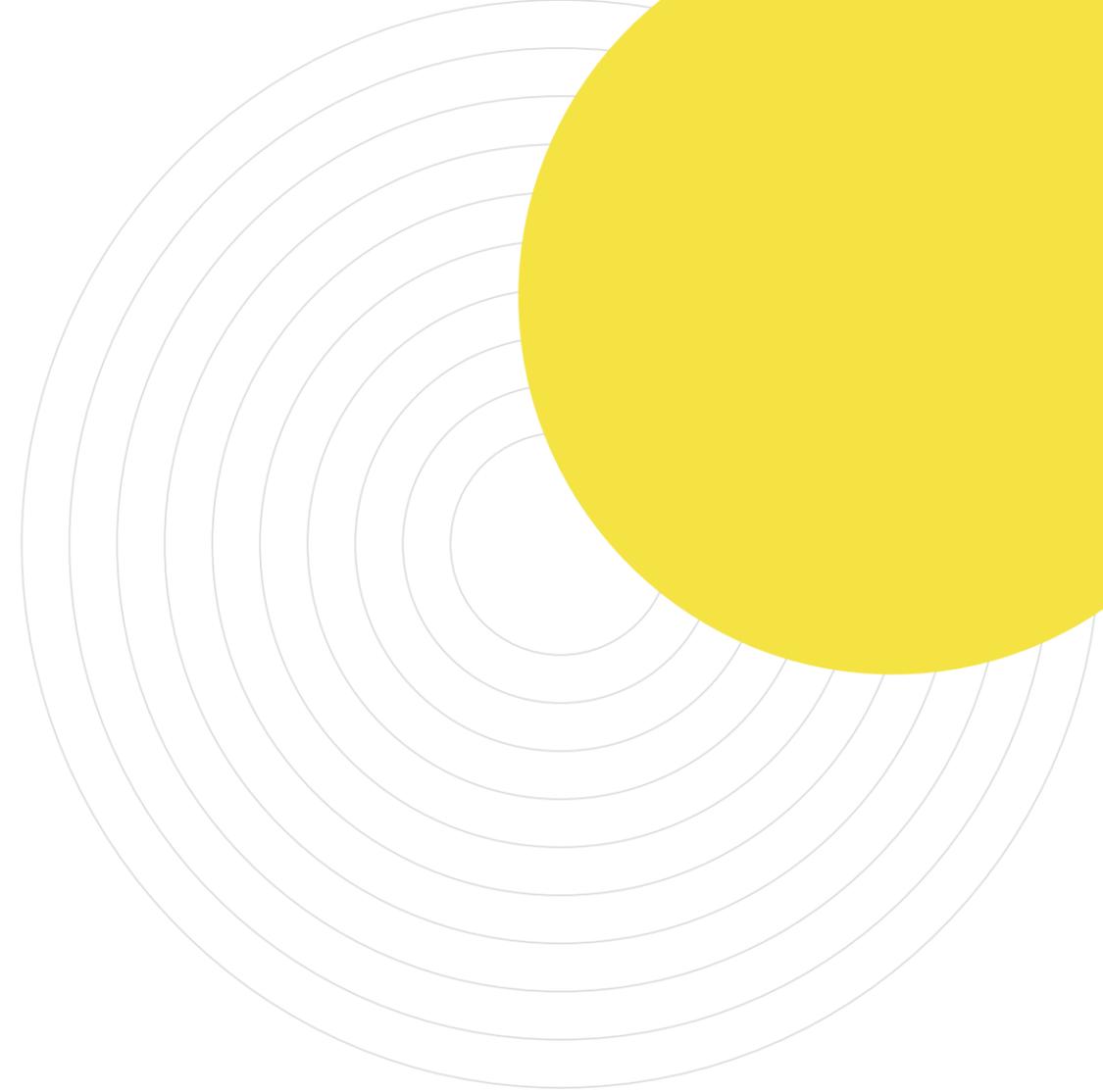
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2021

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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ABOUT THIS REPORT

This is the second environmental, social and governance report (hereinafter referred to as the "Report") by ATRenew Inc. and its subsidiaries (hereinafter referred to as "ATRenew", the "Company" or "We"). It intends to elaborate on the Company's systems and performance in environmental, social and governance matters (hereinafter referred to as "ESG"), and to objectively disclose the management and effectiveness of our sustainable development, in response to the expectations of all stakeholders and the public.

Scope of Reporting

The Report covers the period from January 1, 2021 to December 31, 2021 (hereinafter referred to as "the reporting period" or "this year") and focuses on the ESG management and achievements of ATRenew. In order to provide better backward and forward comparisons for this Report, some information and data may be traced back to 2020 or earlier, or extended to 2022.

The Report covers the operations of ATRenew Inc. and its major subsidiaries in the People's Republic of China, including the operations of AHS Recycle, PJT Marketplace, Paipai Marketplace and AHS Device. Any content that diverges from this scope will be explained in the Report.

Reference and Principles

The United Nations Sustainable Development Goals (SDGs) by 2030

The framework developed by Task Force on Climate-related Financial Disclosures (TCFD), as per Financial Stability Board's (FSB) request

The Global Reporting Initiative Standards (GRI Standards) released by the Global Sustainability Standards Board (GSSB)

The industrial guidelines issued by the Sustainability Accounting Standards Board (SASB)

Topics of concern to world-leading rating agencies such as MSCI and Sustainalytics

Instructions to Appellations

"ATRenew", "the Group", "the Company" and "we" all refer to **ATRenew Inc. and its subsidiaries, namely ATRenew.**

Sources of Information and Reliability Assurance

The information and data disclosed herein are derived from the relevant internal data collection systems, statistical reports, public information and official documents of the Company such as the prospectus and annual report submitted by ATRenew Inc. to the US Securities and Exchange Commission. The monetary amounts herein are all denoted in RMB.

The Company rebranded itself from "AiHuiShou" to "ATRenew" in Chinese in 2020. As a result, internal policies and standards made prior to this were named under the brand "AiHuiShou".

Process of Reporting

The Report has been prepared following a systematic procedure, including working group formation, identification of important stakeholders, stakeholder interviews, identification and ranking of material ESG issues, determination of the boundary of ESG reporting, collection of materials and data, framework determination, report drafting, report design, review by departments and senior management, etc.

Format

The Report supports online reading and is available in Chinese and English.

Confirmation and Approval

Upon confirmation by the management, the Report was submitted by the ESG Committee (hereinafter referred to as "ESGC") under the Board of Directors and was approved by the Board of Directors on May 20, 2022.

Contact Us

For any comments or suggestions on our disclosure and performance on environmental, social and governance matters, please contact us via the following methods:

Email: ir@atrenew.com

For more information, please visit our website <https://ir.atrenew.com>

Letter from CEO

“To give a second life to all idle goods”



The year 2021 was an extraordinary year. Repeated outbreaks of COVID-19, extreme weather and natural disasters presented society and enterprises with new risks and challenges. With a better world in mind, we are deeply aware that it is more important than ever for an enterprise to shoulder its social responsibility and promote circular economy as well as green and sustainable development.

Moving forward with persistence and pragmatism.

Bearing in mind our original aspiration and sense of social responsibility, ATRenew has consistently strengthened our risk controls, refined internal control systems and adhered to compliance standards. Together with our business partners, we strive to fulfill our social responsibilities through our actions, and aim to develop a low-carbon economy.

A visionary in the industry.

As a leader of the digital circular economy, ATRenew continually seeks innovation and cooperation. While focused on our supply chain capabilities, we realize the returns from automation. We've also established product quality inspection standards and grading levels to enable the quality inspection and operation capabilities of small and medium-sized businesses for the benefit of the entire industry.

Developing the circular economy for a greener future.

Given China's promotion of a low-carbon circular economy, the pre-owned electronics industry is booming. Thanks to this, ATRenew's total revenue in 2021 reached RMB7.78 billion, a year-on-year increase of 60.1%. After listing in June 2021, the Company exceeded expectations and achieved its goals for three consecutive quarters. The Company had a clear business strategy: taking on JD.COM as a strategic partner in the ecosystem and

adhering to the core strategy of "city-level service integration". We made development of automation technology a core competitive imperative. In 2021, the research and development expenses under the non-GAAP¹ measures were RMB219 million, a year-on-year increase of 50.6%, boosting the Company's technological edge. Through investment in R&D, we have spread our automatic quality inspection capabilities across China, so as to build the Company's innovation clusters. In order to improve operational efficiency, the Group independently developed and launched "Matrix 2.0", a new automated quality inspection system and "Camera Box 3.0", a mobile phone intelligent inspection device at the Changzhou Operation Center. As for empowering merchants' quality inspections, ATRenew has greatly improved the quality inspection operation capabilities of small and medium-sized merchants through "Device Hero", an intelligent inspection tool. Adhering to the goal of sustainable development, we use innovative technologies to drive the development of the circular economy industry. In 2021, we contributed greenhouse gas emission reductions by 463,692 metric tons, leading the green development of the pre-owned electronics industry.

Caring for our employees.

Employees are the core driving force and an indispensable asset to enterprise development. We care about our team members' health and safety, and strive to protect their rights and interests. We are constantly updating our training system, so as to improve our employees' capabilities. We are also continually improving the compensation and welfare policies for employees. Through dialogue platforms such as our "Listener Program" and "Workplace Improvement Forums", we show care to each employee, to enhance their sense of happiness and belonging.

Meeting the needs of the people to help build a better society.

ATRenew pays close attention to people's livelihood and social needs, actively carrying out charity work such as poverty alleviation, disaster relief and education support. In the 2021 Zhengzhou flood, ATRenew swiftly responded to help the disaster-stricken areas to ensure education was not interrupted. During the year, the Group actively participated in biodiversity public welfare projects such as the protection of the East Asian finless porpoise. We also joined hands with several well-known consumer brands to convey the concept of low-carbon and environmentally friendly consumption to the public. Combining efforts for sustainable development, we aimed to promote green recycling and reuse of electronic products in society.

To promote China's carbon neutrality goals and implement the national policy of circular economy, ATRenew set an example in the pre-owned electronics industry. We actively promote green and sustainable development, and strengthen the management of carbon emissions, so as to support the development of the circular economy. Looking to the future, our goals are:

- **To strengthen our leadership in the pre-owned electronics industry in China, contributing to increased recycling rates and industry development;**
- **Make the world a better place by reducing electronic waste and prolonging the lifecycle of consumer electronics.**

This report is the second ESG report published by ATRenew. In the future, we will continue to publish annual ESG reports, to demonstrate our commitment to ESG standards and practices. ATRenew will always pay attention to our economic, social and environmental impact. We aim to solve social problems, create social value and empower enterprises with energy and competitiveness. Bearing the mission "to give a second life to all idle goods" and the beautiful vision of becoming a worldwide innovator and leader in the pre-owned electronics industry, ATRenew will continue to promote the ESG cause, so as to contribute to the sustainable development of human society!

Kerry Xuefeng Chen
CEO of ATRenew

¹ Non-GAAP technology and content expenses are calculated as technology and content expenses under US GAAP measures excluding the impact of share-based compensation expenses and amortization of intangible assets and deferred cost resulting from assets and business acquisitions.

Highlights of Responsibility Performance in Key Areas

Service & Innovation

- To enhance the consumer experience and bring "green recycling to the doorstep of every consumer", ATRenew continues to upgrade its offline recycling stores to offer convenient and secure recycling services. As of end of 2021, the total number of AHS stores reached **1,287**, a net increase of **556** stores for the year. In addition, the Company installed approximately **300** additional self-service recycling kiosks, further increasing the total number of kiosks to over **1,800**. On the retail front, the number of Paipai Selection stores totaled **21** by the end of 2021, and the overall users of Paipai reached **5.54 million**. Covering **214** cities across China, ATRenew provides consumers with easy access to recycling and shopping services nationwide.
- As of 2021, ATRenew operates **7** regional operation centers and **95** city-level operation stations, enabling large-scale inspection capabilities and support to merchant users. These operational facilities fortify the competitive moat of its core strategy of "city-level service integration", particularly in lower-tier cities. As such, the Company has received wide recognition from merchant users - the registrants totaled **273,000** by the end of 2021.
- Adhering to its "technology-driven" business strategy, ATRenew invested **RMB219 million¹** in technology research and development in 2021, a year-on-year increase of **50.6%**. Through its proprietary automated quality inspection facilities, such as "Matrix 2.0" system and "Camera Box 3.0" module, ATRenew is able to evolve at scale and minimize man-made inspection errors. This further protects the rights and interests of each consumer recycling and shopping for a pre-owned electronic device.
- As the leading pre-owned electronics transactions and services platform, ATRenew spares no effort to lead the industry towards standardization. The Company pioneered the formulation of quality inspection criteria, inspection technics, streamlined process, data wiping standards, after-sales warranty standards, and dispute handling standards. ATRenew divides all pre-owned mobile phones (excluding defunct phones) into **36** quality inspection grades for to-business sales and **6** grades for to-consumer retail. This grading mechanism is widely recognized by merchant participants in the industry. In addition, ATRenew upgraded the "Device Hero", a portable inspection tool the size of a power bank. The quality inspection system is incorporated into the device and users can easily grade pre-owned phones with this tool. This optimizes the transaction experience, especially for small- and medium-sized merchants.
- In 2021, the number of newly added intellectual property rights (IPR) authorizations of ATRenew were **146**.
- In 2021, the processing rate of ATRenew customer complaints was **100%** with an average resolution time of less than **24 hours**, and the satisfaction rate of customer complaint resolution was **98.51%**.

Environmental

- ATRenew is committed to contributing to the circular economy, while adhering to China's carbon peak and carbon neutrality goals, as well as the "Tanpuhui" scheme. This is a carbon reduction incentive that can give value to the work of citizens. One of ATRenew's milestones is its successful launch of the model for carbon emission reduction through recycling and reuse of pre-owned mobile phones. ATRenew calculates that reusing one pre-owned phone reduces carbon emissions by **30.41 kg**. As a result, in 2021 the Company reduced emissions by a total of **463,692** metric tons through re-commercializing pre-owned phones. This is equivalent to the carbon sink of **2.3 million** mu of urban forests in one year². ATRenew will continue to raise consumer awareness of carbon emission reduction and to provide education on greener lifestyles.

¹ Non-GAAP technology and content expenses are calculated as technology and content expenses under US GAAP measures excluding the impact of share-based compensation expenses and amortization of intangible assets and deferred cost resulting from assets and business acquisitions.

² The average annual carbon sink per mu of urban forest is 0.2 tCO₂e. This refers to the statistics of the annual average emission reduction of all the disclosed forest management projects in China Certified Emission Reduction (CCER) scheme. Mu is a Chinese unit of land measurement and one mu is equal to 666.7 square meters. And tCO₂e stands for tonnes of carbon dioxide equivalent. According to MioTech.

- ATRenew partners with qualified organizations for proper disposal of e-wastes, and oversees its disposal process and quality of work, ATRenew responsibly disposed of **223,000** devices in 2021, reducing **35.7** metric tons of e-waste.
- The number of second-hand mobile phones in circulation increased by **396,921** contributed by automation technology transformation in Changzhou Operation Center, equivalent to reducing carbon emissions by **12,070** metric tons.
- In 2021, ATRenew obtained the **ISO 14001** environmental management system certification.
- The greenhouse gas emission intensity (Scope1+ Scope2) of ATRenew was **0.37** Tonne CO₂e/RMB1,000,000, a decrease of **28.8%** year-on-year.

Social

- By the end of 2021, ATRenew had a total of **2,497** full-time employees, and **13** of our employees have pre-existing disability.
- ATRenew values employees' physical and mental health. We set up a Listener Program to receive and resolve employees' issues anonymously, give feedback **once a week**, and publish the "Listener Program Responses" **bi-monthly**. Problems are sorted, reviewed and improved efficiently.
- According to the training staff differences, ATRenew conducts multi-level and diversified training, such as the **Sailor Program, Navigator Program** and **New Employee Training**, etc. In 2021, the average training hours of employees was **8** hours. We value the occupational health of front-line employees greatly and conduct **daily** safety inspections, **weekly** checks of security risks, and **monthly** fire-fighting training.
- ATRenew continuously empowers small merchants' operation, providing specialized training for **1,000** Paipai Marketplace merchants and **7,273** PJT Marketplace merchants.
- ATRenew is committed to social responsibility. In 2021, we donated **RMB5.05** million to participate in the flood rescue in Henan Province. We continue to carry out the public welfare education for children in mountain villages through "AHS Charity and Love-Digital Education Aid Program for Rural Children". We supported **52** schools, provided educational resources to more than **9,840** children in mountain villages, and delivered **2,952** sessions.

Governance

- The board of directors of ATRenew consists of **8** members, including **1** chairman, **4** directors and **3** independent directors (including **1** female independent director). All the directors have extensive experience in the industry and bring professional insights from the Internet and logistics, audit and capital markets, marketing and sustainable development.
- In 2021, a total of **7** Risk Management Committee (RMC) meetings were held to discuss **23** risk issues. We formulated over **70** rectification and improvement plans by reviewing all accidents; we identified and summarized internal control deficiencies to compile **40** risk control matrices for the business. We carried out anti-fraud investigations, identifying **13** anti-fraud control activities. All the above work has been assigned to specific departments and relevant responsible persons, followed up regularly to carry out rectification and optimization work.
- There was **0** corruption litigation case in ATRenew. A total of **6** irregular integrity checks were carried out, so as to identify, assess and prevent fraud risks.
- ATRenew has passed the **Level 3** assessment under China's Multi-Level Protection Scheme and has obtained **ISO 27001** information security management system certification.
- ATRenew developed the Seraph Program, an anti-spider decision-making system for the protection of business asset data scenarios. The Seraph Program resulted in a reduction of malicious requests from **35.5%** to **0.12%** by continuously improving defense strategies.



01 Introduction to ATRenew

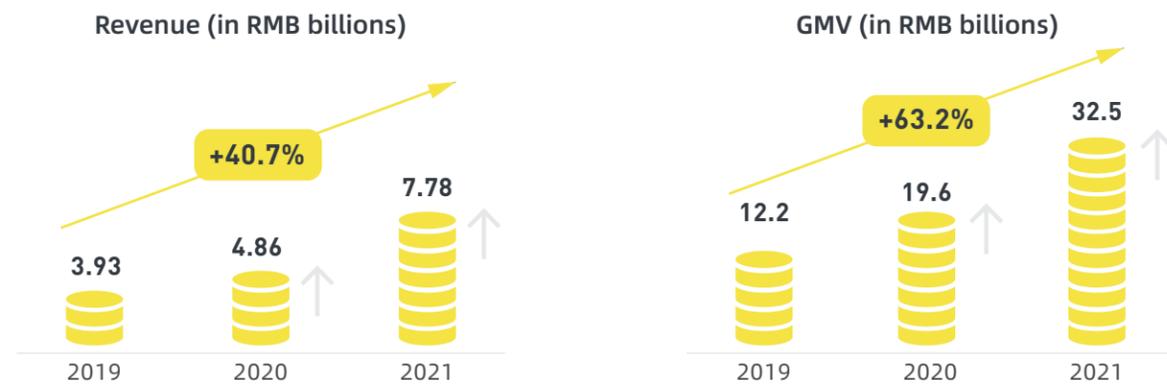
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Owing to its rapid development since founding, ATRenew has formed a closed-loop industry chain spanning the C2B+B2B+B2C channels. "To give a second life to all idle goods" is the core belief underpinning our growth over the past decade, and it is our goal to be an innovator and leader in the global second-hand electronics industry. In accordance with our commitment to ethical business practices, we have formulated a sound risk management system including internal controls and internal audit capabilities to ensure the compliant and healthy operation of the Company. In the future, we will forge ahead by staying true to our original aspiration, and by contributing to industry, society and the environment.

Company Profile

ATRenew Inc. (NYSE: RERE) was founded in 2011 in Shanghai, China. As the leading pre-owned electronics transactions and services platform in China, ATRenew provides consumers with safe and convenient recycling services. The Company connects and empowers every participant in the second-hand consumer electronics ecosystem through its intelligent and efficient quality inspection tools, promoting the development of the industry.

In 2021, the total revenue of ATRenew exceeded consensus expectations, reaching RMB7.78 billion, a year-on-year increase of 60.1%. The GMV of the platform was RMB32.5 billion, a year-on-year increase of 65.8%. The number of transactions totaled 31.2 million, up 32.2% year on year.



Based on its supply chain capability, ATRenew has built an electronic equipment recycling ecosystem that spans end-to-end coverage of the industry. The Company reduces the negative impact of electronic waste on the environment by extending the life cycle of products. The Company's combination of offline stores and online trading platform has changed the way second-hand electronic devices are recycled and traded. It has also transformed the way retailers transact second-hand consumer electronics, thereby advancing the development of the industry.

Recycling

Comprehensive supply chain



1P Consumers

- Website and App
- AHS store network
- Brand partners
- E-commerce partners

3P Merchants

- Third-party merchants
- Electronics retailers

Proprietary Processing Technologies

Standardized inspection, grading, and pricing



- 7 regional operation centers
- 95 city-level operation stations
- 36 grades for to-business sales and 6 grades for to-consumer retail
- 3 days average processing time

Consumers

Diverse fulfillment channels



Consumers— Paipai Marketplace

- Paipai Selection stores
- JD.com
- New channels like Douyin and Kuaishou

Small Merchants— PJT Marketplace

- Resellers
- Mom-and-pop stores
- Value-added service providers
- Exporters

Note: As of December 31, 2021.

AHS stores coverage

By the end of 2021, ATRenew's store network covered 214 cities nationwide. The Company added a net additional of 576 stores during the year for a total of 1,308 stores. Among them, there are 1,287 AHS stores and 21 Paipai Selection stores with increasing density in cities.

595

Self-operated stores



692

Jointly-operated stores



214

Coverage cities



Recycle kiosk coverage

In cooperation with 3rd-party partners, the Company has installed more than 1,800 recycle kiosks in mobile phone retail storefronts, increasing our reach and access to pre-owned electronics.

