



2022

Environmental, Social
and Governance Report

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About This Report

Introduction

This is the third 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 aims to elaborate on the Company's systems and performance in environmental, social and governance matters (hereinafter referred to as "ESG"), and to disclose the management and effectiveness of our sustainable development to the benefit of all stakeholders and the public.

Scope of Reporting

The Report covers the period from January 1, 2022 to December 31, 2022 (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 2021 or earlier, or extended to 2023.

The Report covers the operations of ATRenew Inc. and its major subsidiaries, 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.

References and Principles

The United Nations 2030 Sustainable Development Goals (SDGs)

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

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

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

Topics of concern to international rating agencies such as MSCI and Morningstar Sustainalytics

Naming Designations

"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. Unless otherwise stated, the financial results included in this report are under the U.S. GAAP measures and are the consolidated results of the Company, and the monetary amounts herein are all denoted in RMB.

The Company was renamed from "Aihuishou International Co. Ltd." to "ATRenew Inc." in 2021. 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. However, in case of conflicts between the two languages, the Chinese version shall take precedence.

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 June 19, 2023.

Contact Us

For 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 the CEO

“ To give a second life to all idle goods ”

In 2022, facing the challenge of the epidemic, ATRenew focused on the detailed operation of its core businesses and improved the quality of its business and services. Despite uncertainties in the internal and external environments, we stayed true to our original aspiration and continued to innovate, ending the year with breakthroughs in total revenue, profit, and operational efficiency, and continuously enhanced our industry leadership and social recognition. We were given an ESG rating of “Low Risk” by Morningstar Sustainalytics, a leading international ESG rating institution.

With the second-hand electronic device business as our cornerstone, we expanded new recycling products to meet the diverse needs of users. After twelve years of development, ATRenew has built an industry-leading capacity for recycling and trading pre-owned electronic products and has established its store performance and user experience. Relying on our nationwide network of AHS stores and accumulated brand resources, we began offering new front-end store services, and worked with partners to build back-end quality inspection and sales capabilities. We aspire to change the traditional model of “take-make-dispose” into the circular consumption model of “take-make-recycle-reuse” by providing diversified services to “give a second life to all idle goods”.

Adherence to high-level operational compliance can ensure a solid foundation for high-quality and sustainable development. ATRenew is committed to improving its capabilities to operate in accordance with all relevant laws and regulations in the long run. We have remained true to our original values and focused on substantive issues, and as a result have firmly implemented data security and privacy protection measures. ESG practices have been integrated organically into our business practices, and we continually reform and optimize our corporate governance structure with the aim of building a more independent and diversified board of directors and safeguarding the rights and interests of users, employees, suppliers, and other stakeholders.

To ensure the quality of our operations and encourage stylish ways to recycle and reuse, we collaborate with industry participants to promote ecologically sustainable development. As a leader of the digitalized circular economy, ATRenew continually seeks innovation and cooperation while focusing on the “Internet + environmental protection” model. We continue to enhance product and service quality, establish product

quality inspection standards and grading levels, and empower small and medium-sized businesses with quality inspection and grading capabilities. We also open up our automation capabilities for the benefit of the entire industry.

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 2022 reached RMB 9.87 billion, a year-on-year increase of 26.9%. The volume of pre-owned products recycled and traded across all platforms was 32 million. In 2022, we achieved milestones of operating profit¹. In accordance with our philosophy of environmental protection through technology and the goal of sustainable development, we use innovative technologies to drive the development of the circular economy industry and advance the preparation for quantifiable and tradable greenhouse gas emission reductions, leading the green development of the pre-owned electronics industry.

We develop technologies to drive the circular economy and realize industry transformation with digital intelligence. Adhering to the core strategy of “city-level service integration”, ATRenew made the development of automation technology a core competitive imperative. In 2022, research and development expenses were RMB 230 million, boosting the Company’s technological edge. Through investment in R&D, we have spread our automatic quality inspection capabilities across China, to build our innovation clusters. We have reduced costs and improved the efficiency of sorting, quality inspection, and storage of devices by establishing an automated disposal network and employing digital management methods and new automation equipment. The effect has been to promote

the transformation of the second-hand consumer electronics industry to become more intelligent, systematic and large-scale with a corresponding reduction in carbon intensity. In addition, we also provided consumers and businesses with more convenient, high-quality, and efficient access to second-hand electronic product trading. In the future, ATRenew will continue to build an integrated supply chain for low-carbon operation solutions and digital and intelligent industry transformation.

Being people-oriented, we always protect the rights and interests of employees and improve their promotion channels. Our people are the foundation and core force indispensable to ATRenew’s development. We care about health and safety of our people, and strive to protect their rights and interests. We are constantly updating and perfecting our training system to improve our employees’ comprehensive capabilities. We are also continually improving the compensation, welfare policies, and communication mechanisms for employees, to create an equal, diversified, safe and caring environment for all employees.

We are committed to making an impactful contribution to society and helping to build a better future. ATRenew assumes its social responsibilities actively, devoting itself to public welfare activities, such as rural revitalization, technological generalization, environmental protection, etc. In the reporting period, we also joined hands with several well-known consumer brands to convey the concept of low-carbon and environmentally friendly consumption to the public. With the cohesion of efforts for sustainable development, we aimed to promote green recycling and the reuse of electronic products in society.



Kerry Xuefeng Chen
CEO of ATRenew

At present, we look forward to tackling our 2023-2025 strategic goals, which are as follows:

-  To further increase the penetration rate of circular services base on the cornerstone of consumer electronics recycling business, and serve the key retail scenarios of leading mobile phone brands.
-  To build “AHS Recycle” into a national brand of recycling services and increase consumer awareness of recycling and reuse through continuous market education; and to diversify hassle-free green recycling services by expanding our non-electronics category coverage;
-  To continue investing in automation technologies following the implementation of the automated operation center in south China so as to drive our efficient and high-quality development further and contribute to bringing the penetration rate of used electronics and the development of the industry to the next level;
-  To innovate the “Internet + recycling” model for resource saving and green consumption, benefiting the environment and society in the long run.

ATRenew is committed to 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 build its ESG capabilities, professionalize and standardize management processes, deepen the practice of ESG goals and philosophy, and combine core ESG values for more sustainable development in the future.

¹ Under the non-GAAP measures.

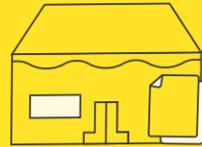
2022 Performance Overview and Highlights



Service & Innovation

To enhance the consumer experience, ATRenew continues to layout and upgrade its offline recycling stores to offer “convenient and secure recycling services”.

As of the end of 2022, the total number of physical stores reached **1,920** including **605** self-operated AHS stores, **1,307** jointly operated AHS stores, and **8** Paipai stores, representing a net increase of **612** stores for the year.



Covering **266** cities nationwide, ATRenew provides consumers with easy access to recycling and shopping services nationwide. In addition, the Company installed approximately **200** additional self-service recycling kiosks, further increasing the total number of kiosks to **2,015** worldwide.

Adhering to its “technology-driven” business strategy, ATRenew invested RMB **230** million in technology research and development in 2022.



Through its proprietary automated quality inspection facilities, such as the “Matrix 3.0” system and “Camera Box 3.0” module, ATRenew can evolve its capabilities of inspection, grading, and pricing at scale and minimize man-made inspection errors. This also further protects the rights and interests of each customer and leads to a smoother recycling and trading experience.

On inspection end, ATRenew operated **8** regional operation centers and **17** city-level operation stations that were equipped with inspection capabilities. These operational facilities fortify the competitive moat of its core strategy of “city-level service integration”.