1,800+

Self-service recycle kiosks



With technological innovation at the core of our development, ATRenew has consistently increased its investment in automated quality inspection. We independently developed stand-alone automation modules including our quality inspection system, Camera Box, Tianyan X-Ray, Camera Cube, etc. Our innovation and application capabilities are regularly upgraded. We developed and launched the Matrix 2.0 system¹, realizing a fully automated system for "receipt-quality inspection-storage-packaging".

Meanwhile, ATRenew actively explores flexible operation models. Based on large-scale regional operation centers, we built city-level self-operated stations and associated stations. Supporting them with cloud operation stations, the combination increases coordinated storage capabilities. Therefore, we significantly improved the user experience by enhancing the efficiency of logistics and transportation, increasing the product turnover rate, and expanding customer coverage.

To some extent, the combined operation of large and city-level operation stations has mitigated the adverse impact of the epidemic and city lockdown on the Company's supply chain. In 2021, when COVID-19 policy repeatedly impacted operations in certain areas, ATRenew was able to act quickly to suspend the operation of the corresponding operation stations and direct its orders to the nearest city-level operation stations for processing.

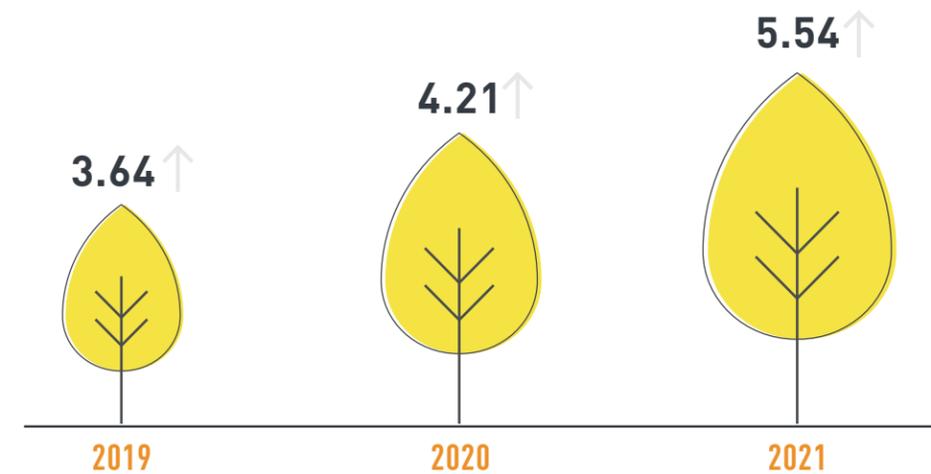


Roles of various operation stations and their synergistic effects(As of December 31, 2021)

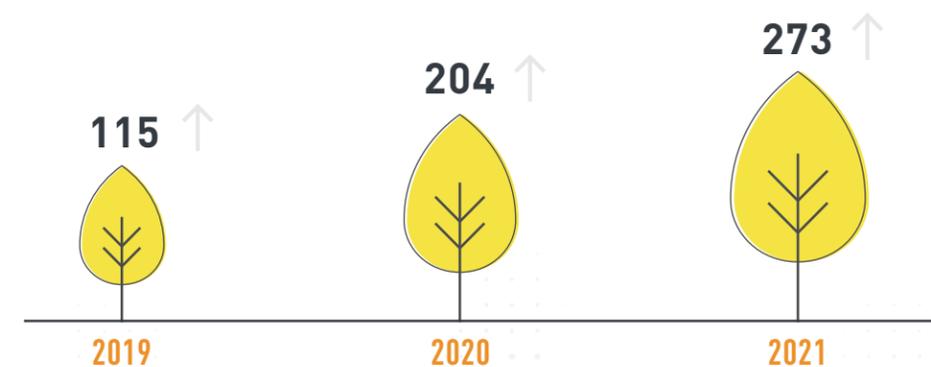
¹ For details on automation modules and functions, please refer to Innovation in Chapter 5.

ATRenew actively expands its diversified sales channels. The face of its consumer business is Paipai Marketplace. This includes the Company's original POP stores on JD.com. Additionally, the Company has a growing presence on online retail channels based on Paipai Selection mode, such as Kuaishou, Douyin and Fenqile, etc. The face of the Company's 2B business is PJT Marketplace, where upstream and downstream transaction links are formed and coordinated to help dealers, retail stores, exporters and other small and medium-sized merchants to grow rapidly and expand the scale of the industry.

Transactions by Paipai Marketplace users (in millions)



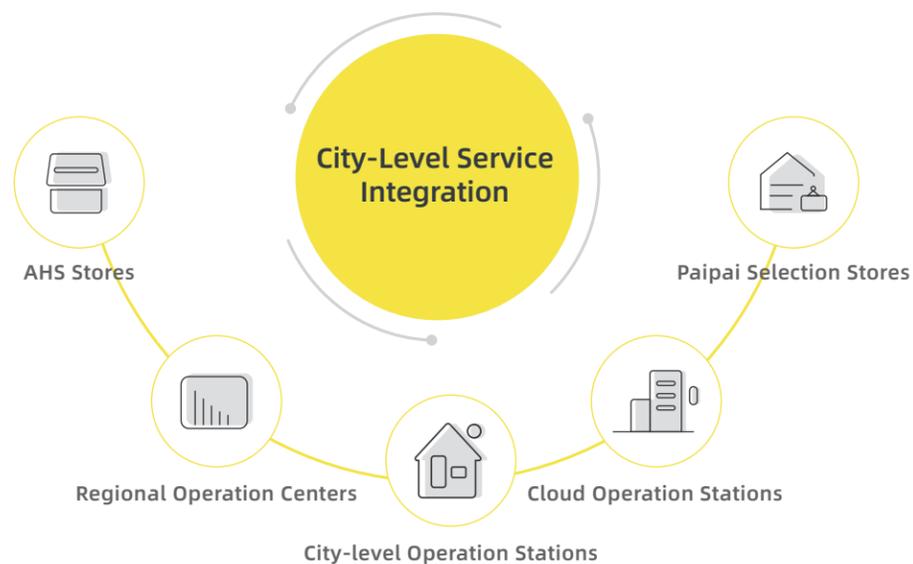
Total number of registered merchants on PJT Marketplace (in thousands)



Corporate Development



China's 14th Five-Year Plan for the Development of the Circular Economy, published by the National Development and Reform Commission, points out that development of the "Internet + second-hand" model is encouraged. The policy requires platform companies to strengthen the management responsibilities of Internet trading platforms, enhance the supervision of trading practices, provide standardized and regulated services for second-hand goods transactions and promote the standardized construction and operation of online and offline physical second-hand markets. ATRenew actively responded to this call, assuming a leading role in upgrading the "city-level service integration" strategy in view of the uneven regional development of the second-hand market. We have reorganized the Company's supply chain, store services, and user and merchant management capabilities at the city level, to increase the penetration rate in local markets. We rely on the shorter cycle local supply chain to reduce cost and increase efficacy. We plan to re-organize around cities as its operating unit over the coming three years to increase business coordination and optimize efficiency. We aim to make the jump from "1,000 stores in 100 cities" to "100 billion GMV in 100 cities," while driving the coordinated development of green industries and the digital circular economy.



Corporate Culture

ATRenew is committed to facilitating the transactions of pre-owned consumer electronics on a global scale through more extensive use of technology. We pledge to tackle environmental problems while achieving commercial success. Since our inception, we have been transforming and promoting China's consumer electronics industry by facilitating recycling and transaction services, as well as by connecting and empowering all participants in the ecosystem.



Mission

"To give a second life to all idle goods"



Vision

To transform pre-owned consumer electronics transactions and services globally by leveraging technology



Values

Integrity

Be a role model with zero tolerance for immorality

Vigorousness

Be open-minded and stay positive

Strivers

Always endeavor to improve

Persistence

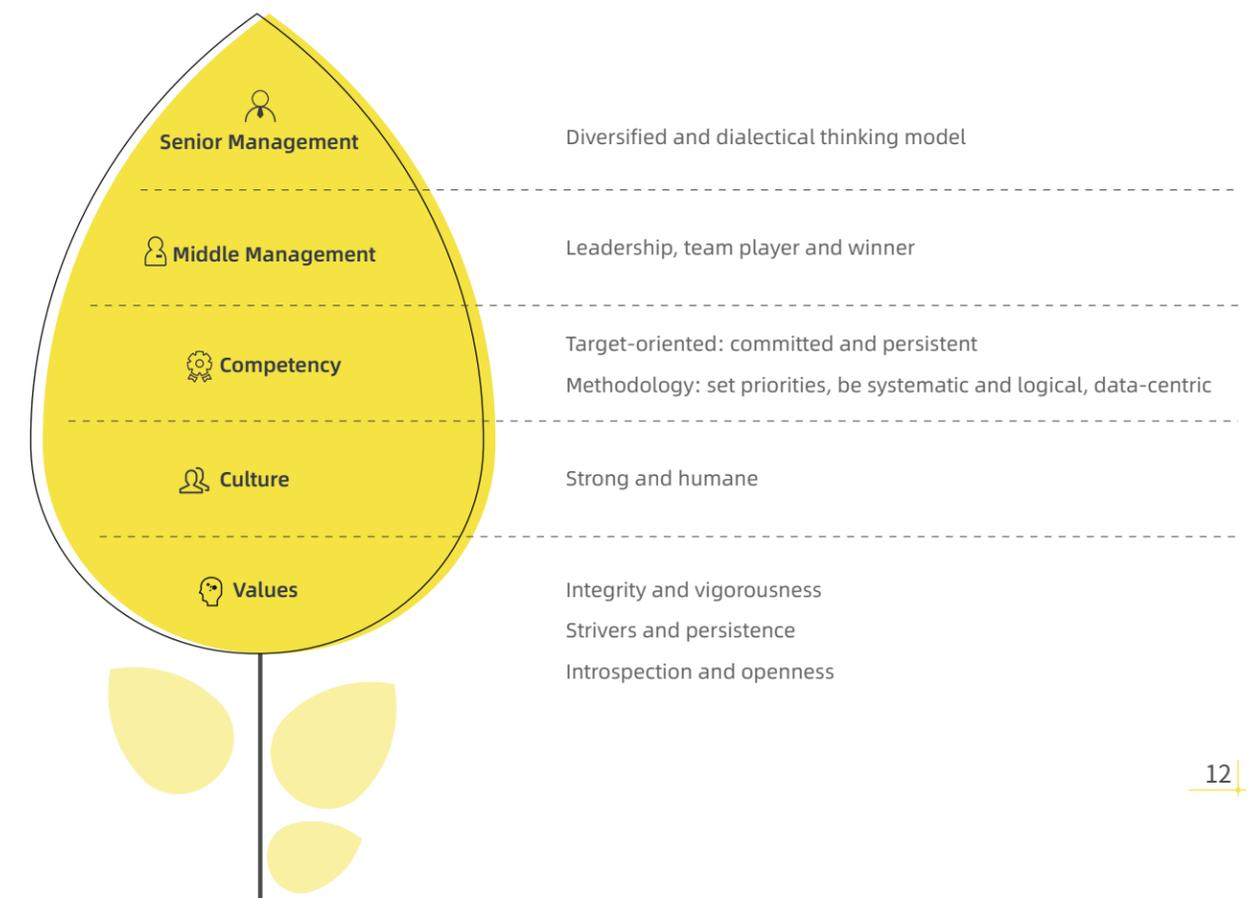
Pursue long-term goals and continue to deliver

Introspection

Self-reflect to evolve

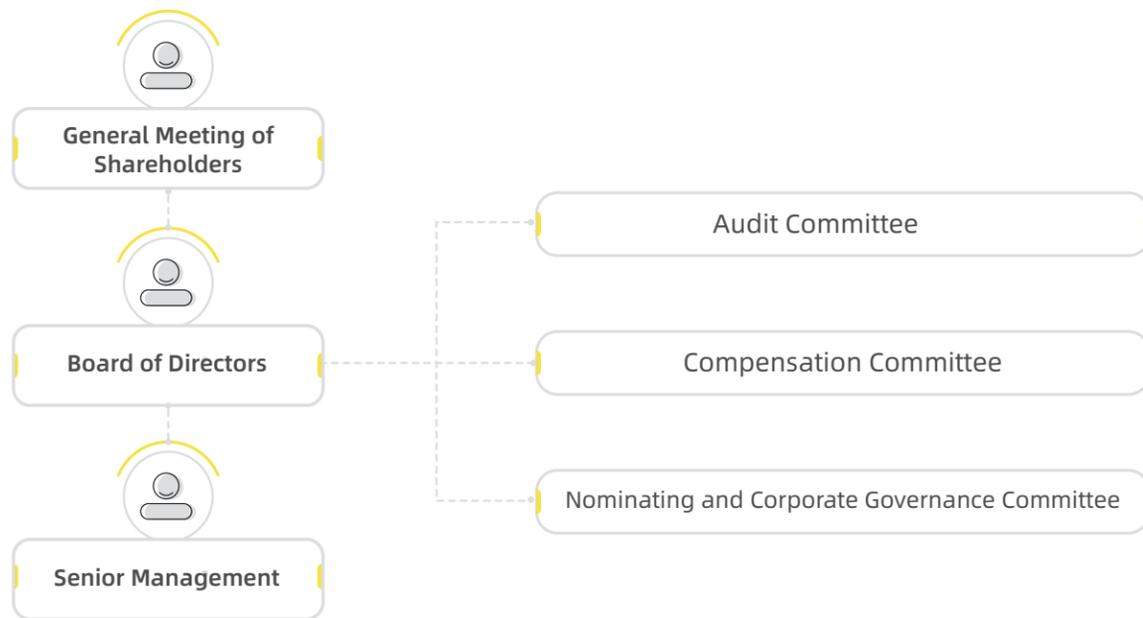
Openness

Open up for innovation



Corporate Governance

ATRenew strictly abides by the laws and regulations in China, the securities laws in the United States, as well as the rules of the New York Stock Exchange. We have established a governance structure that includes the general meeting of shareholders, the board of directors and the Company's management, with clear rights and responsibilities as well as mutual checks and balances. We have established an audit committee, a compensation committee and a nominating and corporate governance committee under the Board of Directors. A sound appraisal and remuneration system for directors and the senior management has been put in place to ensure the Board's proper supervision over the senior management.



Organizational structure of ATRenew

The board of directors of the Company consists of 8 members¹, and independent directors account for 37.5% of the board. All the directors have extensive experience in the industry and are experts in their respective professions, allowing the Board of Directors to make decisions with a more comprehensive perspective.

Position/Title	Name	Age	Gender	Education Background	Expertise		
					Industry Experience	Risk Management	Financial Experience
Founder/Chairman/Chief Executive Officer	Kerry Xuefeng Chen	42	Male	Master's degree in computer science from Fudan University	✓	✓	
Director/President	Yongliang Wang	38	Male	Bachelor's degree in economics from University of International Business and Economics	✓	✓	
Director	Lei Xu	47	Male	EMBA degree from China Europe International Business School	✓	✓	
Director	Wei Tang	42	Male	EMBA degree from China Europe International Business School	✓	✓	
Director/Chief Financial Officer	Chen Chen	41	Male	Bachelor's degree from Shanghai Jiaotong University	✓	✓	✓
Independent Director	Jingbo Wang	40	Male	PhD in management studies from the Saïd Business School of the University of Oxford	✓	✓	✓
Independent Director	Guoxing Jiang	68	Male	Bachelor's degree in mathematics and computer science from Fudan University	✓	✓	
Independent Director	Rui Zhu	47	Female	PhD in Marketing from University of Minnesota	✓	✓	

Position/Title	Name	Committee		
		Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Independent Director	Jingbo Wang	✓	✓	✓
Independent Director	Guoxing Jiang	✓	✓	✓
Independent Director	Rui Zhu	✓		
Director	Lei Xu		✓	✓

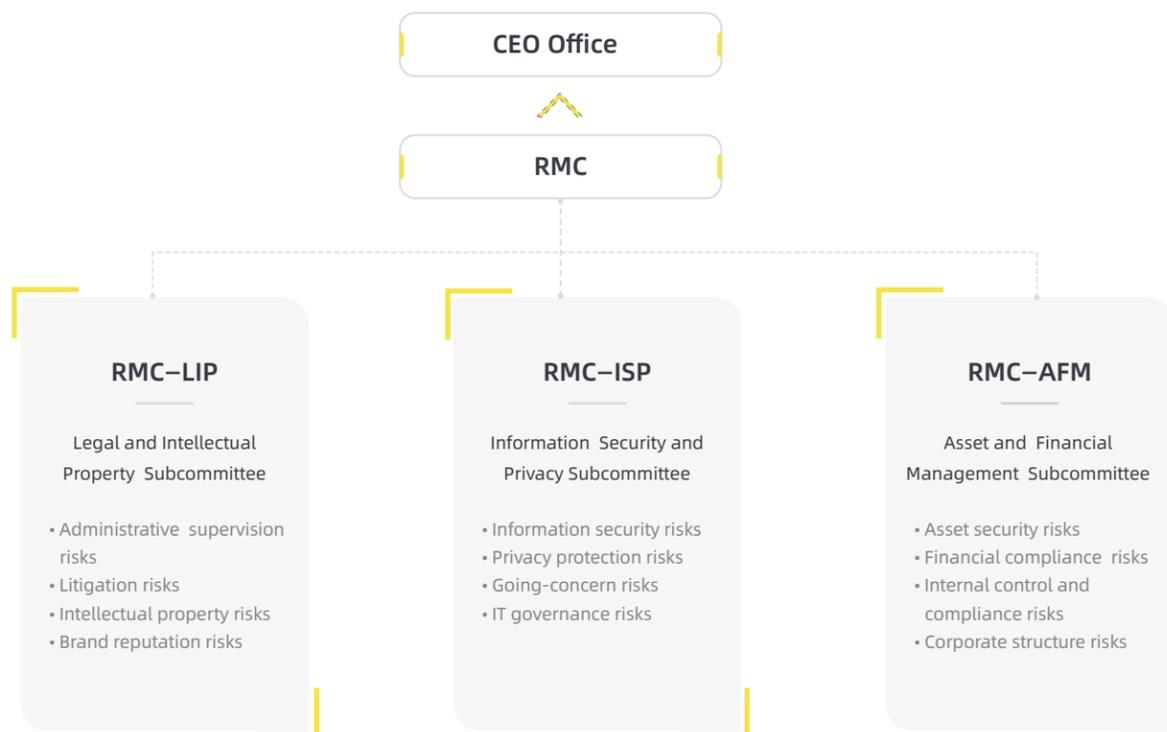
¹Ms. Zhu Rui joined the board of directors of ATRenew in May 2022 and is currently a professor of marketing and the director of Centre for Social Innovation and Branding Research at Cheung Kong Graduate School of Business. Her addition will help ATRenew in the circular economy and promote green lifestyles to a wider group of consumers.

Risk Management & Compliance

Risk Management and Accident Management

ATRenew adheres to bottom-line thinking. To raise awareness of the importance of risk-management, we have strengthened management mechanisms for risk assessment, control, early warning and accident management.

ATRenew has established a Risk Management Committee (RMC), the senior management of which manages and supervises the implementation of the risk management system and internal control system. We have also formulated the *RMC Operation Mechanism* to clarify the work functions and responsibilities of the Risk Management Committee and its sub-committees. RMC communicates bi-weekly within the committee and reports monthly to the general manager's office, so as to regularly report risk matters, identify risk impact, deploy corresponding risk control work and prevent and respond to the risks in operations, finance, legal, marketing and other fields in a timely and effective manner.



Organizational structure of RMC

Case: ATRenew conducted a risk screening exercise

The Company relies on the regular operation of the RMC mechanism to effectively identify, evaluate and deal with various risk events in the Company's operation. As of the end of 2021, a total of 7 RMC meetings were held to identify and discuss 23 risk issues. This included compliance issues pertaining to the personal information protection act and platform content, as well as the physical security of operation centers, patent technology protection and large inventory management issues for overseas operation. These identified risk events are assigned to specific departments and responsible persons, followed up regularly, and progress is discussed and reported at RMC meetings. As of May 2022, 20 risk issues have been effectively resolved while the remaining risk issues are under active management. Through the closed-loop management of risk events, we continuously increase the Company's ability to prevent and respond to risks, effectively improve the Company's ability to operate in a healthy and orderly manner and pursue sustainable development.

An effective risk management mechanism helps us to identify and evaluate risk events as early as possible to address the risks in advance and avoid escalation. A sound accident management mechanism helps us to deal with accidents in a timely manner and conduct reviews and reflections. On October 15, 2021, the Company officially released the *Accident Management Measures of the ATRenew Group*, which optimizes the timely reporting, rapid response and follow-up of all kinds of accidents in order to avoid similar accidents. The specific results are as follows:



Internal Control and Audit System

ATRenew has built a sound internal control system following the regulations of the US Securities and Exchange Commission (SEC) and the requirements of the *Sarbanes-Oxley (US SOX) Act*. We completed a self-assessment on internal controls related to financial reporting, identified potential risks to the company and various business processes, addressed the control activities of the Company and promptly rectified our shortcomings in accordance with the requirements of US SOX regulations. In addition to the system of annual internal controls and self-assessments of each business process, we also completed various internal control projects as needed, such as the system authority sorting project.

The Company's improved internal control system is a strong foundation for its compliant operation, and the effective operation of the internal audit mechanism is a recurring validation of the Company's operating conditions. Accordingly, the Internal Control and Internal Audit Department planned and executed various audit projects, including special audits and anti-fraud audits, and submitted the audit results to the Company's RMC. In response to the issues identified in the audit, the Internal Control and Internal Audit Department supervised the rectification of each business department and collected the rectification sample data to ensure that the issues were rectified.

In addition, the Company regularly conducts inspections and training on the topic of employee compliance to improve their risk prevention awareness and management abilities. In 2021, the Internal Control and Internal Audit Department carried out training on US SOX and the methodology of the internal control self-assessment project. The Company's CFO, representing the board of directors, participated in the training together with 20 members from 10 departments including the Finance and Taxation Accounting Department.

Case1: Improvement of the internal control system

On October 2021, the Internal Control and Internal Audit Department led various business departments in organizing the US SOX internal control self-assessment project, which aimed to identify and summarize business risks, internal control deficiencies, and promote the sustainable development of the Company. Through the joint efforts of 15 members of the project team, 40 risk control matrices (RCM) for business processes were compiled, including product sales revenue management, inventory management, fixed asset management, personnel, and salary management and innovation management. For the risks and internal control deficiencies identified in this internal control self-assessment project, we assigned responsibilities to specific departments and personnel. The person in charge of control activities was responsible for the design and implementation of specific rectification plans, and the Internal Control and Internal Audit Department for supervision. As of April 30, 2022, all non-interdepartmental deficiency rectification plans, specific responsible persons, and timetables had been determined. The implementation status is carefully monitored and samples confirming rectification of issues are being collected. The cross-departmental rectification implementation plans and timetables are currently still under review in the inter-departmental discussion meetings.

Case2: Sorting out system authorization

As a company whose business covers the whole industry chain of recycling, quality inspection and sales, a strong business system is the foundation of our operation. Therefore authorization management of each system is particularly important for us. In November 2021, the Internal Control and Internal Audit Department and the Information Security Department addressed the issue of system authorizations for the Company's core business. As of April 30, 2022, a total of 31 core systems relating to sensitive business operations or sensitive business data were identified, and 266 operating authorizations of sensitive business information were identified, including price adjustment, gross profit configuration, risk control strategy configuration, quality inspection strategy configuration, and commodity configuration. With regard to these sensitive authorizations, each business department verified the authorized personnel one by one to check whether there were any improperly authorized personnel, including authorizations for personnel who had resigned from the Company or transferred to other departments. This project significantly improved the Company's system authorization management mechanism, standardized the implementation of authorization and change management processes. The result made authority management and the division of responsibilities clearer, thus protecting the Company's sustainable development.

Business Ethics

ATRenew complies with the *Prevention of Bribery Ordinance*, *Anti-Unfair Competition Law of the People's Republic of China*, and the laws and regulations of the localities where our business is operated or based. We have formulated *AiHuiShou Integrity and Self-discipline Guideline*, the *AiHuiShou Anti-Commercial Bribery Agreement* and the *Code of Business Conduct for Employees of AHS* to standardize our operation process. We have adopted a zero-tolerance attitude towards bribery and corruption, to ensure the Company's compliant and healthy development.

To effectively identify and investigate the fraudulent behavior of the Company's employees, the Company established complete reporting channels and investigation and handling mechanisms at both the Group and business department levels. For instance, we have placed posters detailing the Company's internal reporting system in the operation centers across the country, which provides emails, websites, telephone numbers and other channels to file reports of violations. This helps ensure the Company operates in compliance with all laws and regulations. We take the reported content seriously and keep the personal information of the whistleblower strictly confidential. In 2021, the Company's anti-fraud reporting mailbox received a total of 6 reports and complaint emails, all of which were investigated and handled, and 6 anti-fraud management optimization plans were formulated by the relevant departments.

Case: The Company's Internal Control and Audit Department organizes anti-fraud investigations

To effectively avoid the loss of company assets caused by fraudulent activities, the Internal Control and Internal Audit Department took the lead in cooperating with other departments to carry out anti-fraud investigations, identifying 13 anti-fraud control activities involving multiple areas such as old mobile phone recycling, inventory management, new mobile phone management, revenue management, procurement management, and company-level controls. This included risk warnings for click-farming sales/sales with high premium rates, multiple transactions for mobile phones with the same IMEI number, warehouse employee behavior checks, retaining audio and video records and evidence collection photos of quality inspection, stocktaking, etc., thus further reducing the risk of fraud.

Information Security

The security threats in the current Internet environment are constantly changing and escalating. The security risks from multiple threats such as phishing attacks and malware viruses present a serious challenge to corporate information security. ATRenew is committed to reducing the risks related to corporate information systems and network security through the combination of technology and process management, so as to effectively guarantee the Company's internal information system and network security.

In 2021, ATRenew completed its work with zero-interruption of the core business, safety of capital accounts, zero violations of legal red lines, and without leakage of core competitive data. At present, ATRenew has passed the Level 3 assessment under China's Multi-Level Protection Scheme and has been certified by the ISO 27001 information security management system.



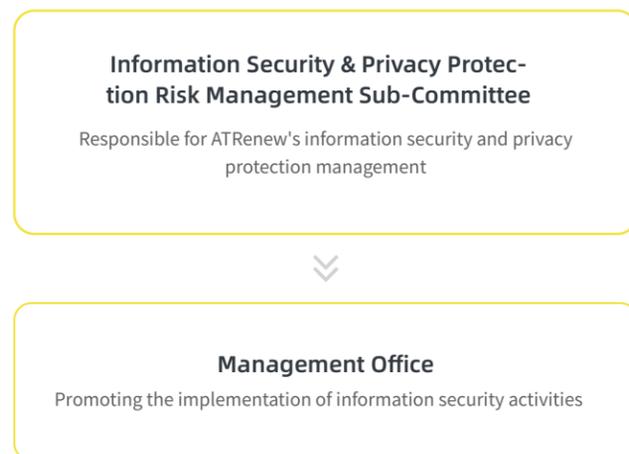
Multi-Level Information Security Protection Record-Level 3



Certificate of Information Security Management System

Organization Structure of Information Security Sub-Committee

ATRenew has established an Information Security & Privacy Protection Risk Management Sub-Committee. As the Company's decision-making body for information security-related work, it is fully responsible for the Company's overall information security and privacy protection management. The management office subordinate to the Sub-Committee is responsible for the efficient implementation of work related to information security and privacy protection.



Organizational structure of information security

Information Security Management System

In accordance with laws and regulations including the *Cybersecurity Law of the People's Republic of China* and the *Data Security Law of the People's Republic of China*, ATRenew has formulated the *General Rules of Information Security Management*. An improved information security management system has been established, including information security management policy, management strategy, various information security management methods, implementation plans and supervision mechanisms, etc. This system is revised once a year and officially released through the Company's intranet. The security measures are as follows:

1. Dual-cloud architecture

The Company has implemented a redundant network architecture integrating dual clouds (Alibaba Cloud and JD Cloud). Security protection systems, such as firewalls, anti-DDOS, anti-HIDS and malicious code prevention systems, have been deployed. Strict network access control rules are configured to ensure that the business processing system and related infrastructure operate safely and stably. In addition, the system management data, identification information and important business data are encrypted and transmitted using HTTPS, SFTP and other security protocols based on AES256 high-strength algorithm encryption, which effectively guarantees the security of the Company's internal core data.

2. System development life cycle (SDLC) platform architecture

ATRenew has formulated the *Full Life Cycle Security Management System for Application Systems*, which incorporates the full life cycle (before, during, and after-event) of application system development into the information security management and control process, to implement the SDLC mechanism. Before the event, we conduct a security review in the early stage of product design; during the event, we conduct code audit and "version targeting" approval during the launch stage. After the event, we conduct regular penetration testing after launch, so as to achieve precise control of security vulnerabilities and prevent risks at the least costs.

应用系统全生命周期安全管理制度

- 1. 目的**
目的：为公司内部整个业务应用生命周期做到安全风险防范和控制，系统运营安全、稳定，为明确应用系统生命周期安全管理过程，特制订本制度。
- 2. 适用范围**
范围：适用于公司所有的软件应用系统。
- 3. 职责与分工**
 - 3.1 技术中心负责人**
负责批准本管理规定实施；
 - 3.2 产品部**
负责编制客户需求说明书中安全需求内容；
 - 3.3 项目管理部**
负责组织评审与分析应用系统业务安全与合规需求，并进行项目管理；
 - 3.4 开发部**
负责依据安全需求进行架构设计、概要设计和详细设计，并遵照代码规范进行安全编码，及时整改测试发现的安全漏洞；
 - 3.5 技术与工程部**
负责应用系统平台基础设施及应用系统上线前平台配置优化、加固，并提供系统日常运维监控，负责安全运维的执行与管理、UAT 环境的维护与管理及应急演练。
 - 3.6 信息安全部**
负责应用系统安全相关测试，跟踪验证发现的安全漏洞整改；
负责编制本规定并组织相关部门进行审核，监督应用系统各阶段的安全措施实施。

Full life cycle security management system for application systems

3.Reinforced tracking for office network security

ATRenew attaches great importance to the security of its office network and has ensured the integrity of the company's internal office network by establishing an office network access mechanism, implementing a VPN token access mechanism, firewall logging and installing UNI Soft non-authorized software.

- 
Office Network Access >> Use of access mechanisms, non-company assets are not allowed to access the office network
- 
VPN Token >> For two-factor access to IDC resources for telecommuting users. Users can apply for a VPN+ token to access IDC through the OA process
- 
Firewall Log >> Used to save the log of office network attacks
- 
Leagsoft Software for Unauthorized >> Used to identify whether unauthorized software is installed in the office terminal

Information Security Emergency Mechanism

To respond to sudden information security incidents, ATRenew formulates business continuity planning (BCP), and regularly organizes business continuity training and drills. This establishes a long-term sustainable information system environment and effectively reduce information system security risks.

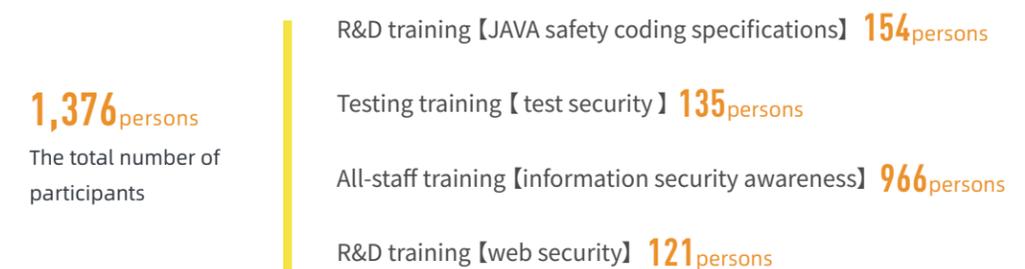
In response to the issue of the AHS Recycle App (Android version v.5.8.3) being removed from Android App store on November 3, 2021, ATRenew and with the highest priority responded positively. We established a team to analyze the reported problems and conduct comprehensive technical testing and analysis. We determined that the "excessive scope and high frequency of requests" of users' personal information identified by the Ministry of Industry and Information Technology was due to the collection of users' location information by the App to guide them to nearby AHS stores. This was rectified immediately. On January 18, 2022, the APP was relaunched. In addition, cooperating with a number of information security technology manufacturers, we conducted a comprehensive technical scanning and risk investigation, made targeted improvements for the problems found in the self-check, and developed mechanisms for managing information security and personnel, and ensuring technical integrity to avoid such problems in the future.

Case1: Developing an anti-spider decision-making system

In the third quarter of 2021, ATRenew developed the Seraph Program, an anti-spider decision-making system for the protection of business asset data scenarios. The Seraph Program reduced the number of malicious attacks per day from 3.89 million times to 12,000 by improving its defense strategy resulting in a reduction of malicious requests from 35.5% to 0.12%. The number of sent SMS messages caused by malicious requests was greatly reduced.

Case2: Carrying out information security training

To improve the information security awareness of various departments and reduce information security accidents, ATRenew held four information security trainings in 2021. This included R&D training in JAVA security coding standards and web security, test security and all-staff training in information security awareness. The total number of participants was 1,376.



Social Recognition

 <p>Top 100 Enterprises in Yangpu District The People's Government of Yangpu District of Shanghai</p>	 <p>Shanghai Worker Pioneer Shanghai Federation of Trade Unions</p>	 <p>Shanghai E-commerce Demonstration Enterprise Shanghai Municipal Commission of Commerce</p>	 <p>Capital Market Potential Innovation Company 36Kr</p>
 <p>Annual Social Responsibility Excellence Award Shanghai United Media Group</p>	 <p>The 20 Most Socially Influential Startups in China FORTUNE</p>	 <p>Best Fund Management Award in China Treasury Today Group's Adam Smith Awards Asia</p>	 <p>Best Capital Market Communication Award The 5th China IR Annual Awards</p>
 <p>Baoshan District Advanced Collective The People's Government of Baoshan District of Shanghai</p>	 <p>Annual Economic Work Science and Technology Innovation Contribution Award The People's Government of Baoshan District of Shanghai</p>	 <p>Baoshan District Complaint Network Unit Excellent Unit for Comprehensive Evaluation of Rights Protection Work the Market Supervision Administration of Baoshan District of Shanghai</p>	 <p>JDxiaozi 618 Machine Priority Mode Best Operation JD Retail</p>
 <p>Top 100 Fast-Growing Companies in Shanghai's Software and Information Technology Service Industry Shanghai Municipal Commission of Economy and Informatization</p>	 <p>Yangpu District Enterprise Technology Center Recognition Commerce Commission of Yangpu District of Shanghai</p>	 <p>Outstanding 618 Contribution Award JD Retail</p>	 <p>Outstanding Merchant JD Retail</p>
 <p>Shanghai Specialized and Sophisticated Enterprises That Produce New and Unique Products Shanghai Municipal Commission of Economy and Informatization</p>	 <p>The Sixth Batch of Shanghai Key Trademark Protection Lists Shanghai Administration of Intellectual Property Rights</p>	 <p>Excellent Merchant for Pre-sales Communication JD Retail</p>	



02 Improved Corporate Governance

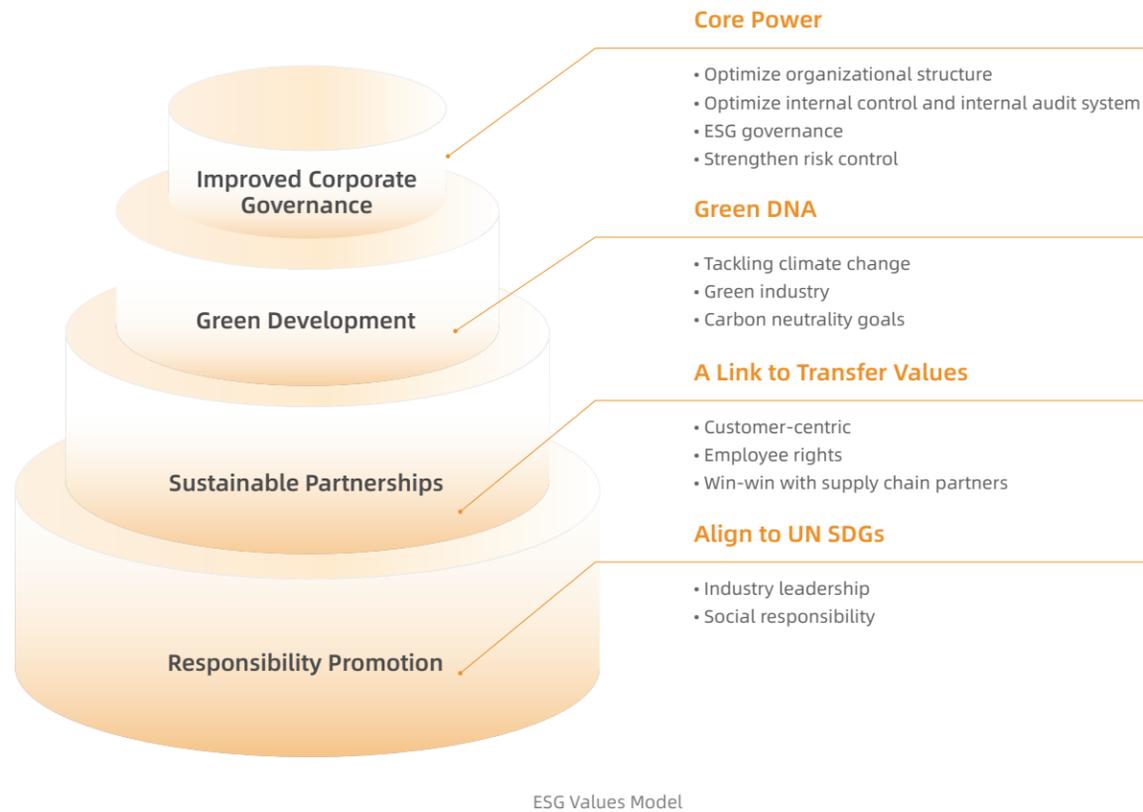
- 25 Reiterating ESG
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ATRenew has fully integrated ESG philosophy into the Company's governance. We mapped out potential risks, enforced internal controls and contributed to the development of the digital circular economy. In addition, ATRenew established measures to tackle climate change, manage carbon assets, and actively communicate with its stakeholders, with a view towards building a sustainable ecosystem for the pre-owned electronics and services industry.

Reiterating ESG

ATRenew fully integrated ESG philosophy into its governance structure. The Company established a full-lifecycle carbon footprint management system for the second-hand electronics industry value chain, and strives to become a benchmark ESG company in pursuit of high-quality and sustainable development.

2021 marked ATRenew's 10th anniversary and its first year of overseas listing. This year, ATRenew enters a new chapter, and we have continued to improve various systems and further embedded ESG philosophy into the Company's development. We improved our corporate governance and internal control system, addressed many areas of risk and strengthened our core focus on sustainable development. We expanded and strengthened the recycling industry, formulated measures to tackle climate change, effectively managed carbon assets, while realizing both economic and environmental benefit. We joined hands with employees, businesses, suppliers, and other partners to build an ecosystem for sustainable development. Finally, we actively embrace our social responsibility initiatives in pursuit of United Nations sustainable development goals in order to demonstrate our love for this world.



ESG Governance

The Company has established a three-level ESG management structure. The board of directors coordinates, approves, and supervises the overall ESG related of the Company. It defines the responsibilities at each level of the ESG management process to ensure that ESG management is systematic, scientific and effective.

Based on the Company's core business and management structure, strategic development goals, and external best practices, our ESG management is focused on the following areas:



In future years, the Company will identify and evaluate its ESG priorities at the beginning of each year.



Communication with Stakeholders

ATRenew greatly values communication with its stakeholders. We continue to strengthen communication with a wide range of stakeholders including consumers, platform merchants, employees, shareholders/investors, government regulators, communities and the general public, and suppliers and partners from multiple channels, in order to seek out new approaches for ESG value creation.

Stakeholders	Relevance	Material Topics	Communication
Consumers	Provide consumers with high-quality products and services as the basis of brand value.	<ul style="list-style-type: none"> Privacy protection and data security Quality products and services Consumer rights Integrity in business 	<ul style="list-style-type: none"> Online and offline communication (APP/website/store) Customer service hotline (12 hrs/day, Mon - Sun) Customer satisfaction survey Responsible marketing and branding
Platform merchants	Platform merchants are not only our customers, but also a key channel of our business. Strengthening communication and cooperation with platform merchants enhances our brand development and helps us to realize commercial and social influence.	<ul style="list-style-type: none"> Merchant entry and qualification management Quality products and services Integrity in business 	<ul style="list-style-type: none"> Merchant management Field visit and assessment Digitization of merchant transaction processes Credit scoring
Employees	Human capital is the core driving force for the development of ATRenew. It is our responsibility to care for and cultivate employees, and to provide them with opportunities for advancement and growth support.	<ul style="list-style-type: none"> Protection of basic rights and interests Diversity, equity and inclusion Compensation and welfare Training and development Health and safety 	<ul style="list-style-type: none"> Employee representative meetings Employee satisfaction survey Listener Program ("倾听官", an anonymous feedback and complaints program) Headline Communication Meeting Online Courses on Cloud ("云学堂") and Yuque ("语雀") Health and safety training

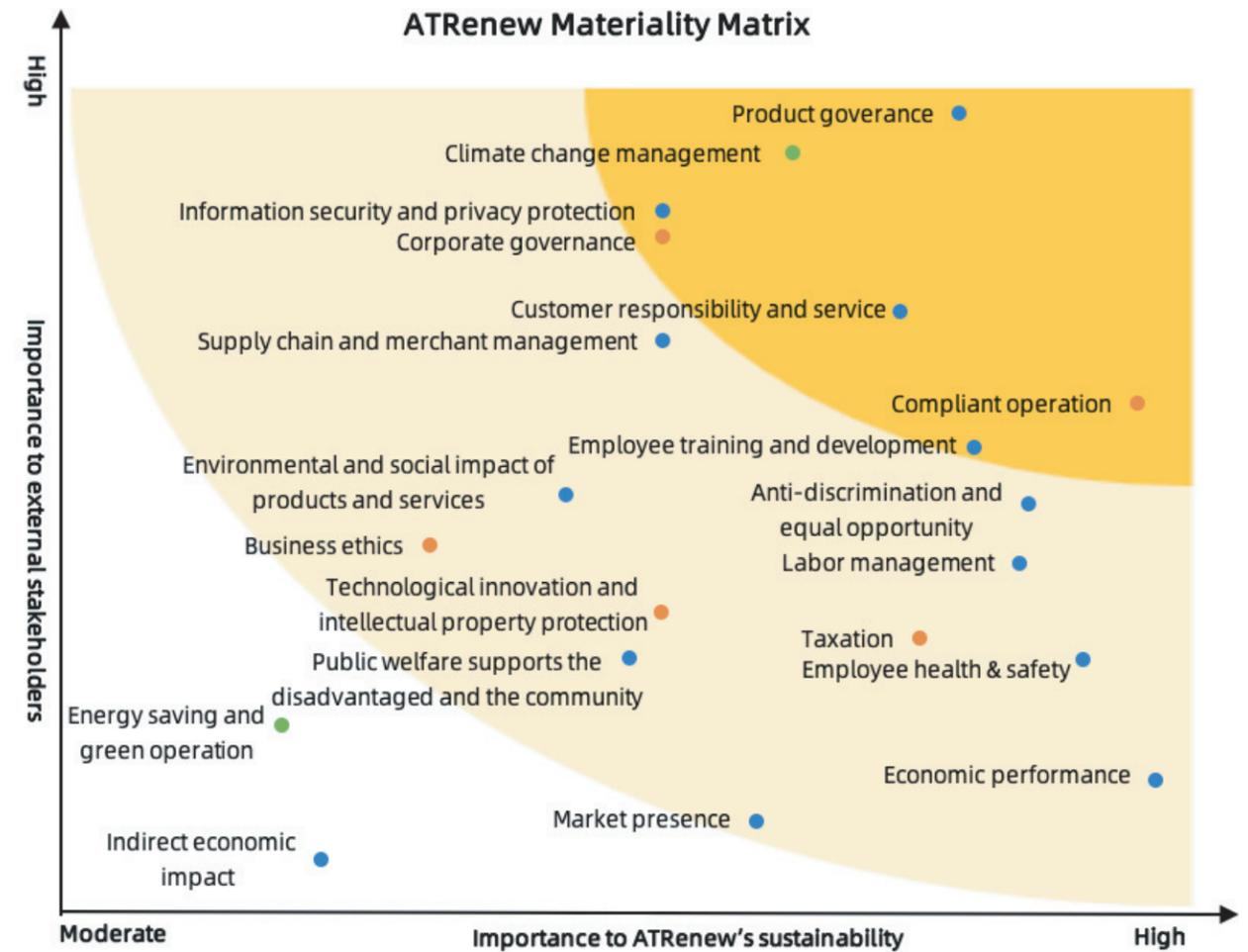
Stakeholders	Relevance	Material Topics	Communication
Shareholders/ Investors	Shareholders/investors are a critical resource for ATRenew's development and the steady growth of the Company is their direct benefit.	<ul style="list-style-type: none"> Corporate governance Market performance Economic performance ESG performance 	<ul style="list-style-type: none"> Company visits Conference calls and emails Earnings reports, press releases Annual reports and quarterly reports ESG survey and report Investor roadshows Reverse roadshow / Site survey
Governments and regulatory agencies	As a responsible growing enterprise, we maintain good relationships with local governments. It is ATRenew's responsibility and obligation to abide by laws and regulations.	<ul style="list-style-type: none"> Compliant operations Paying taxes according to law 	<ul style="list-style-type: none"> Company visits Proactive meetups Annual reporting
Community and the public	Positive feedback with the community and the public reflects ATRenew's social responsibility and the positive externalities of the digital circular economy.	<ul style="list-style-type: none"> Community development Public welfare activities 	<ul style="list-style-type: none"> Donations and aid Public welfare programs
Suppliers and partners	Collaborative and cooperative relationships with suppliers and partners are the foundation of the Company's healthy development.	<ul style="list-style-type: none"> Supplier access criteria Supplier evaluation Supplier cooperation Regular communication 	<ul style="list-style-type: none"> Supplier evaluation Suppliers' social responsibility Enterprise cooperation

Identification of Material Issues

This report extends material topics listed in the 2020 ESG report and adjusts the materiality matrix to reflect GRI standards and the recommendations of the *Task Force on Climate-related Financial Disclosures* (TCFD). We value the feedback from capital markets, and have taken into consideration the key industry ESG topics highlighted by MSCI and Sustainalytics. Several new topics have been included, such as product governance and corporate governance. There are 20 ESG material issues in this report, in relation to corporate governance, operations, innovation, supply chain, customer service, employees matters and other areas, aiming to identify and reduce risks in the full lifecycle and the promotion of sustainable development.