On the retail front, the Company has received wide recognition from merchant users - registrants on PJT Marketplace totaled **408,000** by the end of 2022.



In 2022, the number of newly added intellectual property rights (IPR) authorizations of ATRenew was **53**.

In 2022, **100%** of customer complaints were resolved



The complaint resolution satisfaction rates of AHS Recycle, PJT Marketplace and Paipai Marketplace were **99.25%**, **98.87%** and **98.40%**, respectively.



Environmental

ATRenew oversaw the responsible recycling and green disposal of used and waste electronic devices totaling **270,000** units,

reducing **43.2** metric tons of e-waste in 2022.

The greenhouse gas emission intensity (Scope1+ Scope2) of ATRenew was **0.30** tonnes CO₂e/RMB million revenues,

representing a year-on-year decrease of **18.9%**.



Social

By the end of 2022, ATRenew had a total of **5,211** employees, **14** of whom began their employment with pre-existing disabilities.

ATRenew continuously empowers the operations of small and medium-sized merchants by providing specialized training for **8,047** PJT Marketplace merchants including operational guidance and video courses.

According to the needs of all staff members, ATRenew conducts multi-level and diversified training. In 2022, the average number of training hours per employee was **8**.



In 2022, we donated RMB **1,000,000** to support public welfare programs.



Governance

As of June 2023, the board of directors of ATRenew consists of **8** members (**2** of them are female directors), including **3** independent directors. Our directors have extensive experience in the industry and bring professional insights from the Internet and retail, capital markets, marketing and sustainable development.

In the same year, ATRenew carried out **4** audits for anti-fraud investigation, inventory and procurement management, with a defect rectification completion rate of nearly **90%**.

In 2022, a total of **11** Risk Management Committee (RMC) meetings were held to discuss **34** risk issues. We completed **27** rectification projects for a rectification rate of **79%**.

In 2022, the total number of accidents in ATRenew was reduced by about **40%** compared to the number in 2021, and the operating error category was reduced by about **60%**.

All accidents were generally reported within **24** hours after the occurrence, and immediate measures were taken to rectify them.



Social Recognition



"2020-2021 Green China·Person of the Year" Nominee

Ministry of Ecology and Environment



"WISE2022 King of the New Economy - Enterprise of the Year"

36Kr



"High Energy Team Award"

Harvard Business Review



Investor Relations ESG Engagement and Communication of the Year Excellent Enterprise on the Finalist

ESG China Awards



ESG Value Chain of the Year Excellent Enterprise Finalist

ESG China Awards



2022 Shanghai Labor Day Award

Shanghai Federation of Trade Unions



Special Contribution to Poverty Alleviation

China Foundation for Poverty Alleviation



ESG "Low-risk" Rating

Sustainalytics



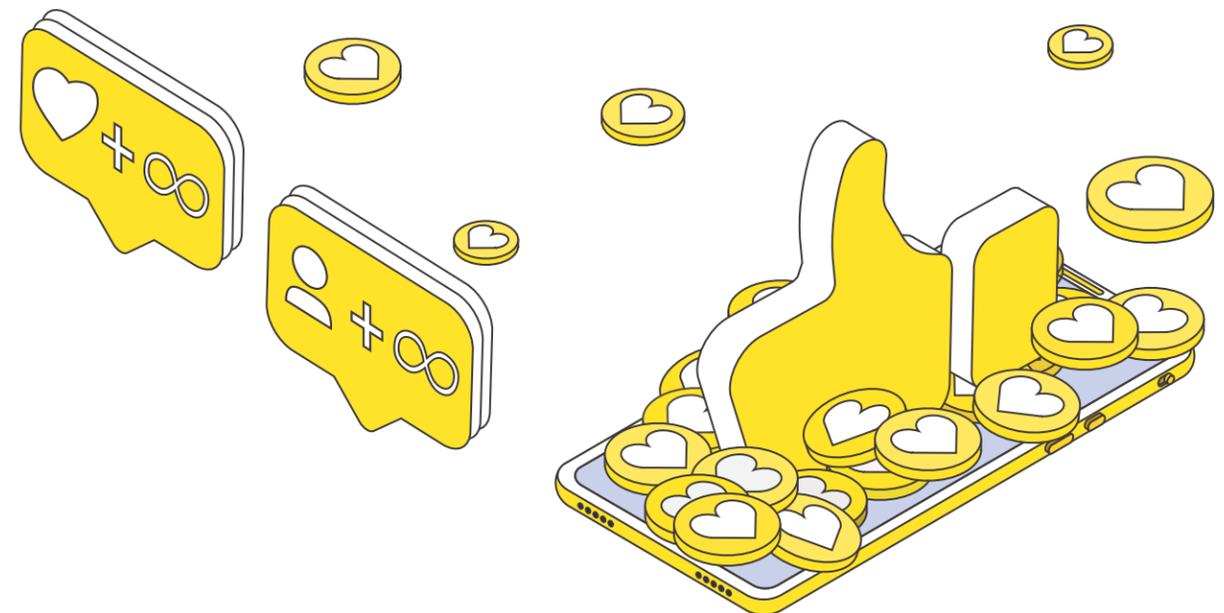
For Good Awards

China Social Enterprise and Impact Investing Forum



2022 China Charity Model of the Year

China Philanthropy Times





01

Introduction to ATRenew



Owing to its rapid development since its founding, ATRenew has formed a closed-loop industry chain spanning the C2B+B2B+B2C channels for pre-owned electronic devices. "To give a second life to all idle goods" is the mission underpinning our growth over the past decade, and our vision is to become a worldwide innovator and leader in the pre-owned electronics industry. Following our commitment to ethical business practices, we formulated a sound governance system including internal controls and internal audit capabilities to prevent and fight against corruption and ensure the compliant and healthy operation of the Company.

Material issues involved in this chapter:

- Compliant Operation
- Corporate Governance
- Business Ethics
- Information Security and Privacy Protection
- Market Presence
- Taxation

SDGs responded in this chapter



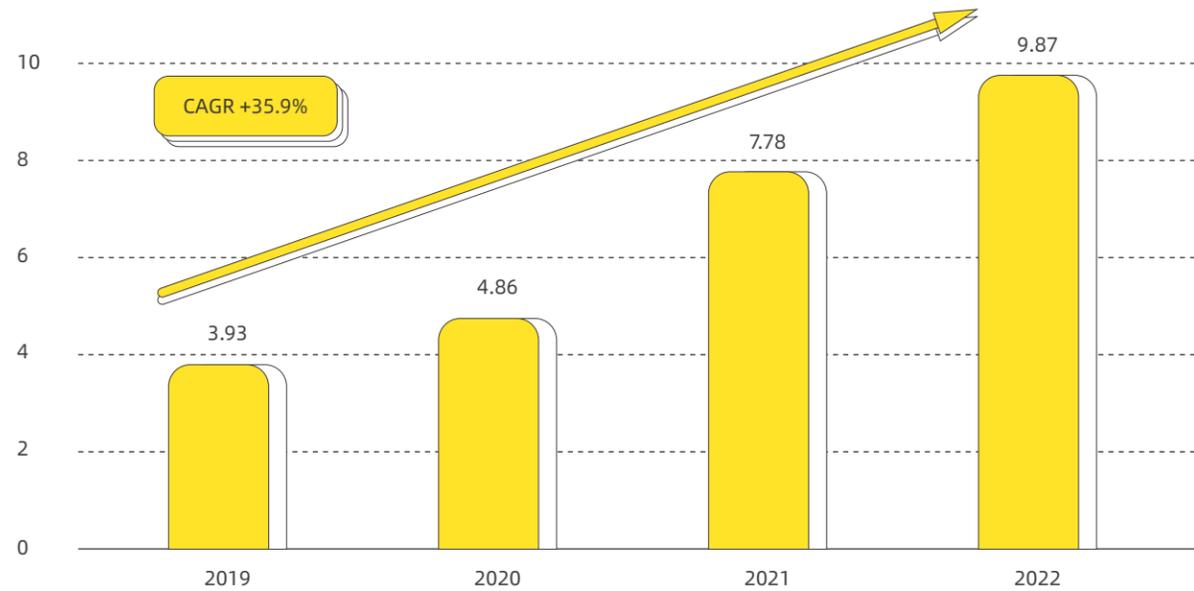
Company Profile

ATRenew Inc. (NYSE: RERE) was incorporated in 2011 in Shanghai, China. As a 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, and its improved automated operation system, promoting the development of the circular economy oriented on the consumer electronics and more consumer goods.

In 2022

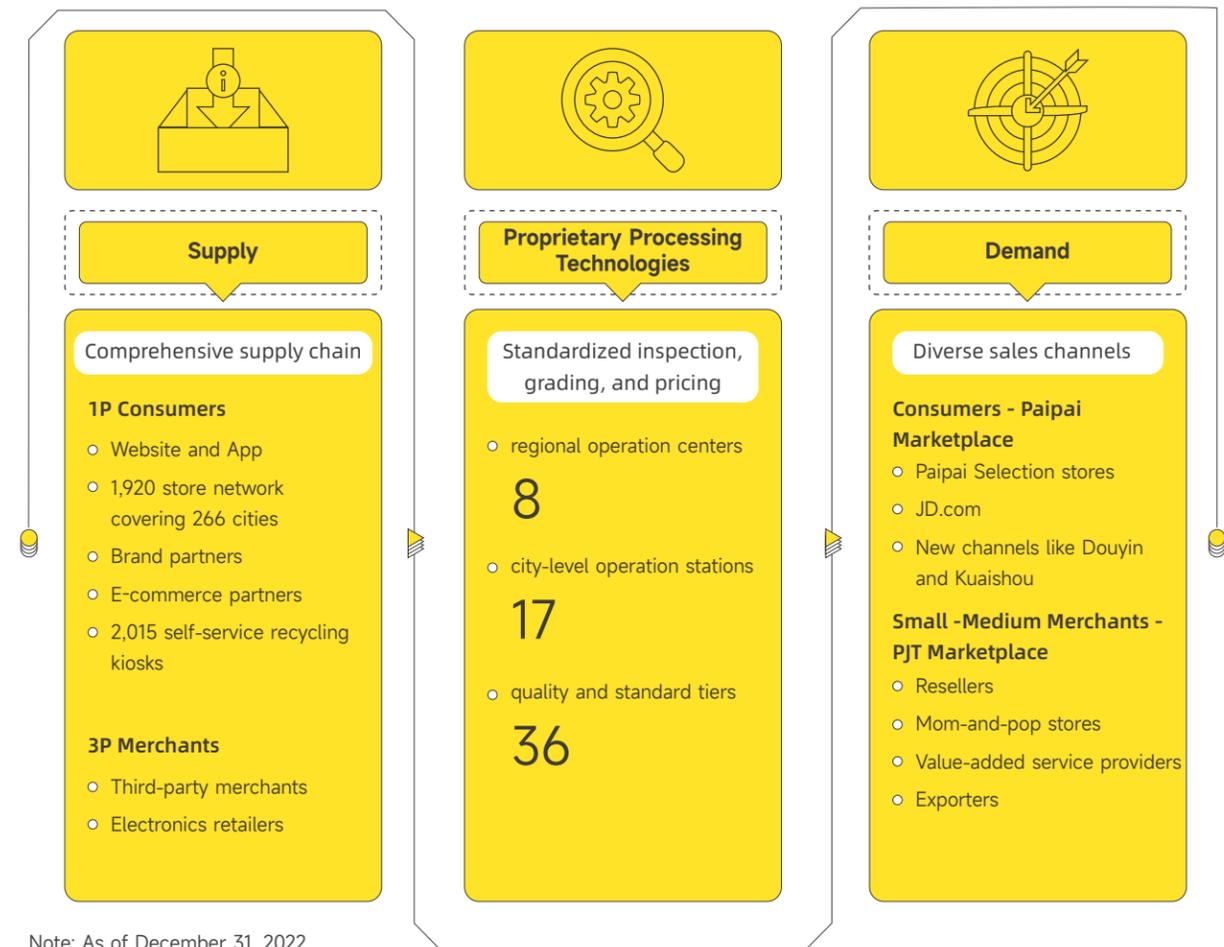
number of transactions totaled	total net revenues reached	total net revenues increased YoY by
32 million	RMB 9.87 billion	26.9%

In addition, ATRenew achieved a net income under non-GAAP measures for the first time.



◆ Total net revenues ■ Revenue (in RMB billions)

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



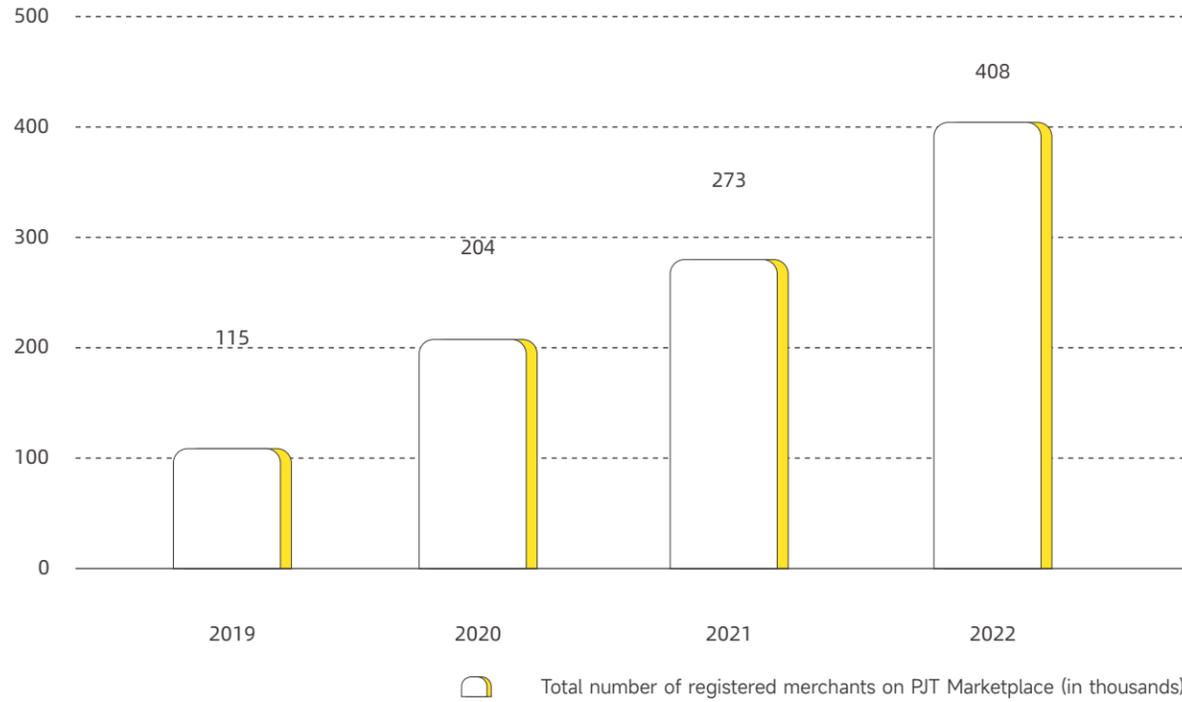
Note: As of December 31, 2022.