During the reporting period, the Company identified 7 issues of high importance, 11 issues of intermediate importance and 2 issues of moderate importance. The issues surrounding product governance and corporate governance have garnered the most attention from internal and external stakeholders of ATRenew, and thus have become new high priority material issues. In this report, we focus on detailed disclosure of high priority material issues and some moderate priority material issues.



ESG Risk Management

In addition to considering the financial risk factors of a project, ATRenew incorporates non-financial factors such as environmental and social benefit into its risk evaluation system and manages projects dynamically with respect to ESG according to business guidelines. The Company identifies material issues and the risks therein and analyzes the impact of relevant ESG factors on the Company's operations and business activities, so as to further improve the Company's management and control of ESG risks.

Material Issues	Significance to ATRenew	Improvement Measures	Corresponding Chapters	Corresponding SDGs
Tackling Climate Change	Changes to the climate such as extreme weather events and natural disasters may bring certain challenges to business operations, while the "dual carbon" strategy brings new development opportunities to ATRenew.	<ul style="list-style-type: none"> Carrying out full-lifecycle "carbon inventory" Introducing the TCFD framework to identify climate change risks and opportunities 	<ul style="list-style-type: none"> Tackling climate change Green industry 	  
Product Governance	The development of a standardized testing system will help lead the development of the industry, improve the product experience of customers, and enhance ATRenew's brand awareness and reputation.	<ul style="list-style-type: none"> Standardized product inspection process Popularizing the availability of standardized quality inspection products with third-party merchants Participating in the formulation of industry standards Leading the development of the industry 	<ul style="list-style-type: none"> Product quality control Supply chain management Contribution to Industry 	 
Information Security and Privacy Protection	An effective information security and privacy protection system can protect customer data and company information, avoid liability claims and fines, and empower and protect the Company's business security.	<ul style="list-style-type: none"> Multi-layer protection of information at the system level and business level App privacy error examination Developing a privacy removal tool - Aiqingchu 	<ul style="list-style-type: none"> Privacy protection Risk management & compliance 	

Material Issues	Significance to ATRenew	Improvement Measures	Corresponding Chapters	Corresponding SDGs
Customer Responsibility and Service	Better customer service helps increase customer stickiness and brand loyalty.	<ul style="list-style-type: none"> Establishing customer communication mechanisms Closed-loop customer complaint management mechanism External escalation warning mechanism for customer complaints Customer satisfaction survey 	Customer service	
Employee Training and Growth	As ATRenew's business model depends on complex IT system management and logistics systems, the cultivation and support of IT and warehouse management talent is necessary for the Company's development.	<ul style="list-style-type: none"> Conduct various trainings for various objectives Online learning platform 	Employee development	   
Corporate Governance	In adherence with the principles of sustainable development, ATRenew values shareholders' rights and interests, actively contributes to society, and improves its corporate governance system in order to enhance the Company's core competitiveness.	<ul style="list-style-type: none"> Operating scientifically in accordance with the Company's articles of association and performing our respective duties Refining and adjusting the organizational structure, clarifying the rights and responsibilities of the management and executives Improving various rules and regulations 	<ul style="list-style-type: none"> Corporate governance ESG governance 	 
Compliant Operation	As a multinational enterprise, ATRenew must abide by the laws and regulations of various countries to safeguard the Company's business.	<ul style="list-style-type: none"> Complying with SEC rules Building a complete internal control system according to US SOX requirements Developing an integrity internal control system Formulation of the integrity system Open channels for email reporting and whistleblowing 	Risk management & compliance	

ESG Key Performance¹

Environmental performance^{2,3}

Indicator	Unit	2020	2021	Remarks
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Indirect energy use

Total electricity consumption	kWh	4,280,524	4,937,065	
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Emission of greenhouse gases (carbon dioxide equivalent)

Total greenhouse gas emissions	Tonne CO ₂ e	5,917.44	31,336.29	The main reason for the major change in the total amount of greenhouse gas emissions is the difference in the statistical caliber and methodology of the 2021 Scope 3 data and the 2020 Scope 3 data. The 2021 Scope 3 data has expanded four indicators, namely capital goods, operational waste, employee commuting and end-disposal emissions of sold products.
Scope 1 ⁴	Tonne CO ₂ e	0.00	0.00	
Scope 2 ^{5,6}	Tonne CO ₂ e	2,503.60	2,873.17	
Scope 3 ⁷	Tonne CO ₂ e	3,413.84	28,463.12	

¹ The blanks for 2020 is uncounted/undisclosed data.

² The collection time of environmental data covers the period from January 1, 2021 to December 31, 2021; the scope of environmental data is the Group's 7 offices located in Beijing, Shanghai, Tokyo, Shenzhen, etc., and the operation centers nationwide (Shanghai, Changzhou, Chengdu, Wuhan, Tianjin, Dongguan, Shenzhen and Hong Kong - Shenzhen operation center was relocated to Dongguan in 2021), self-operated city-level operation stations, as well as self-operated stores and franchised stores nationwide.

³ The ratios in the environmental data is calculated by dividing the total amount of data in 2021 by the Company's revenue amount for the current year, in millions.

⁴ ATRenew does not involve the direct use of fuel in the operation process, so the greenhouse gas emissions (Scope 1) are zero.

⁵ Greenhouse gas emissions (Scope 2) come from purchased electricity. For domestic greenhouse gas emission factors, it refers to the *Ministry of Ecology and Environment's Notice on Doing a Good Job in the Management of Corporate Greenhouse Gas Emissions Reports in 2022*. For Hong Kong's greenhouse gas emission factors, it refers to the *CLP Sustainability Report 2020* issued by CLP Power Hong Kong. For Tokyo Greenhouse gas emission factors, it refers to the greenhouse gas emission factors of public utilities revised and published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan R4.2.17.

⁶ The 2021 data of Scope 2 includes the data of Paipai Marketplace's self-operated stores and self-operated city-level operation stations, but the 2020 data does not include such data.

⁷ For the 2021 greenhouse gas emissions data (Scope 3), a new calculation method is adopted. It is calculated with reference to the Greenhouse Gas Protocol, which was jointly launched in 1998 by the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI).

Indicator	Unit	2020	2021	Remarks
Scope 3 - Capital goods ⁸	Tonne CO ₂ e	-	3,183.12	
Scope 3 - Upstream transportation and distribution ⁹	Tonne CO ₂ e	2,745.59	1,927.94	In the 2020 data, the upstream and downstream transportation and distribution emissions are not separately counted, but included in the upstream distribution and transportation. The reason why the greenhouse gas emissions of upstream and downstream transportation and distribution in 2021 are significantly higher than that in 2020 is that the number of express orders in 2021 significantly exceeded that in 2020 and that there is difference in estimation methodologies.
Scope 3 - Waste generated in operation ¹⁰	Tonne CO ₂ e	-	21.80	
Scope 3 - Business travel ¹¹	Tonne CO ₂ e	271.68	1,546.36	The 2021 data includes greenhouse gas emissions of hotel accommodation in business travel.
Scope 3 - Employee commuting ¹²	Tonne CO ₂ e	-	6,290.00	
Scope 3 - Downstream transportation and distribution ⁹	Tonne CO ₂ e	-	7,033.26	
Scope 3 - End-disposal emissions of sold products ¹³	Tonne CO ₂ e	-	7,940.52	

⁸ Scope 3 - capital goods, mainly include fixed assets purchased by the Group.

⁹ Scope 3 - upstream and downstream transportation and distribution, are mainly from JD Logistics and SF Express.

¹⁰ Scope 3 - waste generated in operation, refers to the greenhouse gases equivalent to waste generated during processing operations.

¹¹ Scope 3 - business travel, mainly includes the emissions from air journey emissions and hotel accommodation emissions in ATRenew's business travel; the 2020 data does not include hotel accommodation emissions.

¹² Scope 3 - employee commuting, mainly includes all ATRenew employees' commuting traffic emissions.

¹³ Scope 3 - end-disposal emissions of sold products, mainly include the end-disposal greenhouse emissions of sold products from Paipai Marketplace, PJT Marketplace, AHS, and overseas.

Indicator	Unit	2020	2021	Remarks
Scope 3 - Franchise ¹⁴	Tonne CO ₂ e	396.57	520.12	This part of the 2020 data is originally downstream asset leasing. This report is adjusted to the franchise.
Greenhouse gas emission intensity (Scope 1 + Scope 2)	Tonne CO ₂ e/RMB1,000,000	0.52	0.37	
Water resources				
Total water consumption ¹⁵	Tonne	9,591.75	11,532.76	
Water consumption - municipal water	Tonne	9,495.00	11,416.96	
Water consumption - barreled water	Tonne	96.75	115.80	
Water consumption intensity	Tonne/RMB1,000,000	1.97	1.48	
Comprehensive sewage discharge	Tonne	7,596.00	9,236.83	
Sewage discharge intensity	Tonne/RMB1,000,000	1.56	1.19	
Waste				
The total amount of non-hazardous waste	Tonne	8.14	27.88	
The total amount of recyclables	Tonne	184.98	162.49	
Packaging consumables				
The total amount of packaging materials ¹⁶	Tonne	398.38	566.66	Cardboard was the only category measured in 2020. In 2021, new categories included were tape, bubble wrap and air column bag.

¹⁴ Scope 3 - Franchise, mainly comes from the franchisees' electricity usage.

¹⁵ The total water consumption includes the consumption of municipal water and barreled water in the Group's office areas and operation centers (including Hong Kong).

¹⁶ Packaging consumables include cardboards, tapes, bubble wraps and air column bags used in packaging.

Social performance

Indicator	Unit	2020	2021	Remarks
Employment				
Total employees	Person	2,388	2,497	
Senior management	Person	37	38	
Female senior management	Person	7	7	
Middle management (e.g.department manager)	Person	298	380	
Non-management employees	Person	2,053	2,079	
Disabled employees	Person	16	13	
Full-time employees	Person	-	2,497	
Contract employees	Person	-	0	
Male employees	%	71.28	70.85	
Female employees	%	28.72	29.15	
Employees aged 30 and below	%	62.35	56.15	
Employees aged 31-49	%	37.48	43.37	
Employees aged 50 and above	%	0.17	0.48	

Indicator	Unit	2020	2021	Remarks
Ph.D.	Person	-	0	In 2020, the statistical work on the diversity of employees' educational backgrounds was not carried out.
Post-graduate	Person	-	106	
Undergraduate	Person	-	1,401	
Junior college	Person	-	817	
Technical secondary school and below	Person	-	173	
Employees in trade union	Person	360	340	
Employees in trade union	%	15.1	13.6	
Total number of new employees ¹	Person	310	772	
New male employees	Person	186	499	
New female employees	Person	124	273	
Health and safety				
Work-related accidents	Accident	8	14	Six accidents in 2020 were traffic accidents during commute to work. Where as the incidents in 2021 caused only minor injuries, thus the impacts on work hours were significantly lower in 2021.
Work-related fatalities	Person	0	0	
Lost working days due to work injury	Days	540	245	
Lost working hours due to work injury	Hour	4,320	1,959	
Absence ²	%	3.06	2.00	

¹ The total number of new employees only counts long-term employees, as of December 31 of the reporting year.

² Absence rates are calculated by dividing the number of days lost by the number of scheduled workdays during the reporting period.

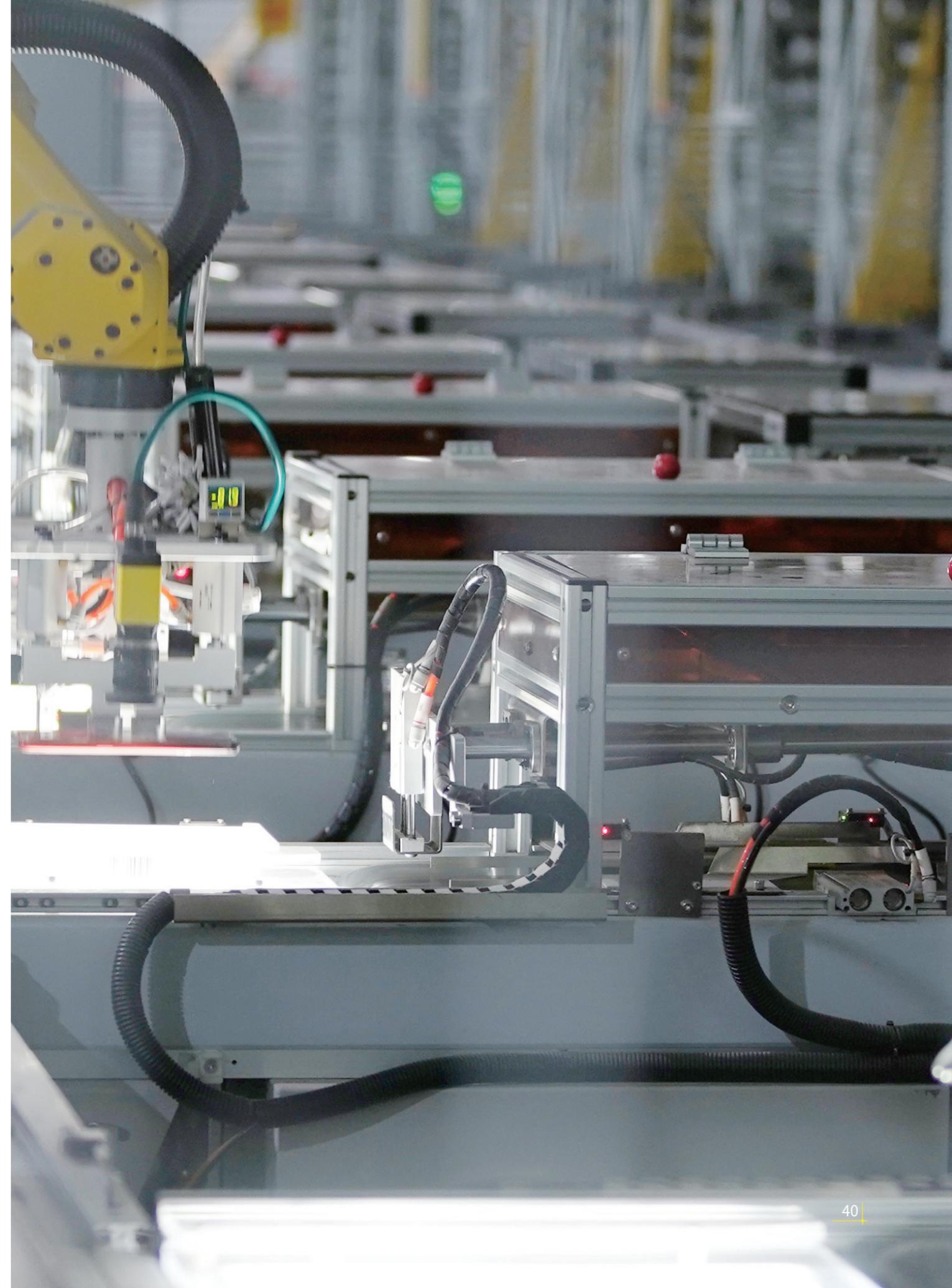
Indicator	Unit	2020	2021	Remarks
Employee training (ATRenew Inc.)				
Average training time for employees	Hour	10	8	
Group employees who regularly receive performance appraisals and career development assessments ³	%	95.6	97.7	
Satisfaction				
Employee satisfaction (overall employees)	/5	4.42	4.25	
Employee satisfaction (front-line employees)	/5	4.12	3.90	
Paipai Marketplace merchants				
Number of trained merchants	#	2,100	1,000	Affected by the epidemic, offline training cannot be carried out, resulting in a significant drop in the number of trained merchants.
Average training time for merchants	Hour	2.5	4.0	
Cumulative number of registered sellers	#	2,079	2,870	
New sellers	#	674	791	
PJT Marketplace merchants				
Number of trained merchants	#	3,016	7,273	
Average training time for merchants	Hour	6.5	4.6	
Cumulative number of registered buyers	#	92,515	118,782	

³ The proportion of employees who accept semi-annual performance ratings, quarterly performance appraisals, and monthly KPI appraisals in the Group.

Indicator	Unit	2020	2021	Remarks
Cumulative number of registered sellers	#	111,925	153,989	
New buyers	#	38,522	26,267	
New sellers	#	51,237	42,064	

Corporate governance performance

Indicator	Unit	2020	2021	Remarks
Anti-corruption litigation cases	#	-	0	In 2021, statistics on corporate governance performance have been added to the report. The unscheduled integrity checks was conducted during the year, so as to identify, assess and prevent fraud risks.
Anti-corruption inspections	#	-	6	
Audit projects completed	#	-	2	





03 Green Development through Circular Economy

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ATRenew is committed to extending the life cycle of pre-owned electronics. Relying on the Task Force on Climate-Related Financial Disclosures (TCFD) framework, we identify and evaluate climate-related risks and opportunities to improve our risk management systems. The life cycle assessment method quantifies CO₂ emission reduction achieved through the second-hand mobile phone market. We try to build a green industrial chain of recycling, conducting quality inspection, transporting and disposing e-wastes. ATRenew integrates the philosophy of green and sustainable development into our entire operation process, creating a green and healthy office environment, conducting green public welfare activities and contributing to greener consumption habits.

Tackling Climate Change

According to the *Global Risks Report 2021*, more than half of the top ten global risks in the next decade are ESG-related risks. The failure to tackle climate-related risks raises the likelihood of frequent extreme weather over the next decade. As a trading platform for second-hand electronic goods, we are aware of the risks and opportunities that climate change poses to our business.

To address the risks and challenges brought about by climate change, we have identified and assessed some of the climate change risks and opportunities faced by our business and operations based on the TCFD framework and evaluated their materiality for our business. The goal of ATRenew is to conduct climate change scenario analysis in the future to better quantify the financial impact of climate-related risks and opportunities and contribute to future improvements in TCFD disclosure.



Governance

ESG Committee is responsible for climate risk management and supervises matters related to climate change risks.

Strategy

Physical risk

- Acute risks caused by climate change (for example, hurricanes and rainstorms), which may damage the Company's assets and affect our business continuity;
- Extreme weather will also prolong the inventory turnover time. For the pre-owned electronics industry, where the market price changes rapidly, the extension of turnover time will affect our operating profits.

Transformation risk

- Additional operating costs brought by policy change;
- Reputation damage and loss of users due to being unable to effectively control or reduce the carbon emissions.

Opportunity

- For the strategic opportunity brought by China's carbon peaking and carbon neutrality, investors tend to invest in green industries and projects with a positive impact on climate change;
- With the gradual maturity of carbon asset policy and the trading market, CCER and other projects can bring more additional benefits to ATRenew.

Risk Management

We incorporate ESG risks (including climate change risks) into the Company's risk assessment and control system. In response to climate change, we focus on identifying and evaluating physical risks and transformation risks, while grasping development opportunities to promote the Company's sustainable development.

Metrics and Targets

Actively responding to China's strategy in carbon peaking and carbon neutrality, ATRenew plans its targets and commitment in decarbonization, to help China achieve its carbon peaking and carbon neutrality goals.