◆ Business model of ATRenew

With technological innovation at the core of our development, ATRenew consistently increases its investment in automated quality inspection. We independently developed automation modules, including quality inspection modules, (Camera Box, Tianyan X-Ray, Camera Cube, etc.). We developed and launched the Matrix 3.0 system², creating a fully automated system for "receipt-inspection-storage-packaging." Moreover, we enhanced our coordinated storage capabilities with a network of operation centers and city-level operation stations covering the whole country, significantly improving logistics and transportation in a more efficient mode, with which our product turnover rate increased and our supply chain competitiveness became stronger. As a result, our services serve more clients and become more accessible.

ATRenew actively expands its diversified sales channels. The face of its B2C business is Paipai Marketplace, which includes the Company's original POP stores on JD.com. Additionally, the Company has a growing presence on online retail channels as an extension to its Paipai Marketplace, such as Kuaishou and Douyin, etc. PJT Marketplace, the B2B transaction platform of ATRenew, rapidly circulates products to help dealers, retail stores, exporters, and other small and medium-sized merchants expand the scale and revenue. ATRenew actively drives the integration of to-business and to-consumer supply chain. For instance, PJT Marketplace was open to POP merchants in Paipai Marketplace and provided retailers in the second-hand consumer electronics product industry with convenient procurement channels and operation supports, intending to improve the service experience for both business users and consumers.

² Automation modules and functions are detailed in Chapter 5, Innovation R&D



Expand new product recycling service

Plan for Promoting Green Consumption, jointly published by National Development and Reform Commission and other authorities requires businesses to provide more support for technology and service-based green consumption to expand channels to re-utilize and share idle goods and second-hand products. To be specific, transactions for second-hand appliances and electronic products are boosted in a more favorable environment; quality inspection centers and the third-party evaluation laboratory for the transactions are encouraged to equip them with supporting development schemes. ATRenew responds proactively by expanding recycling categories and fulfillment capabilities, increasing local penetration rate. In addition, we also leverage our established supply chain advantages to promote the co-development of green industry and the circular economy.

ATRenew launched a service pilot by joint-constructing front-end AHS store recycling and back-end service capabilities. Since the second quarter of 2022, the Company began to focus on implementing a "multi-category" strategy and upgraded its organizational structure. To better meet the diverse recycling needs of users, the Company has developed additional recycling services for photographic equipment, bags, watches, golds, prestige liquor, shoes, and clothing, etc., with a commitment to provide convenient and diverse consumption services that are good for a green circular economy for more consumers.

As of the end of 2022

multi-category recycling covers

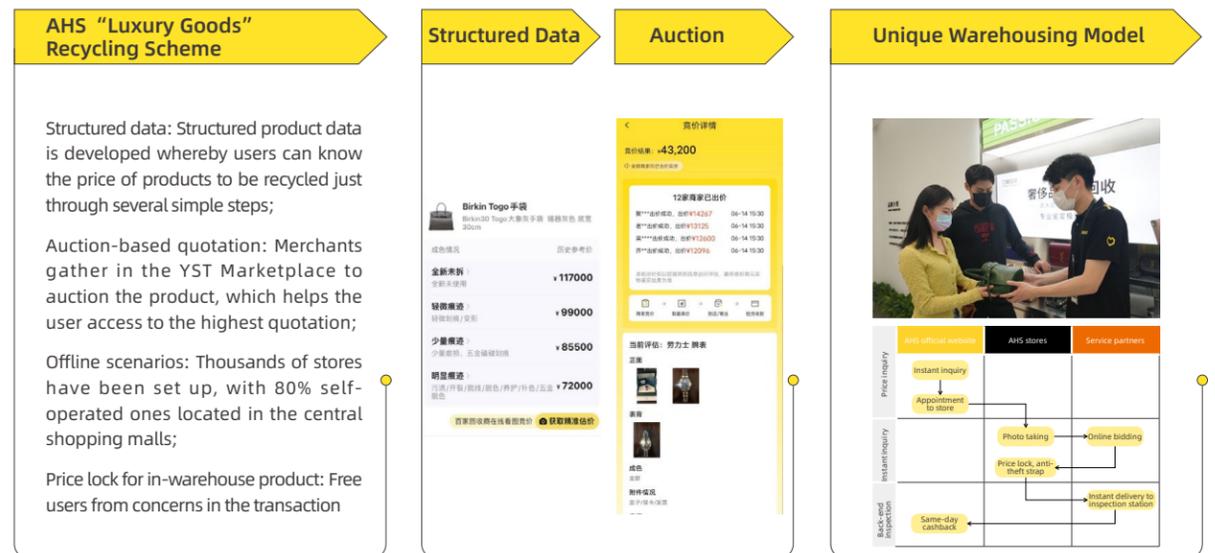
14 cities

enriching

63 stores



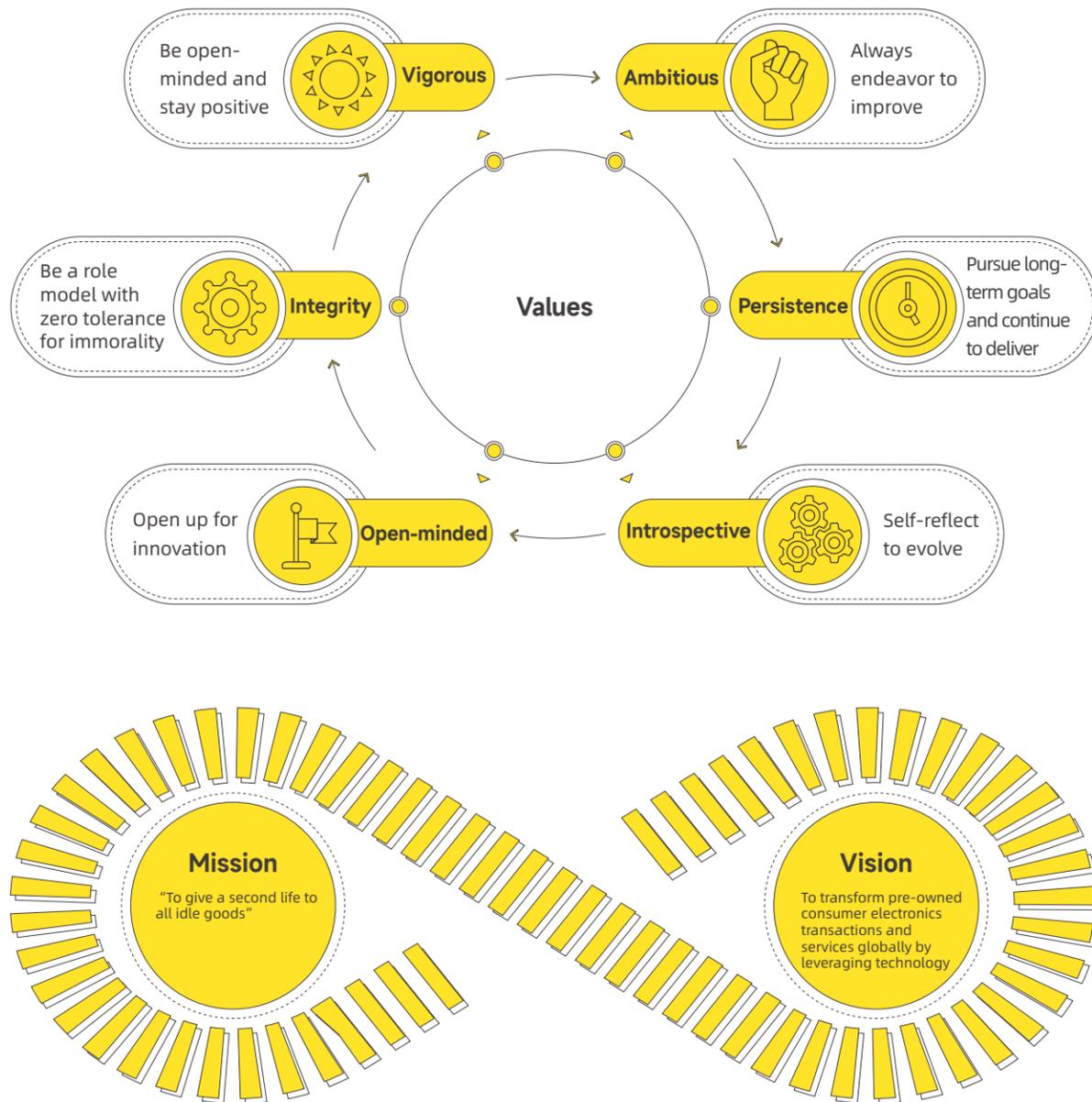
◆ ATRenew analysis on diverse products recycling business