Green Industry

"Green" is the external manifestation and "industry" is the internal driving force of the circular economy. Therefore, green industry will become a hot spot of investment and development under the circular economy system. As a leader in the green industry, ATRenew is working on both the "industry" and "green" aspects to build a product and service system with positive externalities for the environment and climate.

The circular economy has unique significance in the current situation. From the perspective of "dual circulation", it will help to greatly improve China's domestic circulation efficiency and reduce China's dependence on scarce resources. Against the backdrop of China's "dual carbon" goals, the establishment of a system of collection, recycling and redistribution solves the contradiction between the production of new mobile phones and high energy consumption, thus reducing both the amount and intensity of carbon emissions in the life cycle.

Seizing the policy opportunity, ATRenew promotes the sustainable development of the green industry through technological empowerment. ATRenew has gradually extended and improved the electronic recycling industry by leveraging big data, automated quality inspections and operation centers all over the country. We hope to provide a variety of avenues and accommodations for electronic recycling according to the needs of society.

Stores + Recycle Kiosks

- We establish our recycling terminals at the grassroots level, forming a multi-point networked collection system via recycle kiosks and stores. This allows us to reach consumers in a multitude of ways, expanding the penetration rate of mobile phone recycling.

Door-to-door Collection

- With this service, we perform the "last mile" of electronic device collection, providing consumers with convenience and increasing their willingness to recycle.

Quality Inspection

- Through automated quality inspections, we have increased the efficiency of second-hand mobile phone inspections by 32%, thus significantly increasing rates of recycling and reuse.

Quality Rating

- ATRenew grades the quality of each second-hand phone in its recycling system. Based on the accumulated transaction data every year, we have divided all the second-hand mobile phones (excluding defunct phones) into 36 grades for to-business sales and 6 grades for to-consumer retail. Through accumulation and analysis of available data, we have formed a more scientific and reasonable pricing mechanism. By gradually turning second-hand mobile phones into commodities, we promote the increased transaction rate and circulation of second-hand mobile phones.

Circulation Channels

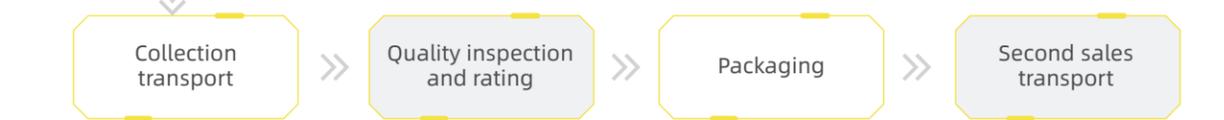
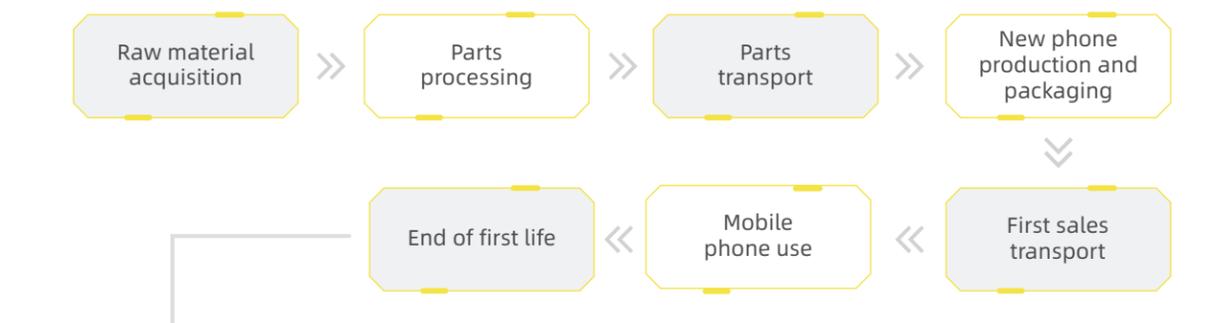
- Through an effective pricing mechanism, as well as accurate and efficient circulation channels, we improve the satisfaction of buyers and sellers, enhancing consumer trust in the circular economy and second-hand trading system. This increases their willingness to trade pre-owned electronic devices and promotes the overall development of the green circular economy.

In addition, the "greenness" of the circular economy tends to remain an abstract concept—neither practical nor quantifiable. For this reason, we have adopted the Life Cycle Assessment (LCA) method to analyze the carbon reduction of every second-hand mobile phone sold.

Life cycle of second-hand mobile phones:

Raw material mining and acquisition, parts processing and assembly, production, first sale, pre-owned mobile phone recycling quality inspection, packaging and second sale to consumers:

The first life cycle of mobile phones



The second life cycle of mobile phones

Given most materials in second-hand mobile phones are recycled, the cradle-to-grave carbon footprint of second-hand phones overlaps with that of new mobile phones. In order to address the issue of double-counting, the carbon footprint of second-hand mobile phones should be calculated as a certain fraction of that of a new phone. ATRenew proposes to qualitatively analyze the carbon emission reduction rate with the "supply-demand distribution coefficient". Combined with our accumulated data, we quantitatively analyze the emission reduction through the "quality ratio" of second-hand mobile phones. In other words, the ratio of the quality of a single second-hand mobile phone to that of the corresponding new mobile phone.

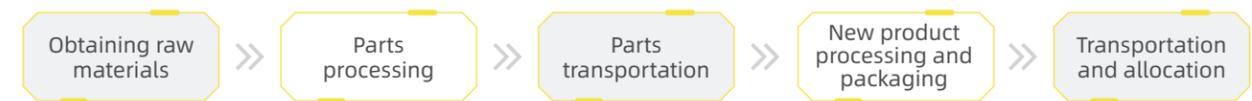
The supply-demand relationship of second-hand mobile phones determines the emission reduction rate. From ATRenew's historical data, we can see that the prices of second-hand mobile phones released in the recent year are high, indicating there is a high demand in the second-hand market. At this time, although the transaction of a second-hand mobile phone can generate carbon emission reductions, the "greenness" or the contribution of climate value is not as good as the transaction of a second-hand mobile phone released years ago. That is because the second-hand mobile phones released longer ago are mostly idle or obsolete products, and their value is lower, thus "turning waste into treasure". Therefore, the release year of a mobile phone affects the price trend to a certain extent. The price trend reflects the supply-demand relationship of second-hand mobile phones, which largely determines the inherent greenness of second-hand phone transactions, namely the carbon emission reduction rate. Therefore, for the first time, ATRenew introduces the "supply-demand distribution coefficient" to better analyze the "greenness" of its own business model and its contribution to the environment and climate.

The quality of second-hand mobile phones determines the emission reduction to a certain extent. Another feature of second-hand mobile phones is their differing quality with various influencing factors, such as length of use and appearance. Therefore, the transaction "greenness" of second-hand mobile phones with different qualities should be different. The transaction of second-hand mobile phones of lower quality is more akin to "turning waste into treasure". Every second-hand mobile phone will undergo standardized quality inspection and identification after entering ATRenew's recycling system, obtaining the corresponding grade. Therefore, in combination with its own accumulated data, ATRenew introduced "quality ratios" for the first time to quantitatively analyze the carbon emission reduction of the recycling industry in a more standardized way.

ATRenew's carbon emission reduction process diagram for second-hand mobile phones:

$$\text{ATRenew's amount of carbon emission reduction of second-hand mobile phones} = \text{New mobile phone cradle-to-gate carbon footprint} - \text{Second-hand mobile phone carbon footprint}$$

(1) New mobile phone cradle-to-gate carbon footprint = mobile phone production + carbon emission in transportation

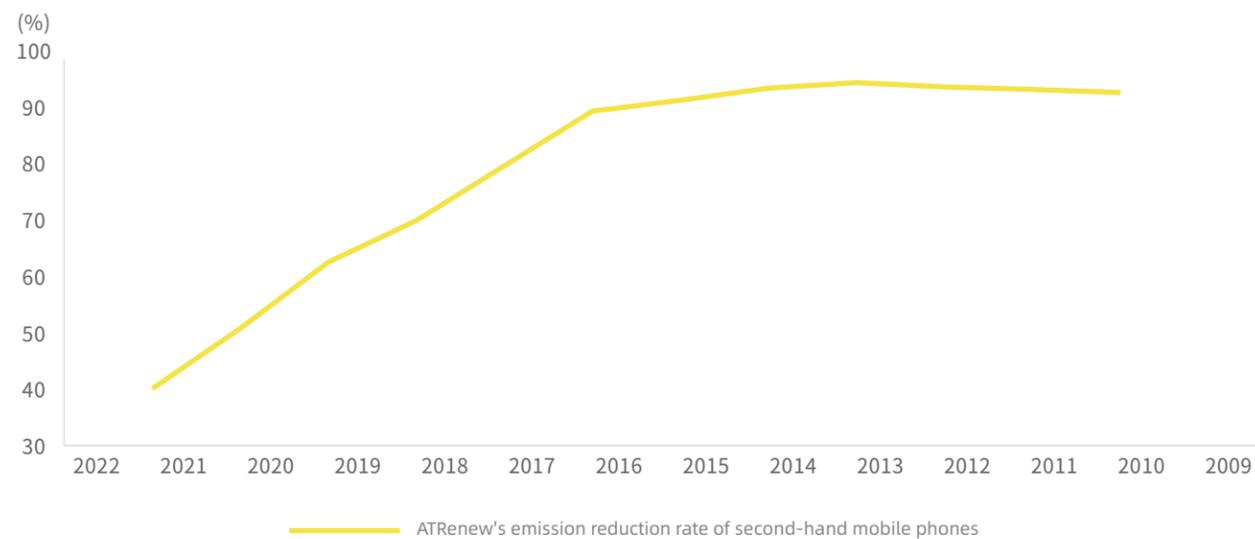


(2) Carbon footprint of second-hand mobile phones = amortized carbon emissions from second-hand mobile phones + recycle + quality inspection and maintenance + packaging + carbon emissions in transportation



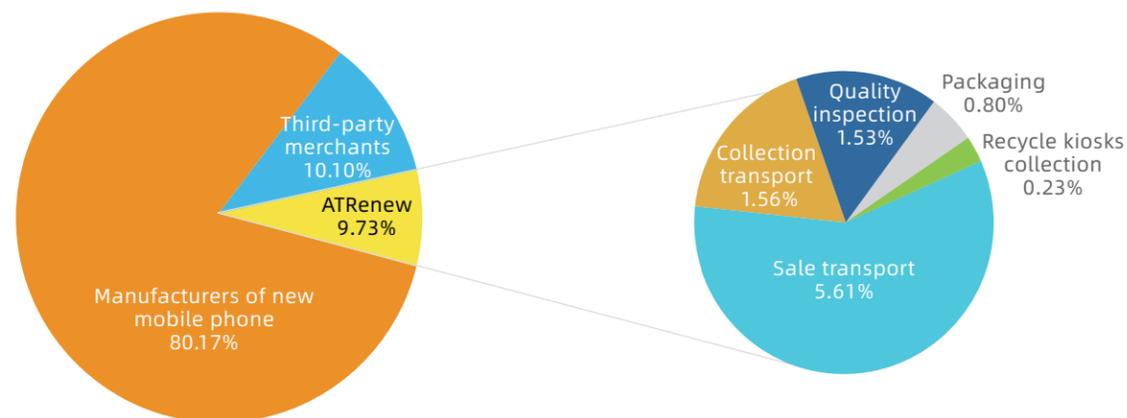
According to our data analysis, the intrinsic logic of second-hand mobile phone transactions varies by transaction. The release year of a mobile phone affects the price trend of its corresponding second-hand phone to a certain extent. The price reflects supply and demand, and supply and demand largely determine the inherent greenness of second-hand phone transactions, namely the carbon emission reduction rate. Therefore, for the first time, ATRenew has introduced a supply-demand distribution coefficient based on price trends, to more reasonably analyze the "greenness" of its own business model and its contribution to the environment and climate.

Changing trend of emission reduction rate of second-hand mobile phones (Base year: 2021)



Taking the second-hand mobile phone as the base analysis unit, ATRenew calculates cradle-to-gate carbon emissions. The results are as follows:

ATRenew's average carbon footprint ratio of second-hand mobile phones in each phase of life cycle¹



¹ For ATRenew's business in mainland China.

By quantifying and comparing greenhouse gas emissions with the corresponding stages of the new mobile phone life cycle, we draw the following key conclusions:

Key Conclusions

- The average greenhouse gas emission reduction of a single second-hand phone of ATRenew compared with a new mobile phone.
- The average greenhouse gas emission reductions rate of ATRenew's second-hand phones in 2021.
- The additional greenhouse gas emission reductions contributed by the improvement of the detection efficiency of ATRenew in 2021.
- The total amount of greenhouse gas emission reductions contributed by the second-hand mobile phone recycling system of ATRenew in 2021.

Performance in second-hand mobile phone recycling emission reduction

30.41 kg of carbon emission reduction per second-hand mobile phone²

Every second-hand mobile phone sold³ by ATRenew contributed an average of 30.41 kg of carbon emission reduction.

72.59% of carbon emission reduction rate per second-hand mobile phone²

A second-hand mobile phone was sold by ATRenew during 2021, equivalent to reduce 72.59% of carbon emissions reduction, compared to a new phone in the cradle-to-gate stage.

12,070 metric tons of carbon emission reduction contributed by automation technology transformation⁴

The 32% increase in detection efficiency significantly enlarges ATRenew's recycling circulation of mobile phones. In 2021, the number of second-hand mobile phones in circulation increased by 396,921. Therefore, a reduction of 12,070 metric tons of carbon emissions can be directly attributed to ATRenew's automation technology.

Total annual carbon emission reduction of 463,692 tonnes⁵

In 2021, all pre-owned mobile phones sold by ATRenew contributed 463,692 metric tons of green-house gas emission reductions⁵. This is equivalent to the carbon sink of 2.3 million mu of urban forests in one year⁶.

² For the overall business of ATRenew (including overseas).

³ Sales across all ATRenew's platforms excluding returns.

⁴ The greenhouse gas emission reductions performance achieved by the automatic quality inspection of Changzhou operation center.

⁵ Carbon emissions generated by third-party businesses downstream of the industry are included in the statistics.

⁶ The average annual carbon sink per mu of urban forest is 0.2 tCO₂e. This refers to the statistics of the annual average emission reduction of all the disclosed forest management projects in China Certified Emission Reduction (CCER) scheme. Mu is a Chinese unit of land measurement and one mu is equal to 666.7 square meters. And tCO₂e stands for tonnes of carbon dioxide equivalent. According to MioTech.

Green Operation

ATRenew has formulated the *AHS Environmental Management System* and has obtained the ISO 14001 environmental management system certification. We advocate for practical actions to address energy conservation and environmental protection. In addition, the Company actively supports cooperation between enterprises, launches environmentally friendly products, guides the public to green consumption and contributes to the development of the circular economy.



ISO 14001 certification

Green Procurement

The *Guidelines for Enterprise Green Procurement (Trial)* issued in 2014 encourages enterprises to build a green supply chain and promote green circulation. ATRenew values energy conservation and environmental protection, and comprehensively promotes the implementation of green procurement responsibilities. We have formulated the *ATRenew Procurement Policy* and the *Aihuishou Sustainable Procurement Policy*, covering some green procurement policies, as follows:

Green Procurement Policies

- Suppliers are required to provide products that are friendly and harmless to the environment.
- Selecting green and environmentally friendly materials for office decoration, to reduce waste by strictly controlling the interior decoration process.
- Prioritizing the procurement and use of energy-saving, water-saving and material-saving raw materials, products and services that are conducive to environmental protection.
- Conducting periodic on-site surveys on ESG issues such as green production at their locations.

Green Logistics

ATRenew strives to reduce the environmental impact and energy consumption of recycling and transportation for its products. We actively carry out green practices in the field of logistics. The specific measures are as follows:

- Launching the "Nearby" label, which is convenient for buyers to identify and screen products whose origin is closer to the delivery address, reducing long-distance transport so as to reduce carbon emissions from logistics.
- In cities with larger scale and density of stores, the Company adopts the carrier mechanism (outsourcing), relying on logistics vehicles to transport collected electronic devices to the logistics center. According to estimates, the cost is reduced by about 10% and carbon emissions are greatly reduced. The cities that have carried out this mechanism include Shanghai, Beijing, Chengdu, Guangzhou, Shenzhen, etc.

During the reporting period, we mainly selected SF Express and JD Logistics as our logistics partners, both of which have obtained ISO 14001 environmental management system certification, helping reduce the Company's indirect greenhouse gas emissions. We have conducted statistics and calculations¹ on the carbon emissions (Scope 3 - upstream and downstream transportation and distribution) generated by logistics companies and the consumption of packaging materials involved in the process.

Green Disposal

ATRenew is devoted to the full life cycle management of products, and proactively assumes the responsibility for the end-of-product disposal of the recycled devices with no market value due to quality deficiencies or outdated styles. Partnering with third parties qualified for the collection and operation of recycled resources, we undertake the dismantling of such products in a compliant and environmentally-friendly manner. In line with our circular economy ideas, the dismantled metal materials will be further sorted and recycled to reduce the environmental hazards of heavy metals in electronic products while improving resource utilization.

At the same time, the Company is also concerned about the carbon emissions from downstream disposal. Therefore, we are learning about the operational process and energy consumption of product disposal together with third-party partners. We plan to work with them to optimize and reduce the energy consumption generated by the final disposal of consumer electronics products.

Key performance

ATRenew responsibly disposed of 223,000 devices, reducing 35.7 metric tons of e-wastes and a large amount of heavy metal pollution during 2021, including 1.23 kg of gold, 8.58 kg of silver, 10,296.67 kg of copper and 0.04 kg² of palladium.

¹ Data statistics and calculation results are detailed in the ESG key performance chapter.

² Calculated based on data provided by third parties.

Green Office

To actively implement the philosophy of green and low-carbon development, ATRenew continues to organize a series of activities for energy conservation and emission reduction. True to our philosophy, ATRenew equips employees with pre-owned electronic devices (such as laptops and monitors, etc.), encourages employees to purchase second-hand goods, and integrates the philosophy of green development into employees' daily work and life.



Paperless office

- Building paperless office platforms through utilizing cloud tools to promote energy conservation and green office



Classification of office wastes

- Setting "Aifenlei" recycle kiosks in office areas to sort and recycle the wastes from daily office work
- Setting classification trash cans for dry and wet trash



Energy-saving and emission-reduction

- Prudent use of air conditioning based on workplace temperature: below 10°C for opening heating, above 26°C for cooling, closing the air outlets by 20%, and turning off the air conditioners half an hour before leaving work
- Advocating the one-hour off-light plan during lunch break, to reduce energy consumption while ensuring employees' lunch break quality
- Evaluation and optimization of usage time and quantity of automatic conveyor lines
- Turning off lighting in non-operating areas during non-use hours, and controlling lighting in operating areas without affecting production
- Trying to operate equipment: in concentrated time, to reduce preheating energy consumption



Popularizing environmental protection

- Regular publicity on policies of energy conservation and consumption reduction
- Sending tips on energy saving and water saving every day in DingTalk groups
- Posting energy-saving and low-carbon tips in notable positions in the office, to improve employees' awareness of energy conservation



Reducing employee travels

- During the epidemic period, encouraging employees to use remote video and conference calls, to reduce unnecessary employee travels

Case: ATRenew is one of the first core members of the Low-Carbon Office Alliance

On November 25, 2021, ATRenew, MSC Consulting, SHUI ON WORKX, Circular π and other institutions jointly established the Low-Carbon Office Alliance. This alliance aims to promote the green and sustainable development of the "second space" through collaborative efforts. It reduces carbon emissions generated by offices, so as to create a green and comfortable office environment.



ATRenew shared low carbon office solutions and corporate practices as a representative enterprise of the circular economy

Green Consumption

ATRenew actively advocates green consumption and cooperates with various partners to spread the philosophy of green consumption through online activities, offline theme meetings, recycling plans and other channels. We launch environmentally friendly products and communicate their social value.

Case1: Earth Hour, ATRenew's "voice for the earth"

In March 2022, ATRenew and the World Wildlife Fund (WWF) launched the "Earth Hour" campaign in cities across China. ATRenew supported the effort through its brand and platform, promoting the "Earth Hour" event on its WeChat official account, Xiaohongshu, Twitter and other platforms. We called on all people to participate in caring for the earth and to promote the philosophy of sustainable development to be deeply rooted in the hearts of the people.



ATRenew's Earth Hour campaign

Case2: ATRenew and Nescafé Coffee start a plastic recycling program

On June 8, 2021, ATRenew and Nestlé Coffee launched the Plastic Material Recycling Program, in which users can recycle old Nestle coffee packaging or other recyclables through intelligent Aifenlei self-service recycling machines. Participants have the opportunity to obtain limited edition co-branded products (made by Nestle's recycled packaging). This program aims to encourage the next generation to build awareness and positive behavior towards low-carbon and environmentally-friendly consumption.



Poster of ATRenew and Nescafé Coffee's crossover

Case3: ATRenew and Strawberry Music Festival cooperate to promote the environmental protection philosophy

At the May 2021 Strawberry Music Festival held in Shanghai, ATRenew created the "From Abandoned to Newborn" theme activity area, combining environmental protection with music elements. At the same time, ATRenew and Strawberry Music Festival launched two collaboratives - "recycled woven crossbody bag" and "disposable antibacterial hand gel" - and invested proceeds from their sale in environmentally-friendly recycling projects.



Events at the Strawberry Music Festival



Eco-friendly products jointly launched by ATRenew and the Strawberry Music Festival

Green City

Aifenlei, an urban recyclable sorting and re-marketing business incubated by ATRenew, provides the government with data-driven operational solutions for green cities. It is a leading large-scale operational model in China covering the whole process in a commercial closed loop.