◆ AHS Recycle's solution to circulate used luxury goods

Corporate Culture

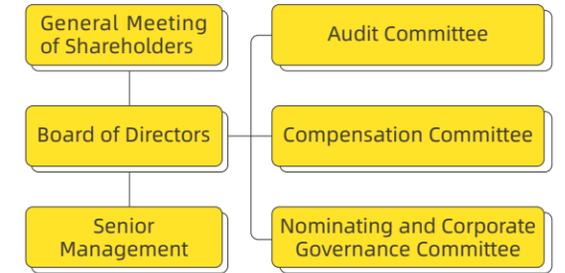
As a leader in the trade and service of second-hand consumer electronics, ATRenew always practices the corporate value of “tech-powered environmental protection and business for good” and the corporate mission “to give a second life to all idle goods.” It promotes the improvement of industrial operation efficiency with digital and intelligent capacity building, leads the industry to standardized, scaled, and sustainable development, and continues to create value for society.



◆ Our vision, mission and values

Corporate Governance

ATRenew strictly abides by the laws and regulations in China, the securities laws in the United States, and 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. Management and supervision over directors and senior management have been put in place to ensure the mechanism operates in an efficient and standardized way and that the interests of stakeholders are protected.



◆ ATRenew organization chart

As of June, 2023, the board of directors of the Company consists of eight (8) members, of which 25% are female, while independent directors account for 37.5%. All the directors have extensive industry experience and are experts in their respective professions, allowing the board of directors to make decisions with a more comprehensive perspective.

Position/Title	Name	Gender	Education Background	Expertise		
				Industry Experience	Risk Management	Financial Experience
Founder/Chairman/Chief Executive Officer	Kerry Xuefeng Chen	Male	Master's degree in computer science from Fudan University	✓	✓	
Director/Executive President/COO	Yongliang Wang	Male	Bachelor's degree in economics from University of International Business and Economics	✓	✓	
Director	Lijun Xin	Male	Bachelor's degree from Shanghai Jiaotong University	✓	✓	
Director	Shuangxi Wu	Female	Master's degree from Beijing Normal University	✓	✓	
Director/President/CFO	Chen Chen	Male	Bachelor's degree from Shanghai Jiaotong University	✓	✓	✓
Independent Director	Jingbo Wang	Male	PhD in management studies from the Saïd Business School of the University of Oxford	✓	✓	✓
Independent Director	Guoxing Jiang	Male	Bachelor's degree in mathematics and computer science from Fudan University	✓	✓	
Independent Director	Rui Zhu	Female	PhD in Marketing from University of Minnesota	✓	✓	

◆ The composition of board of directors

	Number of directors	Number of non-independent directors	Number of independent directors	% Independent directors
Audit Committee	3	0	3	100.0%
Compensation Committee	3	1	2	66.7%
Nominating and Corporate Governance Committee	3	1	2	66.7%

◆ ATRenew committee structure

Risk Management & Compliance

Risk Management & Accident Management

ATRenew adheres to bottom-line thinking and bases its development on risk and accident management systems that are improved continuously. An effective risk management mechanism is helpful for us to early identify, assess and deal with risks. Similarly, an improved accident management mechanism is conducive to taking timely actions against accidents and to reflecting on them. We uphold the risk and incident control mindset of pre-warning, dealing with it in the middle of the process and improving it afterward. We have sorted out and standardized the front-end risk assessment and management in the reporting period.

Risk Management Committee (RMC)



ATRenew has established a Risk Management Committee (RMC), the senior management of which manages and supervises the implementation of the risk management and internal control systems. We have also formulated the *RMC Operation Mechanism* to clarify the work functions and responsibilities of the RMC and its sub-committees. RMC communicates bi-weekly within the committee and reports monthly to the general manager's office 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.

RMC's monthly reporting mechanism and coordinated work among its members improve the Company's ability to identify and respond to risks through procedure compliance, information security, ethical business practices, legal compliance, etc., and promote the development and optimization of its management capabilities.

RMC Pre-assessment of Risks

The Company must pre-assess risks in the innovation or adjustment of major business strategies or models, involving new potential risks that require careful consideration and the need to risk response in advance when designing business forms. The advanced RMC assessment includes legal compliance, internal control, information security, financial and tax risks, and the impact of its relationship with the government. This mechanism serves as a warning for business departments to identify relevant risks and promotes the design of solutions. In 2022, four (4) risk assessment requests were received, with an average response interval of less than one week.

Early Risk Warning Mechanism for the Multi-category Recycling Business

ATRenew, regularly or irregularly, carries out the risk warning analysis and evaluation of the Company's multi-category recycling, intending to strengthen risk warning and prevention, and ensure the legal and compliant operation of business by upgrading the organizational structure and risk management system, standardizing business procedures. All in all, it is committed to healthy and sustainable development within the Company and industry.

With a focus on compliance assessment for new categories recycling business, ATRenew distinguishes products in the design of quality grades and compliance requirements, which, for example, can be recognized as ordinary (shoes and clothing), concerns (luxury goods) and sensitive (gift cards and coupons, and golds, etc.). Different categories correspond to individual risk control mechanisms, requiring access qualifications, prevention of illegal sources, intellectual property, data security, and others. Strictly complying with the national regulatory requirement of "anti-money laundering, anti-sales of stolen goods, and anti-tax evasion," we try to stop business models from being affected by financial risks and on the bottom line to verify the user identity, execute source verification, and identify and restrict suspicious transactions. We guarantee the legitimacy and compliance of items to safeguard consumers' right to know and to authorize, and improve the protection of private data.

Compliant Refurbishment

After the Shenzhen People's Procuratorate released the "Shenzhen Procuratorate Electronic Product Refurbishment Industry Intellectual Property Rights Criminal Compliance Guidelines (for Trial Implementation)", ATRenew actively aligned its internal businesses with the regulations. The company prioritized clear product descriptions, general repair and quality assurance, the compliant management of suppliers providing replacement parts, maintenance quality, online and offline disclosure of refurbishment information to users, after-sales service, and promotional language.