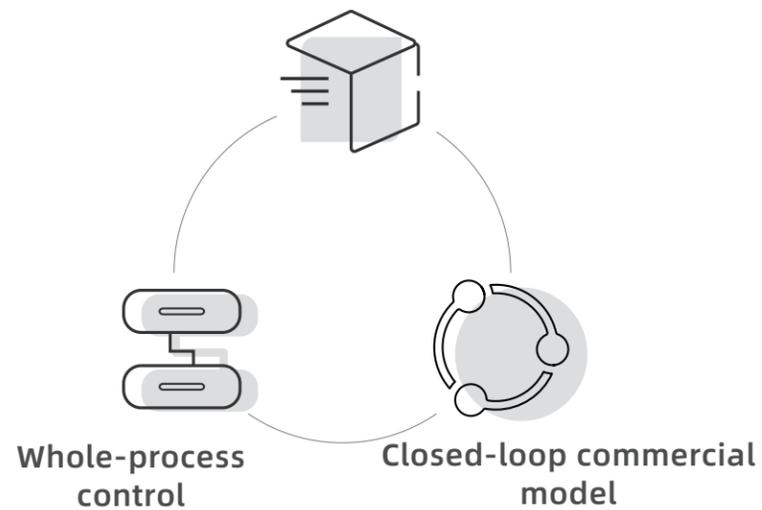
Through the "Internet + recycling" model, it provides residents with a one-stop service of "classification, delivery, and exchange" for recyclables. This model drives efficient operation with technological innovation, and enables the digital, intelligent, and standardized management of the "point-station-field" chain. This makes recycling and processing recyclables easier. Aifenlei simultaneously integrates the resources of the recycling industry chain, processes recyclables and develops environmentally friendly recycled products such as clothing, daily chemicals, furniture, office facilities, etc., to improve resource utilization.



Aifenlei

- Category identification
- Auto-catch
- Auto-delivery

Large-scale operation



Data-driven operational solutions

Case: Aifenlei cooperates with Meituan to carry out a takeaway lunch box recycling program to help build a green recycling ecosystem

In June 2021, in cooperation with Meituan Blue Mountain Project, Aifenlei transformed recycled plastics such as takeaway lunch boxes into recycled product materials through recycling, crushing, modification, injection molding and other procedures to promote the recycling of waste. This was one of the Company's efforts to make high-value use of recycled lunch boxes. It is estimated that 1,000 tons of lunch boxes can be recycled per year in Shanghai.



Aifenlei and Meituan sign a cooperation agreement on the Shanghai Plastic Lunch Box Recycling Project



04 Customer-oriented Quality Control

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- 66 Customer Service
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ATRenew adheres to the highest standards of product quality control, product information disclosure and service accessibility. The Company strives to build professional teams and offer high-quality after-sales services in order to protect the rights and interests of consumers. We have independently developed the "AiQingChu" data-wiping tool to protect customer privacy, and we have formulated supplier screening standards to protect the rights and interests of all stakeholders. Customer satisfaction is the centerpiece of our model as we strive to deliver a socially responsible product offering supported by direct customer communication channels.

ATRenew places the utmost importance on product quality assurance. With a focus on user experience, we created a product quality control and service system for the full lifecycle of collection, logistics, quality inspection and sales. As a leader in the second-hand non-standard devices market, ATRenew established the industry benchmark for quality, including the quality inspection process and the standard for after-sales service. The company significantly reduced the subjectivity of human inspection by developing industry-leading automatic quality inspection, advancing industry standards for transparency, standardization and professionalism while establishing a trusted brand.



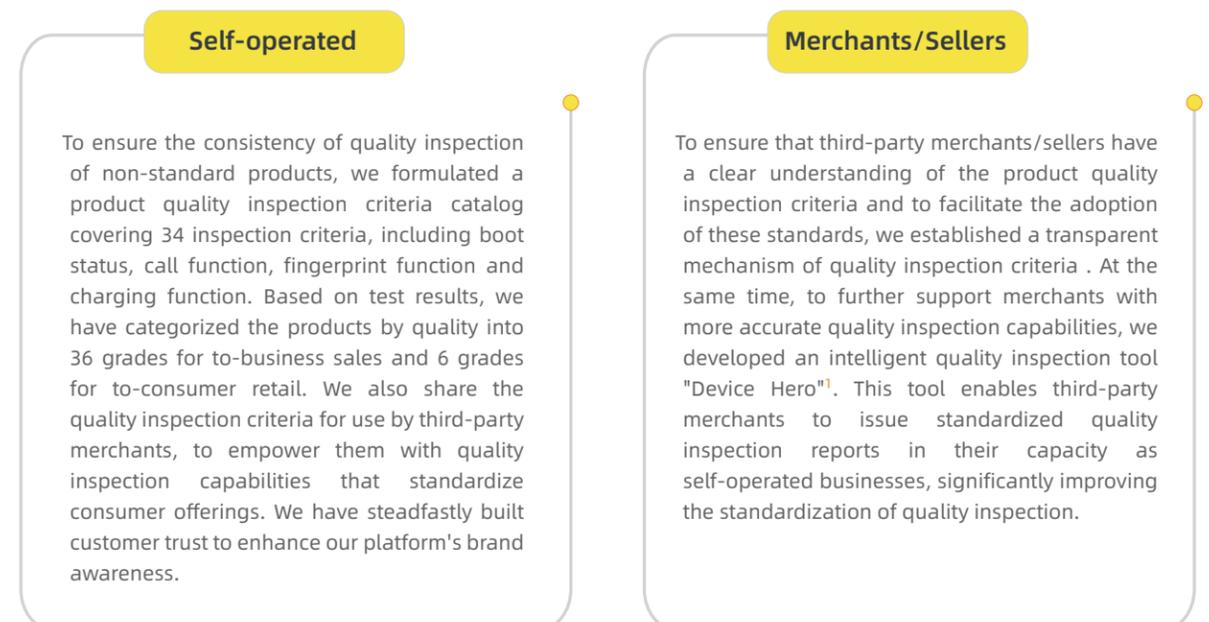
Product Quality Control

To promote innovation and reform of the traditional second-hand market, ATRenew developed standards for each stage of the life-cycle of product quality management, including the *Product Quality Standard Catalog* and the *Standards and Testing Items of Quality Inspection*. The Company aspires to build a product quality management system, develop corresponding management methods, and actively promote its product quality inspection criteria with the ultimate aim of facilitating the transaction of second-hand non-standard devices.

Standardized Quality Inspection

To improve the efficiency and accuracy of quality inspection, ATRenew has continuously increased its investment in technological innovation. We have achieved fully-automated quality inspection and developed unified quality inspection criteria and tools to support third-party merchants, thereby ensuring a standardized experience for consumers.

Inspection Criteria for Non-standard Products



¹ For details refer to Innovation in Chapter 5.

拍拍 Quality grading tiers of Paipai Selection

Brand new /Unused	Brand new unopened not activated, original package and functioning well
Quasi-New	In excellent condition, minor signs of use, no scratches or dents, and functioning well (100% battery efficiency)
99% New	In excellent condition with minor signs of use, minor scratches or abrasions on the screen or body, and functioning well (good screen display, 90%+ battery efficiency)
95% New	In good condition with minor signs of use, minor scratches, dents or chipped paint on the screen or body, and functioning well (good screen display, 85%+ battery efficiency)
90% New	In good condition with obvious signs of use, a small number of scratches on the screen and/or dents or chipped paint, and functioning well (screen display slightly below excellent, 80%+ battery efficiency)
80% New	In fair condition with obvious signs of use, screen or body has obvious scratches, dents or chipped paint, and functioning well (screen display below average condition, 80%+ battery efficiency)

Automatic Quality Inspection

To ensure the undifferentiated implementation of the quality inspection criteria, ATRenew has developed the fully-automatic quality inspection system "Matrix 2.0", thereby solving the problem of subjective human grading of pre-owned products. Through the fully automated process of receiving, conveying, inspecting, sorting and storing, we have consolidated the grading standards for non-standard products and achieved more accurate product grading and pricing, thereby protecting the rights and interests of consumers.

At the same time, we have greatly improved the versatility of automated quality inspection to accommodate a wide variety of scenarios. Drawing upon our extensive innovation expertise in automation modules, we continue to upgrade the scalability of our products. Our automated quality inspection system features portable stand-alone modules which can be deployed flexibly according to the specific requirements of each scenario. This scalability enables the standardization of quality inspection results across multiple scenarios.

Reliable Recycling

ATRenew adheres to strict requirements on the source of the equipment and refuses to collect abnormal equipment or equipment of unknown origin. In addition, we highly value personal privacy and security. We standardized the use of the data-wiping tool "AiQingChu" when recycling devices from our customers to ensure that consumer privacy is protected.

Verifying Recycler ID and Rejecting Unidentifiable Devices

We provide reasonable assurance on the origin of products. When collecting products, we check the basic conditions of the equipment. We refuse to collect devices with unknown serial numbers or abnormal factory attributes. In addition, when collecting mobile phones, we verify customers' identities. We also refuse to collect products if we are unable to match the customer with the device's registered user, or if a data breach has been reported.

Privacy Protection

1. Privacy protection policy

ATRenew strictly follows all relevant laws and regulations including the *Measures for the Determination of Illegal Collection and Use of Personal Information by Apps*, the *Personal Information Protection Law* and the EU's *General Data Protection Regulation (GDPR)*. We have formulated a series of personal information protection measures, most prominently our "Privacy by Design (PbD)" policy, to ensure the security of personal information and to offer improved data backup and recovery mechanisms. More information about our privacy policies can be found at the following websites:

Privacy agreement

The privacy agreement includes clear provisions on the collection, use, sharing, transfer and protection of personal information, and provides suggestions for managing personal information.

For details, please refer to the website: <https://m.aihuishou.com/n/#/help/privacy>

Personal information collection list

We will explain the purpose of use, usage scenarios, collection and information content of the collected user location information, device attributes and service logs in the App.

For details, please refer to the website: <https://m.aihuishou.com/n/#/login?redirectUrl=%2Fhelp%2Fprivacy%2Fahs-personal-data%2Findex>

List of personal information sharing

We clearly provide the names, the purpose of use, scenarios, sharing methods, a list of the shared information and the website of the relevant privacy policy of all third-party companies that share personal information, so as to fully comply with all relevant data protection and privacy laws.

For details, please refer to the website: <https://m.aihuishou.com/n/#/help/privacy/vendor-personal-data>

Case: ATRenew's personal information security self-inspection

In the first quarter of 2022, the internal control department carried out a self-inspection of personal information security, identifying and rectifying several issues, to reduce compliance, supervision and operational risks. The relevant results are as follows:

Personal Information Protection Law security compliance evaluation

We identified potential risks including inappropriately acquiring user's individual authorization and consent, and rectified the issue by revoking the authorization and applying countermeasures to eliminate compliance risks.

Review and rectification of two lists of personal information

In order to comply with regulatory requirements, we established a list of all types of personal information collected and personal information shared with third-parties, and implemented a three-part inspection cross-referencing this information against the privacy policy of each App.

2.Data-wiping tool

We independently developed "AiQingChu" to wipe data from second-hand products. The tool works by wiping and overwriting the data multiple times. The highly efficient removal process is traceable and reliable, offering a guaranteed result. "AiQingChu" prevents the malicious recovery of user data and effectively prevents user privacy breaches and data security incidents.



"AiQingChu" has been obtained ADISA certification

3.Privacy protection program

ATRenew has launched a Privacy Protection Program that aims to allow more people to enjoy efficient and safe recycling services. It includes three major measures to upgrade our services so that more users can understand and experience our advanced privacy security and data wiping technology.

Privacy protection program

- Service guarantee of "100 times payment for privacy leakage": after the device is recycled, if the privacy leak is caused by AHS Recycle, the user can get 100 times the amount of the recycling price
- Free privacy clearance service: free privacy erasure service for recycled devices



Responsible Sales

To improve the user's consumption experience, ATRenew continually regulates and improves its platform rules, actively manages a merchant/seller reputation system and supervises on-going service improvements, contributing to the Company's overall brand image.

Device Audit / Quality Control

The Company maintains detailed requirements for auditing devices and controlling quality. We strengthen quality control through "manual + system" review, third-party cooperative sampling inspections, applying violation penalties and conducting regular training.

Device audit and supervision mechanism

- We adhere to strict rules covering the release of device information to e-commerce platforms and prohibit the sharing of specified categories of device information
- System + manual review mechanism - automatic screening and review supported by manual research and evaluation to assist the audit
- Rejection of prohibited devices including those containing pornography and violence, electronic cigarettes, medical devices, and devices that infringe intellectual property rights, etc., with associated penalties for merchants
- Organizing merchant training and Q&A



Quality control mechanisms for devices

- A dedicated third-party testing center conducts regular mystery shopping exercises and random inspections of platform merchants' products
- Merchants that violate regulations are penalized or closed, and announcements of such decisions are published monthly
- Merchant training is organized regularly to improve merchants' quality management capabilities



Merchant/Seller Reputation System

By establishing a merchant/seller reputation system, ATRenew provides consumers with more transparent and higher-quality merchant services, benefiting all parties.

POP reputation policy

To better reflect the business capabilities of POP merchants, we constantly update the reputation score algorithm and improve the POP reputation-policy, contributing to the standardization of merchants.

For details, please refer to the website: <https://mp.weixin.qq.com/s/Z3fWWasRT-YNEhvW8sZG3A>

Seller rating system

We divide sellers into 16 grades across 3 tiers – star, diamond and crown – with clearly defined grading criteria. This empowers sellers to benefit from exclusive rights and privileges according to the grades and establishes gray lists and blacklists for high-risk sellers to limit their activities.

For details, please refer to the website: https://mp.weixin.qq.com/s/_-mKSC83ED5dnrA_9hVYXQ

Information Transparency

ATRenew attaches great importance to the transparency of device information. We apply a policy of "one report for one device" when issuing quality inspection reports in an effort to bring clarity and transparency to an opaque industry. We disclose information on hundreds of product quality inspection items to consumers and have established an efficient, fair and transparent merchant management mechanism, so as to drive the healthy development of the second-hand consumer electronics product industry.



Contents of the quality inspection report of PJT Marketplace and Paipai Marketplace

After-sales Warranty

After-sales rules

To ensure the legitimate rights and interests of consumers, ATRenew has formulated a set of rules pertaining to after-sales service and displays these rules on the official account platform where they are easily accessible. The after-sales rules are as follows:



1.PJT Marketplace after-sales rules

To ensure the legitimate rights and interests of buyers and the healthy operation of the PJT Marketplace platform, we have formulated the PJT Marketplace after-sales rules, including the "PJT Marketplace After-sales Specifications and Rules for Buyers", "Platform After-sales Process", "Limitations on After-sales Service", "Detailed Instructions on Claiming After-sales Services", "Penalties for False Returns", and "Restrictions on Returns for B/C Type Buyers".

For details, please refer to the website: <http://sjapi.aihuishou.com/opt-content/platform-rule/page/23>

2.POP after-sales rules

To ensure the sustainable operation of the platform's POP store model and the legitimate rights and interests of buyers and sellers, we have formulated relevant after-sales rules and regulations for POP store merchants, including rules covering the review of device returns, seller responsibilities and seller complaints.

Enhanced transaction security

Disputes typically arise due to a lack of documentation or evidence, lack of video surveillance, the malicious exchange of packages, non-standard video recordings and the lack of direct correspondence between video evidence and the disputed products. To address the problem of disputes in the B2B transaction of pre-owned devices, we have designed a system based on intelligent video forensics and the use of sealed bags. The enhanced security mechanics protects consumers by ensuring that each transaction is supported by document evidence.

Our intelligent video forensics tool makes it possible for a product to be matched with its item number or shipment tracking number. After scanning the bar code of the item or shipment tracking number, the unboxing video will be automatically uploaded from storage and the system will retrieve the video corresponding to the tracking number. This effectively prevents the fraudulent splicing of video clips, a practice that is prevalent in the traditional pre-owned device markets.

The second-hand electronic devices delivered from the platform's operation centers and POP merchants are all packaged in the platform's special sealed bags. The sealed bag has a unique anti-counterfeiting mark, which eliminates the possibility of fraud from unpacking and resealing the bags or falsifying video records.

In 2021 we continued to develop our evidence documentation tools. We launched the collaborative video recording function to support batch recording of product quality inspections and strengthened the heat resistance of the anti-counterfeiting adhesive tape for sealed bags, thus improving transaction efficiency and increasing the trust between buyers and sellers.



Smart video evidence collection tool and sealed bags

Supply Chain Management

To ensure the legal and efficient procurement of goods and to enable the long-term health of the supply chain, the Company strictly controls supply chain links. We have formulated policies including the *Procurement Policy of ATRenew Group* and the *ATRenew Anti-Bribery Policy* that set out the Company's procurement process including the disclosure of procurement results, the archiving of the entire procurement process and the disclosure of data at each node. This process strengthens the management and supervision of procurement and ensures the transparency of all procurement activity.

Supplier Management

The Company has formulated policies including the *Supplier Program Evaluation Form* and the *Criteria for the Evaluation of Suppliers and Removal of Unqualified Suppliers* stipulating the requirements for supplier cooperation. We also conduct regular reviews and evaluation at six month intervals in cooperation with third-party reviewers to review, rate and report on suppliers, and eliminate unqualified suppliers, protecting the interests of consumers and the Company.

Supplier screening criteria and key benefits

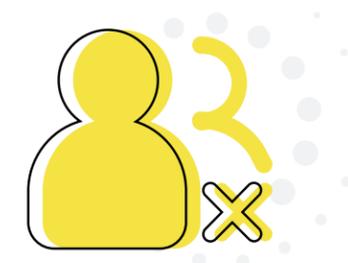
Name	Main Management Methods	Main Interests
Preferred suppliers	<ul style="list-style-type: none"> Third-party self-made audit report (valid for 2 years) Performance management 	<ul style="list-style-type: none"> If the project requirements are met, it can be automatically included in the list of candidates for bidding Based on the framework agreement and meeting the performance appraisal standards, the contract can be renewed within 2 years without the need for a bidding process (the price can be reviewed)
Non-preferred suppliers	<ul style="list-style-type: none"> Basic information survey 	-

Supplier evaluation form (half-yearly)

Evaluation Item	Indicators	Examples	Weight
Delivery	<ul style="list-style-type: none"> On-time delivery rate Inventory resource guarantee The standard parts/decoration materials are confirmed to be issued and installed in good condition 	<ul style="list-style-type: none"> The supplier should complete the store renovation within 10 to 25 days after the confirmation design and construction drawings, and upload photos of the completed construction The supplier should stock-up to the minimum inventory level required by ATRenew (safety stock for 1 month) The number of stores with complaints shall not exceed 5% of the number of renovated stores throughout the year 	-30% -5% -5%
Quality	<ul style="list-style-type: none"> Quality qualification rate 	<ul style="list-style-type: none"> The products meet the quality requirements, technical standards, and specifications of ATRenew 	-25%
Cost	<ul style="list-style-type: none"> Cost competitiveness 	<ul style="list-style-type: none"> Cost advantage over market price or competitors 	-25%
Service	<ul style="list-style-type: none"> Complaint rate 	<ul style="list-style-type: none"> The ratio of complaints received by store managers/store development specialists to the number of stores providing products and services 	-10%

Supplier removal mechanism

- Violation of national laws or ATRenew's regulations, including fraudulent behavior and misleading statements, etc.
- Damaging the interests and reputation of ATRenew and its affiliates
- Inability to fulfill written agreements without valid reasons (more than 5 times a year) or refusing to rework substandard products, or the supplier's product is of unacceptable quality
- Failing annual performance rating with no significant improvement for 3 months



Merchant Management

The Company requires settled merchants to pay the quality guarantee fee according to their business category and conducts special training and regular assessments for merchants, in order to ensure the compliance of the merchants' operation, control the product quality level, and provide a good user experience.

Entering Management

Entrance qualification Inspection

- Required business licenses, legal and valid source of goods, and non-infringement of intellectual property rights of others

Training and assessment

- Online training and assessment for new merchants

Daily Management

Performance evaluation

- Evaluate 5 dimensions including customer service consultation, after-sales service, logistics performance, transaction disputes and user evaluation of the merchants, and taking measures for poor performance merchants such as traffic reduction and restriction of activity reporting

Merchant training

- Offline training: gradually reduce the frequency due to the COVID-19 epidemic
- Online training: carry out bi-weekly raining on platform rules and key requirements

Penalties for merchants

- Strictly penalize merchants violating rules and circulating a notice of criticism

Exiting Management

Elimination of merchants

- Calculating comprehensive score based on merchant violations, industrial and commercial complaints and weathervane ranking, and stratified elimination for merchants in the bottom 5% of the ranking for 3 consecutive months

Customer Service

Customer service is an extension of the product and is highly valued by the Company. To allow consumers to better use our products and services, we have established diversified communication channels and improved the complaint and feedback mechanisms to proactively identify problems and enhance customer service experience and loyalty.

One-stop Trade-in Service

One-stop trade-in is a high-quality service provided by AHS Recycle, one of the business offerings of ATRenew in conjunction with JD's consumer electronics business group, aiming to create a new way of purchasing. That is, when a user buys a new product (usually a phone or a computer), they are given the option to place an order via the trade-in method, and the estimated value of the old product will be directly deducted online from the new phone price or a replacement subsidy will be issued. The mechanism provides consumers with a safer, more convenient, and economical recycling and replacement program.

After the user places an order, the new product will be delivered from the warehouse of JD Logistics to each distribution site. An authorized AHS employee will pick-up the new product from the distribution site and complete the delivery process by delivering the new device to the user and collecting the old device. The user may also go to the store in person to complete the replacement at their own convenience. AHS staff members also provide users with value-added services such as free data migration, data-wiping, and applying screen protectors, greatly improving the users' trade-in experience.



Customer Communication and Complaint Handling

We have established brand channels through JD.com, the official AHS Recycle website, Xiaomi, Huawei, Douyin, and Xiaohongshu, and provided multiple communication channels to customers including telephone, email and live broadcast, to quickly respond to customers and provide consultation and troubleshooting services. For serious complaints that affect the customer experience, we employ a timely arbitration system to resolve disputes. In 2021, the processing rate of customer complaints was 100% with an average resolution time of less than 24 hours.

Complaint Handling Mechanism



Customer Service Channels

Online customer service

Customers can consult through online customer service from 9:00 to 21:00. The customer service staff judge and respond to the customer's problems within 30 seconds, and help customers solve pre-sale, in-sale and after-sale problems.