Risk Control of Luxury Goods Recycling

Product source risk management

In-store delivery

Identity verification, source verification, risk control rules to identify and limit suspicious transactions, scan and bind anti-tamper code to ensure the uniqueness of goods

Posted to the warehouse

Our partner labels an ID code on the item, and information on the quality inspection, maintenance, sale, and returns all should be traceable

Quality inspection capabilities and intellectual property rights

Established a systematic quality inspection process and perfect quality inspection standards, with an authoritative and professional identification team, through cooperation with China Certification & Inspection (Group) Co., Ltd. to improve quality control capabilities

Focus on intellectual property protection, and never recycle items with intellectual property risks

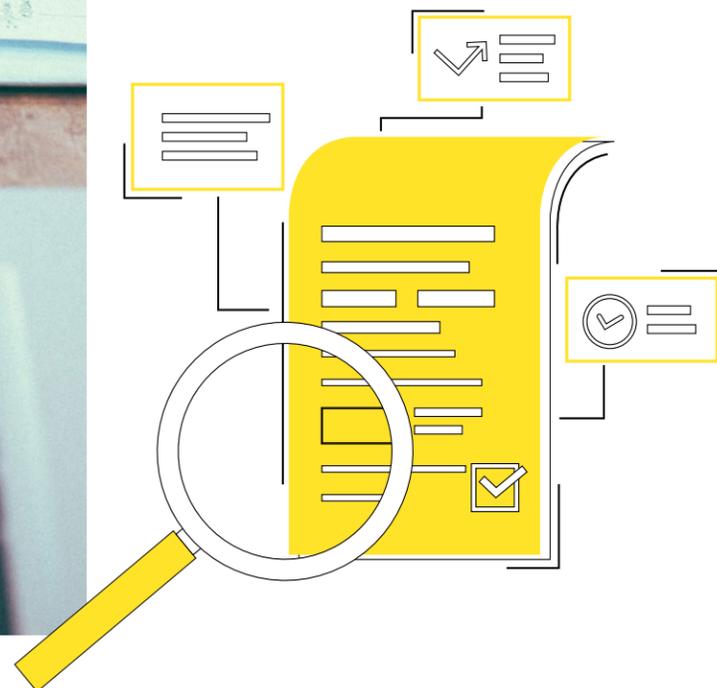


Internal Control and Audit System

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 (SOX) Act*. We completed a self-assessment on internal controls related to financial reporting, identified potential risks in the Company and various business processes to address the control activities of the Company, and promptly rectified our shortcomings under the requirements of SOX regulations.

The Company's improved internal control system is a strong foundation for its compliance operation, and the effective operation of the internal audit mechanism can timely validate the Company's operating conditions. Accordingly, the Internal Control and Internal Audit Department plans and executes various audit projects strictly followed the *Internal Audit System*, including special audits and anti-fraud audits, and submitted the audit results to the Company's RMC. In response to the deficiencies identified in the audit, the Internal Control and Internal Audit Department supervises various business departments to carry out the rectification of each business department and collects the rectification sample data to ensure that the deficiencies were rectified.

The Company regularly conducts inspections and training on employee compliance to improve risk prevention awareness and management abilities. In 2022, the Internal Control and Internal Audit Department carried out training on 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 18 members from 11 departments, including the Finance and Tax Accounting Department.



Business Ethics

Anti Bribery and Corruption Mechanism

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

ATRenew integrity and self-discipline management structure		
01	02	03
Integrity and self-discipline	Supplementary provisions on code of conduct for employees across departments	Promotion and supervision
<ul style="list-style-type: none"> Clarify the group level reporting channels Clarify the reward mechanism for whistleblowers Clarify the penalty mechanism for violating the code of conduct, as well as requirements for dishonesty information collection and disclosure 	<ul style="list-style-type: none"> Define the classification of violations: forgery, misrepresentation and concealment, commercial bribery, fraud, disclosure of company information, misappropriation/ destruction/impact on the security of company assets, infringement of intellectual property rights, violation of work standards and transaction norms, damage to the company's image, violation of professional ethics, violation of laws and regulations, etc. Grades of violations: 1-5 grades (1 is the red line, which is the most serious violation), depending on the severity Clearly applicable punishment methods include: termination of employment contract, written warning, verbal warning Distinguish the specific business scenarios of each business department and refine the code of conduct for integrity 	<ul style="list-style-type: none"> PR designs integrity posters, and HR administrative department carries out offline posting and online (electronic screen) display HR functional line carries out staff background check through Sunshine Integrity Alliance and requires employees to sign the "Notice of Penalty and Information Disclosure for Breach of Trust" The HR functional line is responsible for promoting and examining new employees during their induction training HR functional line publicizes the punishment for breach of trust and the reward for reporting through email The group's HR headline activities are carried out to inform the penalties and reporting rewards, and the video is edited and kept The internal control and internal audit department supervises the function of the code of conduct management system

◆ Three elements for ATRenew integrity and self-discipline management

Business Ethics & Integrity Education and Training

ATRenew presents its culture of anti-corruption, integrity and self-discipline via publicity, education, and training activities. It incorporates integrity education and training into onboarding requirements for new employees to make employees know the bottom-line of compliance responsibilities. The promotion was conducted in the internal Feishu group, OA system, or display board to ensure employees read group messages and documents. At the same time, we carried out integrity inspections and anti-fraud audit projects to ensure the effective operation of the integrity and self-discipline management system.

During the reporting period

the Company's operation center conducted

270 integrity trainings

1,756 employees (including outsourced employees) participated

8 regular and irregular integrity inspections

the Company's front-end business department led

one special integrity promotion

1,700 employees (including outsourced employees) participated

daily inspections and audits on the integrity and self-discipline behavior code of conduct for employees

the Internal Control and Internal Audit Department held

two integrity trainings at the Group level

46 employees participated

conduct special audit project and rectify 100% of identified control deficiencies



ATRenew integrity and self-discipline promotion

Claimant & Informer Protection

To effectively identify and investigate the fraudulent behavior of our employees, ATRenew formulated the *Informer Protection and Reward System*, as well as 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 Group office and operation centers across the country, which provides emails, websites, telephone numbers, and other channels to file reports of violations. We regularly take measures to track reported frauds, hold meetings to discuss how to track and handle them according to the evidence provided, and make anti-fraud management optimization plans to ensure we continue to comply with all laws and regulations. We take the reported content seriously and keep the personal information of the whistleblower strictly confidential. In 2022, our anti-fraud reporting mailbox received 14 reports

Informer Protection and Reward System:
Reporting ways: ICAC@atrenew.com or 15618957708
Reward: RMB 5,000 to RMB 1,000,000
Protection: Relevant data was kept confidential strictly when used or verified, and the informer information desensitized.

and complaint emails. All were investigated and handled as of the end of the reporting period. Employees who had been proven to be involved in fraud were fired, sent to the public security bureau, or required to pay for the economic loss they caused to the Company.

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 technology and process management to effectively guarantee the Company's internal information system and network security.

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*. The Company established an improved information security management system, which is revised once a year, and officially published on the internal website. 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.

To respond to sudden information security incidents, ATRenew formulates business continuity planning (BCP) and regularly organizes business continuity training



Network security level protection evaluation report

and drills. The BCP establishes a long-term sustainable information system environment and effectively reduces information system security risks.