Green channel

Complaint handling: layered handling mechanism of customer complaints (including public opinions and ordinary customer complaints), return amount and after-sales tolerance policy.

Pre-sale and after-sale: VIP fast track of big business, the real-time survey of satisfaction, and return visit of bad reviews.

Satisfaction Survey

To actively identify problems and improve customers' Net Promoter Score (NPS), we collect user suggestions and ideas through a series of customer satisfaction tracking and research mechanisms. These include customer complaint satisfaction surveys and non-satisfaction evaluation surveys, both of which are used to streamline our work process and improve the professionalism and satisfaction of ATRenew group services.



Proactively reach customers to solve users' problems

01

For customers' canceled orders or after-sales return and repair applications, actively reach out to customers within 2 hours for retaining orders, check and promise to track.

02

Establish a coordination mechanism between customer service and support departments to ensure an efficient response for product evaluation, self-service reminders, abnormal delivery and distribution, and to provide real-time monitoring by special personnel. In case of abnormal delivery, take the initiative to contact customers within 12 hours (with a collection rate of 98%).

03

The customer service center sets up an operation support team to monitor and analyze the achievement of KPIs, and a four-level early warning mechanism. The unqualified KPIs would be tracked by upper managers.

We use the official account platform to provide customers with an open feedback channel. We collect customers' questions through NPS questionnaires and propose reasonable and efficient solutions, which are regularly announced on the 25th of every month.

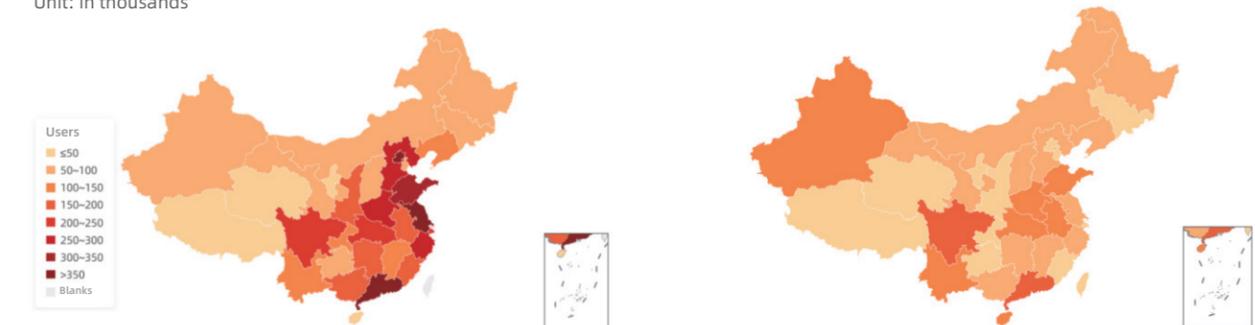
Product/Service Accessibility

Relying on various platforms, we actively expand our business scope, upgrade our service model and improve the accessibility of services to benefit customers, merchants and other stakeholder groups.

The distribution of Paipai Marketplace users in 2021

The distribution of PJT Marketplace merchants in 2021

Unit: in thousands



Express Recycling Service, Expanding Service to Additional Groups

On AHS' official website, JD.com and other online channels, consumers can choose the logistics service they prefer to send pre-owned electronic devices to AHS's operation centers, where their old devices can be recycled.

Removing Intermediaries to Improve Circulation Efficiency

As a leading B2B pre-owned electronics marketplace in China, PJT Marketplace is committed to eliminating unnecessary intermediaries from the recycling and retailing chain for small and medium-sized businesses. At present, the platform covers various business types including retailers, brick-and-mortar stores, value-added maintenance providers and exporters.

Empowering Partner Merchants to Develop and Scale

By leveraging the advantages of innovative technologies and platforms accumulated in China, we empower overseas merchants to drive the circulation of global pre-owned electronic products and achieve sustainable development in the wider global market. To date, ATRenew's international business covers Hong Kong, Southeast Asia, Latin America, and Africa.



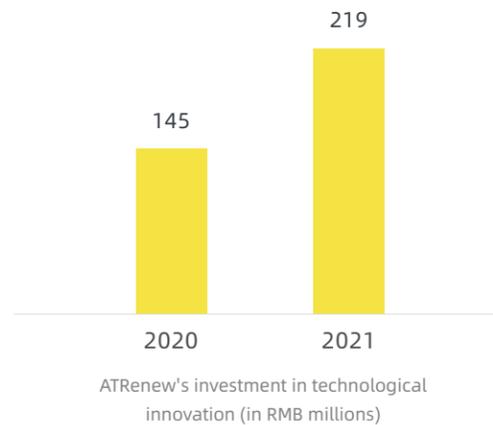
05 Commitment to Technology and Innovation

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With technology research and development (R&D) embedded at its core, ATRenew is committed to innovating across the value chain and establishing a lasting competitive advantage through its investments in automated quality inspection and digital operations. Through its R&D investments, ATRenew has successfully developed a complete and automated handling procedure to improve the efficiency of quality inspection. In accordance with the shift towards digital transformation, we have upgraded and optimized digital intelligence, thus improving our operational efficiency. We have implemented all relevant laws and regulations and established an internal management system to protect intellectual property rights. Last but not least, we have established partnerships to lead the development of the circular economy of pre-owned electronics industry.

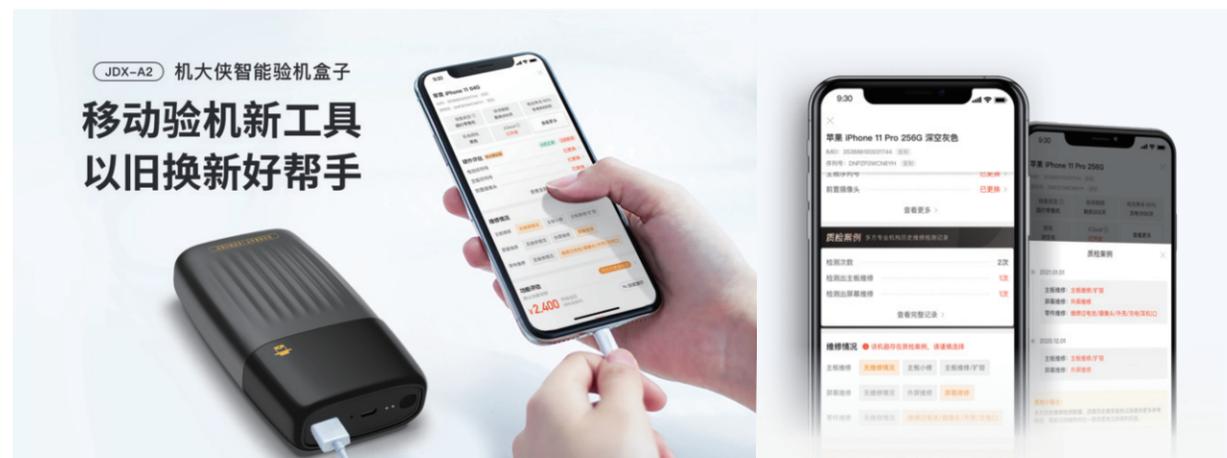
Innovation

ATRenew focuses on mastering its core technology and enhancing its own R&D capabilities, continually improving its tech-enabled quality inspection and digital supply chain capabilities. This has enabled the Company to establish a technology moat based on its industry-leading technical capabilities. In 2021, ATRenew's non-GAAP¹ technology and content expenses, reflecting the Company's investments into technological innovation as reported in its financial statement, reached RMB219 million, a year-on-year increase of 50.6%.



Device Hero

Device Hero is a portable, intelligent mobile phone inspection tool independently developed by ATRenew. By connecting a mobile phone to the device, it can detect without disassembly whether the mobile phone has had any parts repaired or replaced. It is capable of automatically assessing 32 types of hardware information and evaluating 23 phone functions. It will also conduct quality inspection, price inquiry, recycling, resale, inventory and account management. To promote Device Hero among small and medium-sized businesses and improve their quality inspection operation capabilities, ATRenew actively promotes unified standards for quality inspection in the pre-owned electronics industry. This enables consumers to enjoy the same standard of quality assurance even if they buy or sell equipment from small and medium-sized businesses.



Device Hero mobile phone inspection tool

¹ Non-GAAP operating profit is calculated as profit from operations excluding the impact of share-based compensation expenses and amortization of intangible assets and deferred cost resulting from assets and business acquisitions.

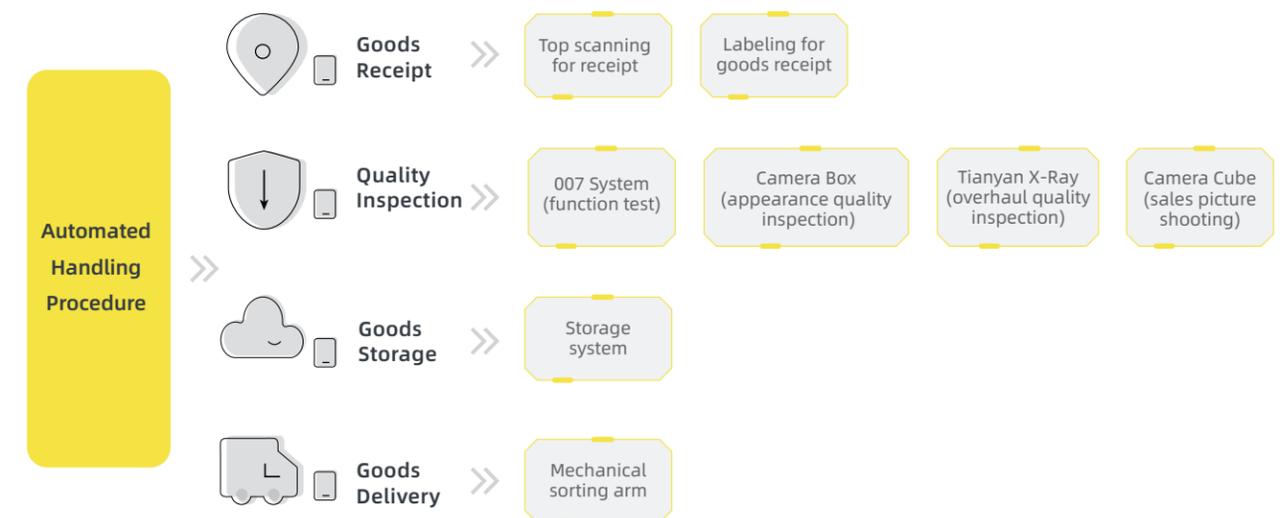
Performance of device hero

Device Hero is similar in size to a mobile power bank. With a built-in 5,000 mAh battery, it can work for 6-8 consecutive hours after being fully charged. As of May 2022, Device Hero supports over 25,000 detections per day.



Automated Inspection System

The fully automated inspection system Matrix 2.0 independently developed by ATRenew was officially launched in the Changzhou Operation Center in the second quarter of 2021. Matrix2.0 realizes a fully streamlined process while using image algorithms, intelligent positioning and automated distribution. It combines automated quality inspection and automated circulation of mobile phones to enable automation across systems and devices. The accuracy of its mobile phone detection is 99%, significantly boosting consumer trust in the quality of our products.



Matrix 2.0 automation system and its modules

Efficiency improvement by adopting Matrix 2.0

Compared with the original Matrix 1.0 that combined manual inputs and single automation devices, Matrix 2.0 enables the end-to-end automation of quality inspection and circulation. The leap from manual semi-automated quality inspection to fully-automated quality inspection allows for the uniform implementation of quality inspection criteria for second-hand equipment. Matrix 2.0 reduces the need for manual operations by 85%, lowers labor assistance costs by 83% and quality inspection costs by 20%, leading to an overall 18% improvement in the Company's quality inspection efficiency.



Case: Automation upgrade of Dongguan Operation Center improves product quality inspection efficiency

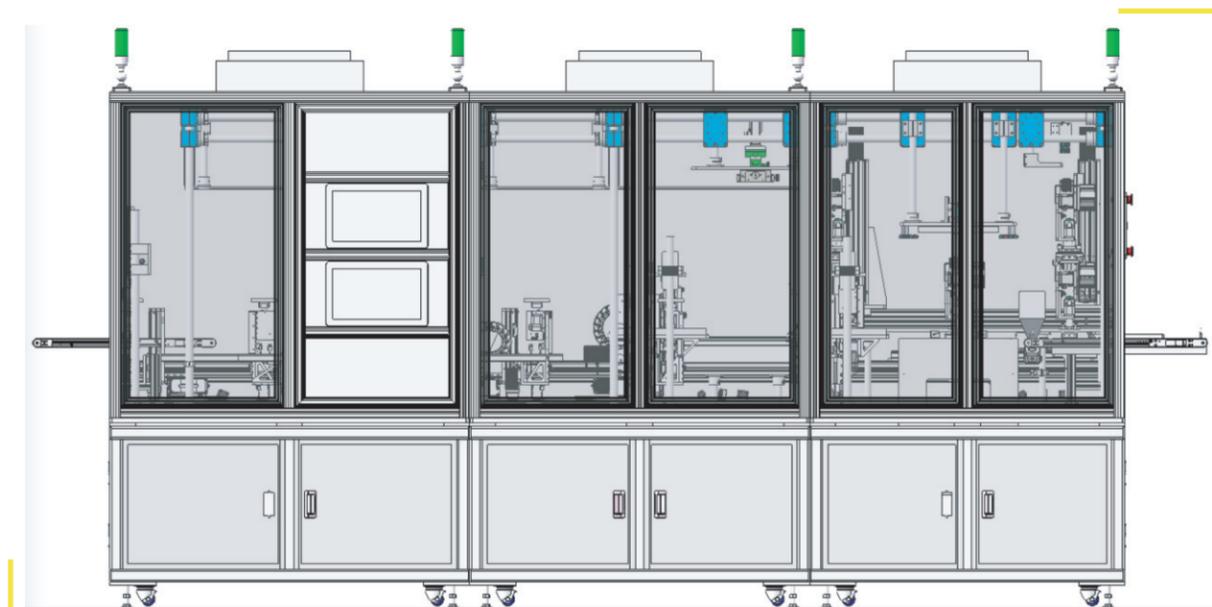
In February 2022, the original Shenzhen Automation Operation Center of ATRenew moved to Dongguan and its automation system was upgraded. The three main automation upgrades include automated transfer lines, an intelligent stereoscopic warehouse and the Matrix 2.0 automated quality inspection system. The Dongguan automated inspection system is scheduled for commissioning in mid-June 2022 with trial operations beginning at the end of June. The automation rate of the process will increase by up to 60%.

60%

The automation rate of the process will increase by up to 60%

Camera Box

To address the need for a faster and more accurate inspection of non-standard pre-owned electronics devices, ATRenew has independently developed Camera Box 3.0, an intelligent device that detects appearance defects in mobile phones. With streamlined concurrent processing capability, Camera Box 3.0 can perform a visual inspection of multiple mobile phones simultaneously. Using AI, it needs only 20 seconds to accurately locate and detect more than 30 kinds of visual defects with an accuracy rate of over 99%. This greatly improves the speed and accuracy of second-hand mobile phone inspections.



Camera Box

Efficiency performance of Camera Box

AI Algorithm

95%+

AI automation rate

5s per phone

Average labor efficiency: 200s

Hardware & Software

70s → 20s

Expected efficiency up 71%

0.38% → 0.19%

The return rates of front and back ends are lower than that of manual quality inspection

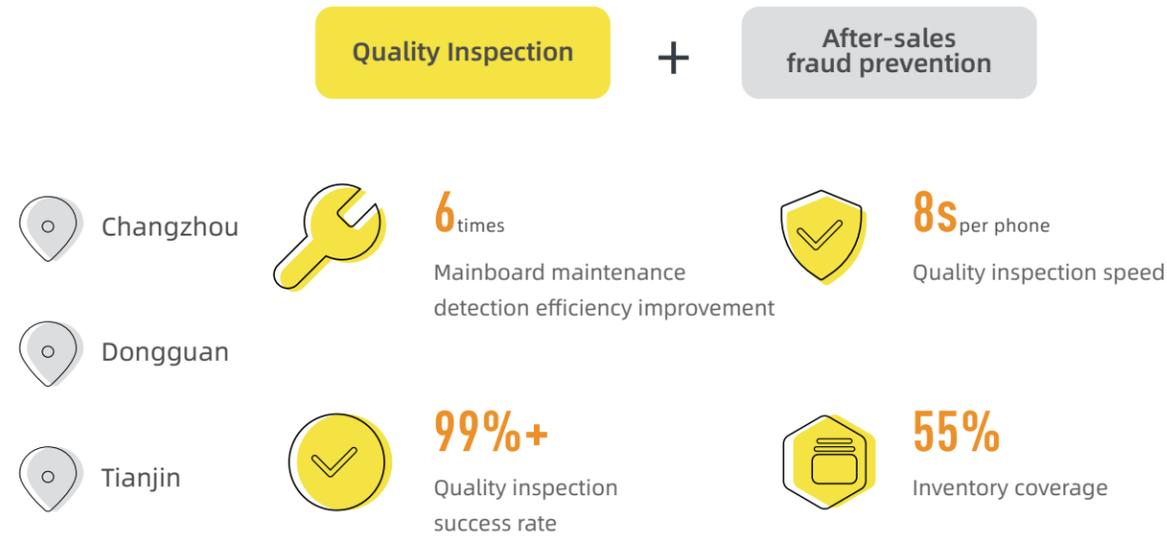
Tianyan X-Ray

The "Tianyan X-Ray" system can detect the maintenance status of a mobile phone, including the motherboard, screen, battery, etc., without disassembling the phone, and automatically identifies whether the mobile phone parts have been replaced or repaired. It improves the transparency of product information without damaging the phone and greatly reduces quality inspection fraud, providing a significant boost to consumer trust in ATRenew products.

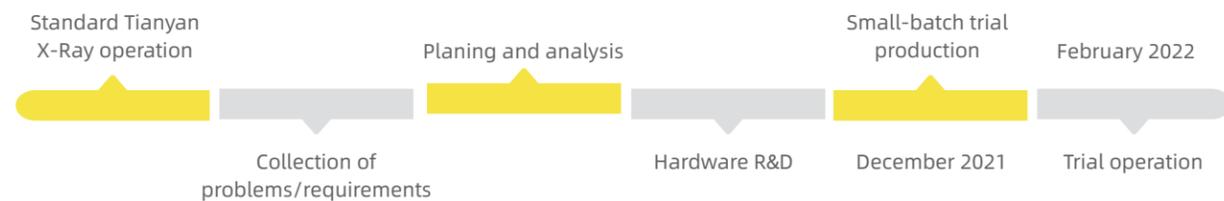


"Tianyan X-Ray" module

Performance of "Tianyan X-Ray" system



To extend the benefits of the "Tianyan X-Ray" system to more application scenarios and reduce cost, ATRenew has developed a mini "Tianyan X-Ray" system. The first three small-sized mini "Tianyan X-Ray" systems entered trial operation in February 2022.



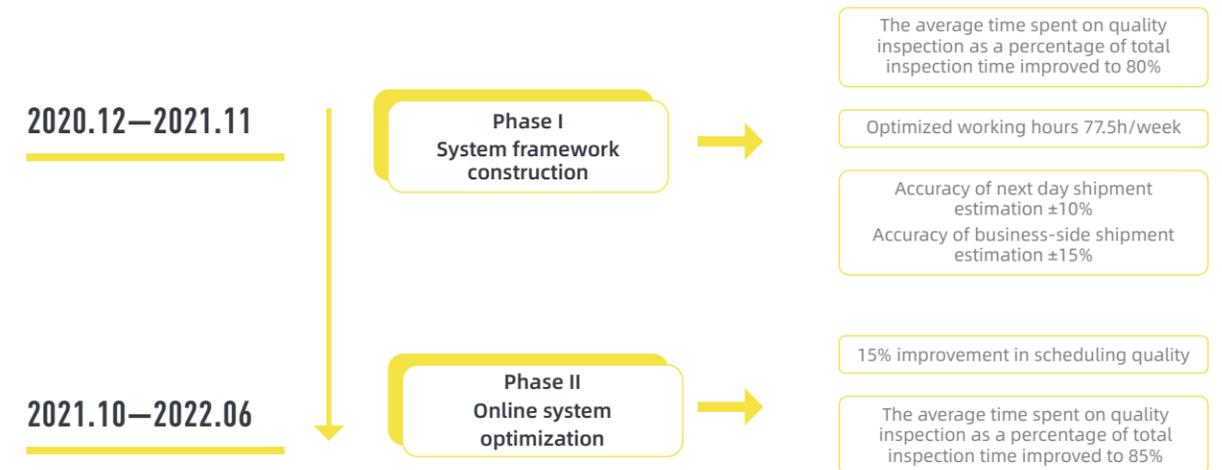
Development process of the small-sized "Tianyan X-Ray" system

Digital Intelligence Upgrade

ATRenew is committed to uplifting the entire value chain of pre-owned electronics devices by reducing digital risks, improving operating efficiency and driving its digital upgrade.

Tiangong Program

ATRenew launched the Tiangong Program to meet the need for a digital online management system that enhances the operation and production process across three dimensions: pre-event forecasting, event control, and post-event analysis.



Digital Risk Control Platform

In 2019, ATRenew deployed a digital risk control platform with the aim of standardizing the Company's risk control practices across its various business lines. The platform includes two primary systems for risk decision-making and risk operation, as follows:

- The risk decision-making system is composed of a risk database, variable set, strategy engine, risk model and precautionary system;
- The risk management system is composed of risk assessment indicators (user risk persona), relational query model, risk disposal and risk warning, among others.

The digital risk control platform covers all business offerings including Paipai Marketplace, PJT Marketplace and AHS. It manages various risks such as malicious registration, malicious inquiry, transaction risk, malicious return, abnormal deposit and withdrawal, etc. It can effectively identify fraud, arbitrage, abnormal transactions and risky merchants, among others, significantly improving the Company's risk management and ensuring the safe operation of the platform.