During the reporting period, the Company, as per the *Cybersecurity Law*, hired Shanghai Jiao Tong University Lab of Information Security Service (LISS), a third party, to test and evaluate its cyber operation security and was given an Evaluation Report for Classified Protection of Cybersecurity generally suggesting a good result at 80.58 points. To conclude, the evaluation identified 29 problems, with zero (0) high risk, ten (10) medium risks, and nineteen (19) low risks that the Company has rectified.

Case | ATRenew successfully participated in the "Rock Action" cybersecurity drill conducted by the Shanghai communications administration



In accordance with President Xi's pledge to strengthen China's Internet security and build the nation into a strong cyber power, the Shanghai Communications Administration and regulatory authorities launched the "Rock Action" simulation with the aim to enhance capabilities of enterprises in Shanghai telecom and Internet industries in accordance with the Cybersecurity Law, Data Security Law and Shanghai Action Plan for Building an Innovation Highland in the Cybersecurity Industry (2021-2023). ATRenew took part in the activity in August 2022, which simulated various forms of cyber security attacks.

The activity included 30 attacking teams (red teams) composed of professionals from various domestic cybersecurity institutions and 123 defending teams (blue teams) composed of corporate representatives from telecom and Internet sectors in Shanghai. ATRenew stood out as a defender with excellent performance, ranking in the top 10% and honored as a "Prominent Blue Team."

ranking in the top
10%

honored as a
"Prominent Blue Team"



Case | ATRenew completed information security inspection and report

In 2022, ATRenew actively responded to and cooperated with the regulatory authority that inspected its information security in all aspects. It helped complete and pass the inspection effectively via data submission, on-site review and voluntary report, etc., reflecting its solid foundation in privacy and information protection.

No.	Regulatory authority	Month	Inspected Item	Method	Content
1	Shanghai Communications Administration	July	Inspections on Shanghai communications network security and data security 2022	Remote data submission	Implementation of management and guarantee systems, communication network security protection, data security protection, and personal information protection.
2	Cybersecurity inspection team	July	Special cybersecurity inspection in Yangpu district 2022	Remote data submission	Fill in important websites, platforms (apps), and production systems of the Company via the reporting tool, generate reporting files, write a Cybersecurity Inspection Summary Report, and check the application of passwords.
3		Aug.	Illegal Information, real-name system and log retention	On-site inspection	Content safety, real-name system, and log retention
4		Dec.	Illegal Information, real-name system and log retention	Remote data submission	Content safety, real-name system, and log retention
5	Shanghai General Team of Law Enforcement on Cultural Market	Aug.	Illegal information released online	On-site inspection	Safety inspection on contents posted by internet users
6	Shanghai Cyberspace Administration	July	Special report on information security	Voluntary reporting	Construction of security management system, data security, and technological system



02

Improved Corporate Governance



ATRenew always adheres to sustainable development as a part of its strategies. It continued to optimize ESG governance, strengthen ESG risk identification and control capabilities, take actions against climate change, effectively manage assets, and respond to stakeholders' expectations to build a sustainable ecosystem for the industry.

Material issues involved in this chapter:

- Corporate Governance
- Economic Performance
- Indirect Economic Impact
- Taxation

SDGs responded in this chapter



ESG Governance

ATRenew is committed to integrating ESG philosophy into its governance structure. It continuously optimized systems, including the corporate governance and internal control systems, and the full-lifecycle carbon footprint management system for the second-hand electronics industry value chain, and cooperated with employees, businesses, suppliers and other partners along the value chain to build the sustainable development ecosystem, and developed itself into an ESG model. Therefore, it can play a role in realizing Long-Range Objectives Through the Year 2035 and UN SDGs.

The Company has established a three-level ESG management structure. The board of directors coordinates, approves, and supervises the overall ESG works related to the Company, and defines the responsibilities at each level of the ESG management process to ensure that ESG management is systematic, scientific, and effective. ESG Committee is responsible for promoting the construction of ESG management systems, supervising and implementing ESG strategies and efforts for optimization, improving ESG governance and performance, and creating ESG working groups for connecting functional departments and business divisions and supporting ESG work.



◆ ATRenew three-level ESG management structure

ESG Performance Review

In 2022, the Company was viewed as making notable achievements in greenhouse gas emission reduction analysis due to pre-owned mobile phone recycling and reusing, ESG rating improvement, and the research of emission reduction approaches. Details of the Company's ESG performance in 2022 and targets in 2023 are presented below.

Review on 2022 ESG performance	2023 Targets
<p>Optimized annual ESG report:</p> <p>reused the method of formulating the 2020 report to add analysis of carbon footprint in recycling, disposal, and sales of second-hand mobile phones, and quantified the Group's greenhouse gas emission reduction performance of the second-hand mobile phone recycling and utilization in 2021 with lifecycle analysis and circular formulas (industry-first).</p>	<p>To optimize the structure and content of the annual ESG report, as well as ESG feedback mechanism across business divisions.</p>
<p>Improved ESG risk rating:</p> <p>the Company was upgraded by Sustainalytics with its ESG risk rating to "low risk" with a total score of 17.6/100, ranking fourth among companies in the global "online and direct retail" sector (4/85) and recognized by ESG shareholders and investors.</p>	 <p>To identify what to be optimized in ESG rating and strengthen ESG risk identification and management capabilities.</p>
<p>Emission reduction methodology:</p> <p>promoted the first round of expert review on the second-hand mobile phone recycling methodology to verify the feasibility of voluntary emission reduction (CCER) project declaration and trading.</p>	<p>To optimize emission reduction methodology models for tradable national or local emission reduction targets.</p>

Communication with Stakeholders

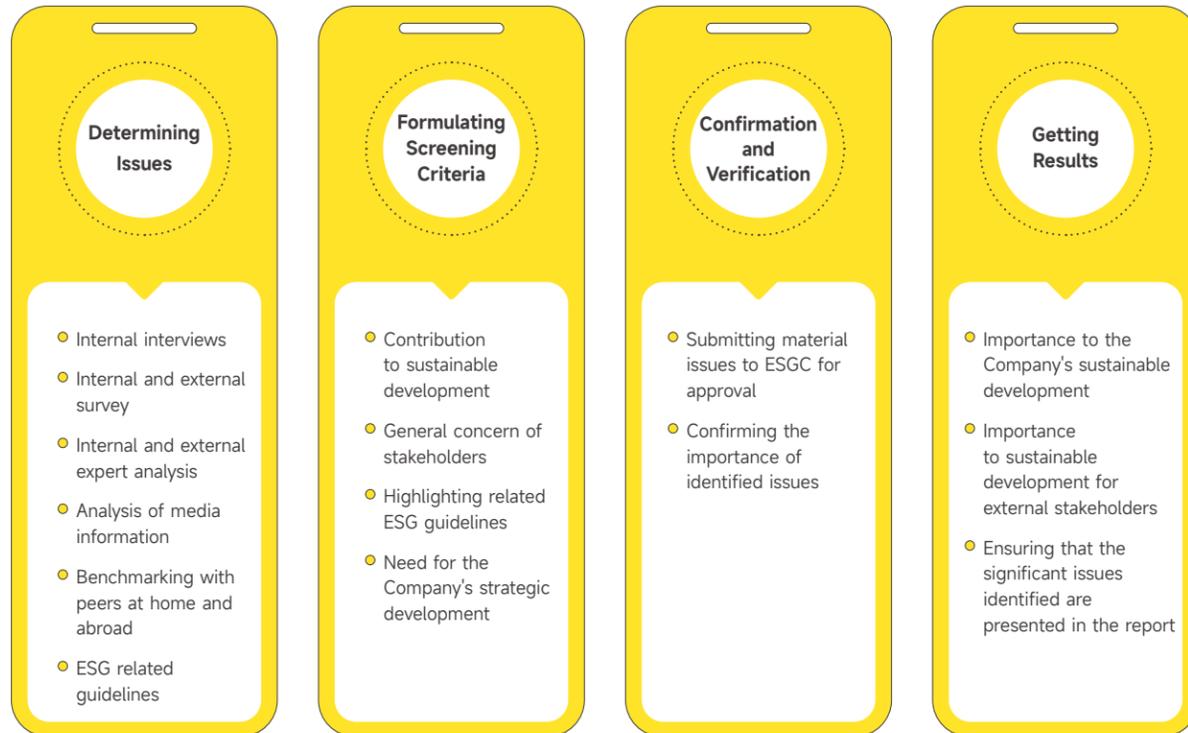
ATRenew greatly values communication with its stakeholders, whose comments and suggestions are critical for effectively advancing sustainable development. We communicate via multiple channels, including but not limited to online and offline methods, such as reports, telephone, email, meetings, visits, and questionnaires, and listening to stakeholders, including consumers, platform merchants, employees, shareholders/investors, government regulators, media, communities and the general public, and suppliers and partners.