Intellectual Property

Intellectual Property Management Mechanism

ATRenew values intellectual property rights (IPRs) and champions the national call for to enhance the protection of IPRs in an "all-round way" by observing 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 other laws and regulations. The Company has promulgated the *Patent Application Process* and the *Patent Award Application and Approval Process* to effectively standardize the application of intellectual property, rights and manage intellectual property applications.

Intellectual Property Application

We formulate the intellectual property application process online, and cooperate with external institutions offline to assist related intellectual property applications. In addition, we speed up the overseas layout of intellectual property rights, and actively apply for overseas trademarks, Patent Cooperation Treaty (PCT), etc.

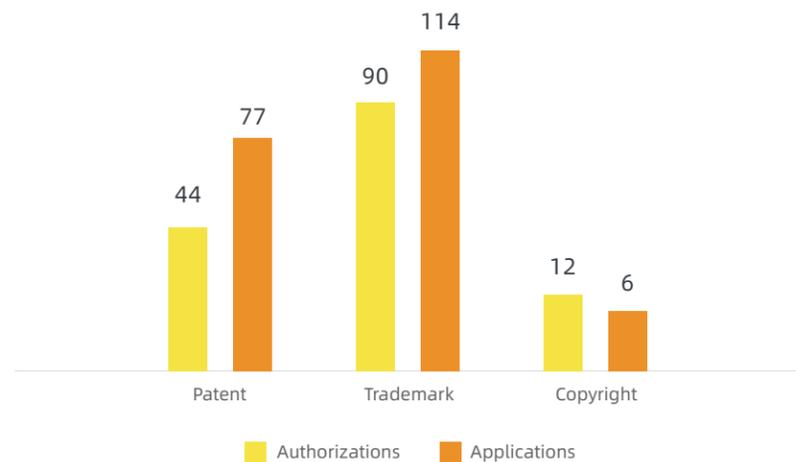
Intellectual Property Management

We have formulated the *Aihuishou Intellectual Property Risk Prevention Guidebook*, which clearly stipulates that "protect and properly use the Company's assets and respect the intellectual property rights of others." Additionally, we have formulated the *Aihuishou Patent Incentive Measures* to encourage employee innovation.

Intellectual Property Rights

We have established the RMC-LIP committee to manage intellectual property compliance. We will issue a company letter or a lawyer letter to inform when encountering unfair competition.

Number of newly added intellectual property rights of ATRenew in 2021



The obligation of merchants to protect IPRs

ATRenew respects the intellectual property rights of recycled products. To protect the intellectual property rights of the products, we have formulated the Transaction Rules for Sellers at PJT Marketplace, the Transaction Rules for Consignment Inventory at Paipai Marketplace and the Internal SOPs for Handling IPR Infringements at PJT Marketplace. These put forward relevant requirements for businesses to protect others' intellectual property. They clearly stipulate:

- Merchants must conduct trading of legal products, without infringing the intellectual property rights of any third-party;
- The products must not be assembled or refurbished unlawfully, and the recycled assembled or refurbished products must be returned;
- Certain penalties will be imposed on violating merchants. In the case of material offense, the transaction functions will be terminated and a compensation for the losses of ATRenew is required.

To resolve the property rights disputes between third parties and merchants, ATRenew has formulated a process for handling intellectual property infringement disputes, to protect the legitimate rights and interests of both parties. The specific processes are as follows:

Reporting

- The reporting party provides relevant written materials on infringement.

Review/Appeal

- ATRenew conducts data review and infringement review of the reported materials, and issues a penalty notice for substantial infringement.
- Merchants can appeal through filing anti-infringement materials.

Handling

- For verified infringement, the merchant will be faced with punishment such as being banned from selling relevant products.
- Penalties will be revoked for cases without actual infringement.

Contribution to Industry

As an industry leader, ATRenew is committed to strengthening peer exchange by actively publishing in-depth industry insight reports and participating in various industry organizations. The Company also contributed to the development of comprehensive industry standards and quality inspection equipment, in order to guide the rapid development of the pre-owned electronics industry.

Case1: ATRenew and JD.com released the circular economy report to convey the philosophy of the digital circular economy

In December 2021, ATRenew cooperated with JD.com Group and A.T. Kearney to release *When "Old Things" are No Longer "Waste" - 2021 "Circular Economy" Research Report*. The report revealed that the pre-owned electronics industry and large-scale commodities with higher unit prices are more likely to extend their service life through "recycling" to improve the consumption quality of people at different income levels.



Cover of the 2021 "Circular Economy" Research Report

Case2: A case study on ATRenew (Aihuishou) was included in a key textbook of the Shanghai Party Institute of CPC

On July 22, 2021, Building a New Era "Internet + Environmental Protection" *Recycling System - ATRenew Inc. Actively Explores a New Track for the Reuse of Pre-owned Electronic Products* was included among 22 case studies featuring outstanding science and technology enterprises in Shanghai, to be used as key teaching materials of the Shanghai Party Institute of CPC.

Case3: Participation in the formulation of industry and group standards

Subsidiaries of ATRenew, working alongside its industry peers and the China Resale Goods Trading Association, drafted a set of standards specifying the construction and management of digital trading platforms for pre-owned electronics as well as testing and appraisal standards for second-hand electronic products.



Industry standard: SB/T 11229-2021 "Specification of Construction and Management for Internet Second-hand Goods Trading Platform"

Group standards:

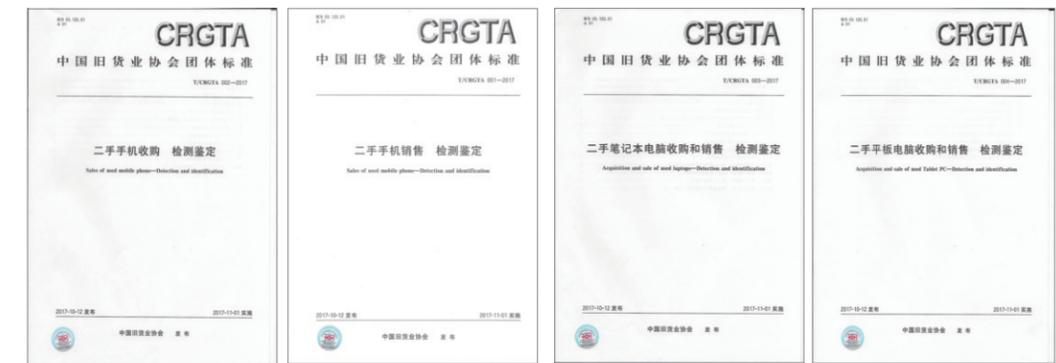


Figure1

Figure2

Figure3

Figure4

Figure 1: T/CRGTA 002-2017 Acquisition of Used Mobile Phone – Detection and Identification

Figure 2: T/CRGTA 001-2017 Sales of Used Mobile Phone – Detection and Identification

Figure 3: T/CRGTA 003-2017 Acquisition and Sale of Used Laptops – Detection and Identification

Figure 4: T/CRGTA 004-2017 Acquisition and Sale of Used Tablet PC – Detection and Identification

Organizations and Participation

Through its active participation in various industry organizations, ATRenew contributes to the advancement of industry standards, leading the way to dynamic and sustained industry development.

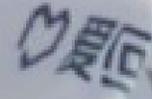
Unit

- Rotating Chair of China Resale Goods Trading Association
- Member of China Academy of Information and Communications Technology
- Director of Shanghai Information Services Association
- Director of Shanghai Services Federation
- ODR Enterprise on National 12315 Platform
- Information Service Complaint Network Corporate
- Data Interconnection Enterprise

爱回收



一扇窗计划
Pad for Hope



“爱回收”

山村儿童数码助学计

06 A Prosperous Co-development

- 79 People-oriented
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Internally, we strive to ensure the rights and interests of all employees, and attach great importance to their individual safety and health. We are committed to providing employees with a comfortable work environment. By facilitating a variety of training activities, we aim to promote the growth of every employee and improve our operational efficiency.

Externally, we embrace our corporate social responsibility and make significant contributions to the causes of rural revitalization, inclusive technology access and social welfare.

People-oriented

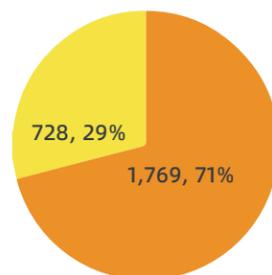
ATRenew adheres to a people-oriented human resources policy that respects the rights of employees, values talent training and encourages employees to carry out technological innovation. We are committed to providing employees with an equal, positive, diverse, inclusive and friendly working atmosphere and development environment.

Inclusion and Diversity

ATRenew strictly adheres to the *Employment Promotion Law of the People's Republic of China* and follows the principles of equality, tolerance and non-discrimination in recruiting qualified talents according to a rigorous and fair employee hiring process. We strongly encourage employees to nominate themselves or other outstanding talents for internal vacancies. If the recommended candidates are hired, they may be eligible for referral rewards.

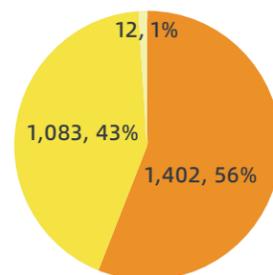
Key performance

Employees by gender



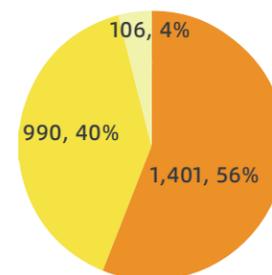
Male Female

Employees by age



<30 30-50 >50

Employees by education background



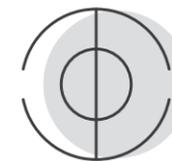
Post-graduate and above
Undergraduate
Junior college and below

Employee Rights

In accordance with relevant laws and regulations, including *the Labor Law of the People's Republic of China*, *the Trade Union Law of the People's Republic of China* and the *Collective Contract Provisions*, ATRenew has established internal rules and regulations including the *Aihuishou Employee Handbook* and the *Aihuishou Human Rights Policy Instructions* which aim to prevent sexual harassment and discrimination of any kind. This includes but is not limited to discrimination based on gender, age or race in the workplace, and any conduct that violates common ethical principles such as child labor and forced labor.

To address collective bargaining issues, including annual leave, labor safety and health, special protection for female employees and vocational skills training, the Company has signed the "Collective Bargaining Agreement" with the Company Trade Union to safeguard the legitimate rights and interests of employees and establish harmonious labor relations. The Company has developed internal employee systems such as the *AHS Vacation Management System*, the *Employee Housing Fund Plan* and the *Employee Death Pension System* to provide employees with standardized care services and to demonstrate the Company's commitment to social responsibility.

Key performance



The number of employees participating in the Trade Union is **340**, **13.6%** of all employees.

Employee Care

In accordance with its "people-oriented" management policy, ATRenew protects employees' legitimate rights and interests while valuing their physical and mental health, and strives to provide them with a green and healthy working environment.

With consideration for the age, gender and health status of employees, the Company has organized recreational activities including badminton, football, basketball, board game clubs and other popular activities. The Company has also provided large group fitness activities to its employees to help them relieve work pressure and demonstrate their abilities.

Case: ATRenew values employees' physical and mental health and advocates work-life balance

To create a healthy and safe working environment for employees, we provide annual physical examinations, psychological care and other programs to protect employees' health. We also strive to create a warm working atmosphere by organizing a variety of leisure activities for the overall goal of enhancing employee well-being.



Female employee welfare on International Women's Day



The Spring Festival team building

Visiting injured employees

Key performance

In 2021, we conducted many group activities to promote the physical and mental health of employees. We organized a club activity once a month, and held 4 quarterly singing contests and 2 large-scale fitness activities. At the same time, we have organized 30 diverse corporate culture activities in accordance with the Company's corporate culture.

Employee Communication

ATRenew is committed to building a two-way communication platform to provide employees with a forum for voicing their views and addressing problems.

Case1: Workplace Improvement Forums

- On November 26, 2021 the Company organized a tea time gathering for front-line employees. The employees exchanged recent work-related thoughts and shared challenges, which the Company committed to addressing.
- On October 29, 2021 the Company organized its first workplace improvement forum. Employees shared humorous work-related stories and exchanges in a fun and uplifting environment.



Case2: Listener Program

Listener Program is an anonymous online channel for employees to share feedback, exchange views and resolve issues. There are no restrictions of any type on what the employee can ask. The questions are classified by type and summarized, then assigned to the relevant manager for follow-up and resolution. All responses are published in each issue of the "Listener Program Responses". Details of the program's operation are as follows:

<p>Announcement form</p> <p>A notice is shared in the all-staff group to extend maximum coverage.</p>	<p>Project scoring mechanism</p> <p>Scoring is solicited from all-staff to collect more feedback.</p>	<p>Project operation</p> <p>Problems are sorted and reviewed, then addressed bi-monthly.</p>
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Salary and Incentives

The Company applies a fair and market-competitive compensation system, with clear regulations on entry-level salaries, salary structure and salary adjustments, based on external benchmarks. We also offer an incentive scheme to share the benefits of the Group's development with employees and reward their individual contributions. To ensure fairness across salary levels, we link responsibilities to performance appraisal and have built a robust system for evaluating employee performance. We conduct a salary benchmarking exercise every year.

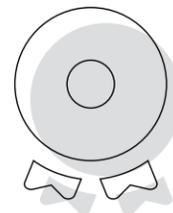
Employee Salary Composition



Employee compensation = base salary + performance-related pay + annual bonus

Related Incentive Policies

- Quarterly Performance Targets: the Business Division's quarterly target is taken as the standard for the bonus, and a general bonus pool is established. Upon meeting the quarterly performance target, the Business Division can allocate the bonus pool within the division.
- Major Project Incentives: we set up four major special project bonuses: major business-based projects, major non-business projects, innovation projects, and major R&D technology projects. Each project team can apply for these projects, and the Strategy Execution Committee review team administers project approvals and evaluation criteria.
- Equity Incentive Program: Using the Business Division's mid-year performance target as the standard, a general equity incentive pool is established. Upon reaching the target, the Business Division can allocate the equity in the incentive pool.



Workplace Safety

ATRenew values the health and safety of employees and strives to provide and maintain a workplace free of violence, harassment and intimidation. In addition, we provide employees with workers compensation insurance, accidental injury insurance, and death and disability benefits as appropriate, to ensure the safety and security of employees.

Safe Operation Training

We continually update and standardize our occupational health and safety and emergency management systems, and have established mechanisms to evaluate and manage occupational health and safety.

- Daily on-site safety inspections;
- Weekly video check of security compliance risks;
- Monthly fire-fighting training and quarterly fire-fighting drills;
- Regular SOP training for employees covering receipt to delivery, to reduce the risk of accidents caused by improper operation.



ATRenew's fire drill

Anti-COVID Measures

Throughout the COVID-19 epidemic we actively monitored epidemic prevention requirements and guiding documents issued by relevant government departments, and have implemented an Epidemic Prevention Policy. We also established an epidemic prevention and control working group, formed an epidemic response mechanism for front-line personnel, and developed prevention plans.

Offices

- Formulating rules for visitors during the epidemic
- Formulating office epidemic prevention mechanism
- Disinfecting and sterilizing three times a day
- Daily personnel health registration
- Providing adequate anti-epidemic materials and medicines
- Office epidemic prevention publicity/advocacy

Operation Centers

- Setting up an epidemic prevention task force
- Developing epidemic prevention mechanism of operation center
- Setting up temporary offices
- Daily body temperature registration and disinfection of people entering and leaving
- Operation center disinfection, arrival package disinfection
- Playing epidemic prevention videos and handing out epidemic prevention guides



Employee Development

Employee Training

ATRenew regards systematic training as a method for employees to develop their potential and ability to perform their jobs, thereby ensuring that the Company achieves its business goals, improves performance and achieves sustainable development. Therefore, the Company conducts targeted training at different stages of employee growth to help them to improve their knowledge and skills. The specific training content is as follows:

Training name	Training participants	Training purpose
Sailor Program	High-performance/high-potential employees	To nurture employees through on-site support and basic management training; to prepare a talent pool for team leaders
Navigator Program	High-performance team leaders	To prepare a talent pool for executives through professional courses, management courses, general courses and subject practice training
Pioneer Program	High-performance executives	To prepare a talent pool for regional operation center heads through mentoring and workshops
Recuperation Program	Front-line inspection personnel	To conduct detailed inspections for employee errors, improve inspection quality and ensure sellers' experience
Multi-skilled Talent Reserve	Single-skilled employees	To add skills to single-skilled employees, improve the flexibility of line staff scheduling, increase inspection capacity and reduce labor costs
New Employee Training	New employees	New employee onboarding
New Employee Tutoring Growth	New employees	New employee upskilling
Monthly Skill Assessment	All employees	To assess employees' inspection capabilities, improve their inspection skills, and ensure the inspection quality of each phone

Training name	Training participants	Training purpose
New Employee Growth Tracking System	All employees	To develop personalized development plans for each employee, implement the "dual mentor" system, cultivate technical testing specialists and comprehensively protect the interests of platform customers
Job Skill Improvement	All employees	To improve job skills
Internal Trainer Sharing Meeting	All employees	To draw on internal experience and enhance job skills
Business Process Update Training	All employees	To master new business knowledge
Quality Inspection Criteria Update Training	All employees	To master new quality inspection standards
Explanation after Monthly Exams	All employees	To consolidate business skills

Learning Platform

The Company's online learning platform is open year-round to ensure constant access to critical company knowledge. The knowledge platform is divided into four sections covering a variety of institutional topics at ATRenew, including regional quality inspection criteria, front-line SOPs, operation specifications and HR-related systems.

Case1: ATRenew's staff training project - Study Hard to Make Progress

In the second quarter of 2021, ATRenew launched a new monthly training project titled *Study Hard to Make Progress*, with the goal of building a training platform for sharing and communication within business divisions.



Poster of Study Hard to Make Progress training project

Case2: ATRenew's staff training project - Get to Know Paipai On the Front Line

In the second quarter of 2021, ATRenew launched a new project titled *Get to Know Paipai On the Front Line*, offering HR-led monthly or bi-monthly training sessions to introduce new employees to the front-line business and offer them a first-hand experience. The project aims at fulfilling ATRenew's commitment to provide an excellent customer experience while strengthening employee awareness of the Company's culture and infrastructure investment strategy.



Career Development

Promotion Mechanism

The Company has established formal procedures outlining the *Promotion Assessment Plan for Employees of ATRenew*, which stipulate the conditions and procedures for job promotion and assigns management responsibility for assessing future promotions in a fair and equitable manner. The Company has a total of 14 job ranks and three career tracks: the management (M) track, the professional (P) track and the technical (T) track. The rank and level promotion process is shown in the figure below:

Rank Promotion Process



Level Promotion Process



Training for Special Talents

As a talent-driven company, ATRenew values the cultivation of talents and strives to continually improve its talent training policies and systems:

- Industry-Research Day: All employees of industry-research departments are invited to participate in recreational activities to foster increased academic exchanges;
- Management Trainee Program: The Company recruits a group of high-quality fresh graduates every year to join a 2-year management trainee program. During this period, training plans include staff rotation, regular training and management experience sharing. At the end of the program, the trainees will be allocated to positions in accordance with their individual abilities so as to quickly develop and realize their potential. As of the end of 2021, the management trainee plan has been in operation for 6 years, producing 6 personnel above the manager level and 63 talents distributed across positions in operations, sales, technology and data analysis;
- Future Leader Program: A program to train a group of tenacious, capable and ambitious leadership candidates to expand the talent pool.



Management Trainee Program



Future Leader Program

Social Responsibility

As an innovator and leader in the global second-hand industry, ATRenew is committed to fulfilling its corporate social responsibility obligations and contributing to the causes of rural revitalization and inclusive technology, all the while striving to become a model corporate citizen.

To fulfill its commitment to social responsibility, ATRenew has joined hands with China Foundation for Poverty Alleviation, Pad for Hope and other public welfare organizations to make meaningful contributions to various causes, including poverty alleviation, post-disaster reconstruction, public education and biodiversity conservation.

Case1: Working as a pioneer in the anti-epidemic efforts

During the outbreak of the epidemic in Shanghai in April 2022, ATRenew actively practiced its corporate social responsibility and contributed to the fight against the epidemic. We donated nearly 80 tonnes of vegetables and daily necessities to various districts in Shanghai, and 370 second-hand mobile phones worth RMB400,000 to Yangpu District as nucleic acid information collection tools. In addition, we donated a total of RMB315,000 to Fudan University and Tongji University for purchasing recyclable lunch boxes, protective clothing, goggles and other materials.



Case2: Participates in the South China Sea Species Conservation Project

In August 2021, ATRenew donated RMB100,000 to the China Environmental Protection Foundation for the South China Sea Species Guardian Program in benefit of coral reef restoration projects. By restoring damaged coral reefs, the program protects critical organisms and improves coral habitats, thereby building resilience in the overall marine ecological environment.

Case3: Supporting flood recovery in Henan

In July 2021, during the period of severe flooding in Henan province, the electronic devices in many schools were damaged. ATRenew donated RMB5.05 million to the China Foundation for Poverty Alleviation and joined hands with the China Foundation for Poverty Alleviation and the Pad for Hope to set up the Recycling Love Henan Digital Education Fund, and help the school start smoothly in the new autumn semester.



Case4: Aifenlei teams up with Shanghai Hongkou District to support children in the plateau regions

In March 2021, Aifenlei together with Hongkou District, completed a charity operation named "Rainbow New Life to Warm Hearts in Qinghai". We sent sterilized and sorted second-hand clothes to the children of Daozha Welfare School in Guoluo Tibetan Autonomous Prefecture, Qinghai Province. The children at an altitude of 3,770 meters felt the warmth from Shanghai.



AHS Charity and Love · Digital Education Aid Program for Rural Children

Founded in 2018, our charity program "AHS Charity and Love" contributes to the sustainable development of society. The "AHS Charity and Love · Digital Education Aid Program for Rural Children" was jointly initiated by ATRenew and Pad for Hope, a charity organization. Through our program, ATRenew repurposes pre-owned electronic devices and extends their life cycle. The program helps children in rural villages broaden their horizons through online education. This education helps give them opportunities traditionally only available to children living in cities.



For the year ended 31 December, 2021.

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