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 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 conferences 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 trade union meetings Employee satisfaction surveys Listener Program (“倾听官”, an anonymous feedback and complaints program) All-hands meetings Online Courses on Cloud (“云学堂”) and Feishu (“飞书”) Health and safety trainings

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	<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 crucial to the Company’s sustainable 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

In 2022, ATRenew referred to Sustainability Report Standards (GRI Standards) formulated by the Global Sustainability Standards Board (GSSB), the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and the key industry ESG topics highlighted by MSCI and Sustainalytics to summarize 20 ESG material issues in this report, in relation to corporate governance, operations, innovation, supply chain, customer service, employees matters and other areas, which were identical with the ESG issues listed in 2021. To better assess the importance of the topics, ATRenew entrusted an independent consulting agency to conduct in-depth stakeholder research, and collected 520 valid questionnaires.

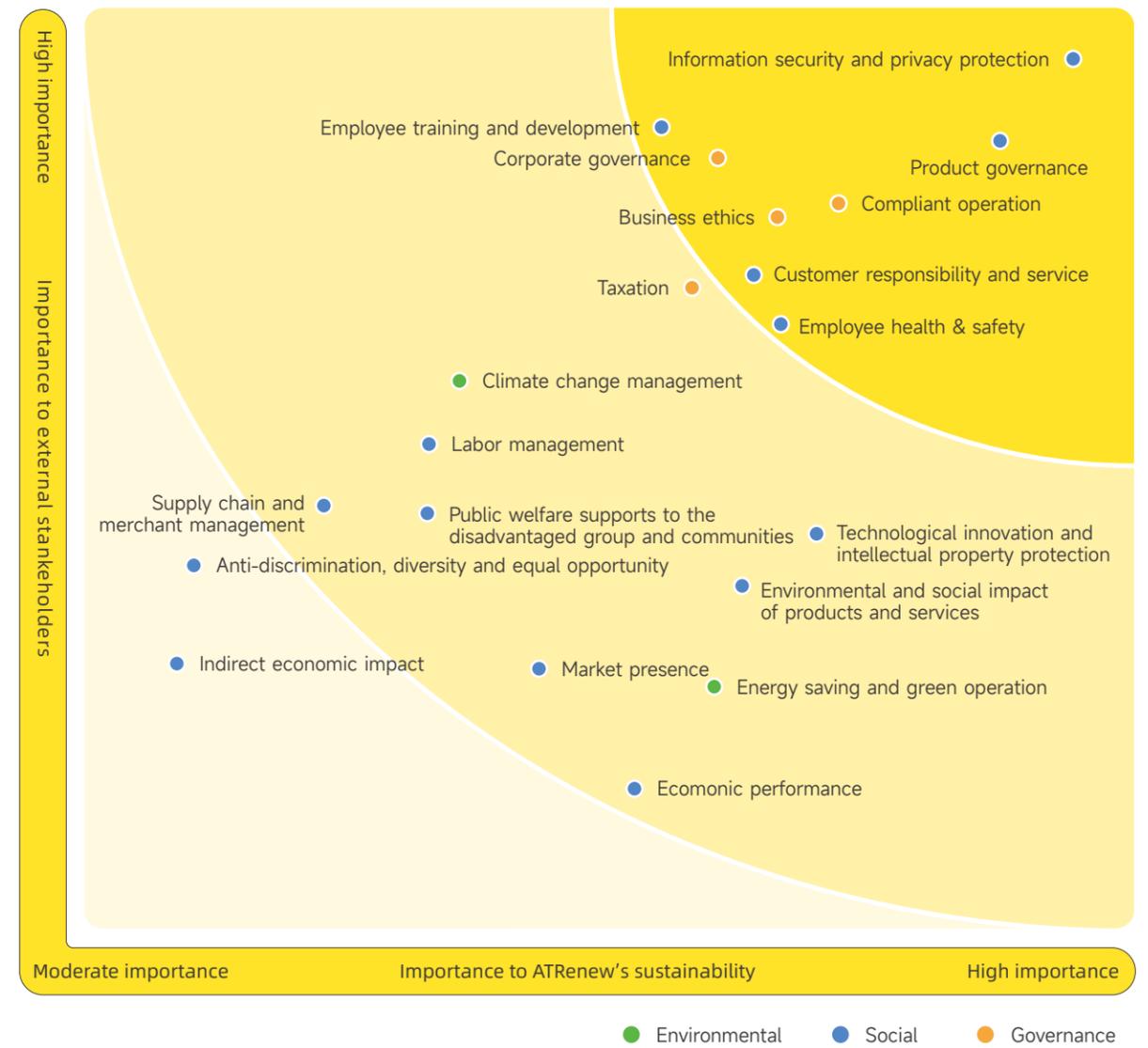


During the reporting period, the Company identified eight (8) issues of high importance, ten (10) issues of intermediate importance and two (2) issues of moderate importance. Compared with the priority of material issues in the 2021 ESG report, three issues have garnered the most attention from internal and external stakeholders of ATRenew, of which "employee health and safety" and "business ethics" have become new highly material issues, and "energy saving and emission reduction" intermediate. In this report, we focus on detailed disclosure of high-priority material issues and some intermediate-priority material issues.

Issues of high importance
8

Issues of intermediate importance
10

Issues of moderate importance
2



◆ ATRenew materiality matrix

ESG Risk Management

ATRenew pays attention to ESG risk management in operations. In addition to considering the financial risk factors of a project, ATRenew incorporates non-financial factors such as environmental and social benefits 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 to improve further the Company's management and control of ESG risks. We believe active ESG risk management can help improve customer satisfaction, reduce operational risks, and enhance competitiveness. The following is an overview of the Company's risk and opportunity identification for material issues, and corresponding improvement measures detailed in the corresponding chapter.

Material Issues	Significance to ATRenew	Improvement Measures	Corresponding Chapters	Corresponding SDGs
 <p>Corporate Governance</p>	<p>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.</p>	<ul style="list-style-type: none"> Operating scientifically in accordance with the Company's articles of association, refining and adjusting the organizational structure and 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 	
 <p>Product Governance</p>	<p>The development of a standardized inspection system will help lead the development of the industry, improve the product experience of customers, and enhance ATRenew's brand awareness and reputation.</p>	<ul style="list-style-type: none"> Standardized and automated product inspection process Empower third-party merchants with unified quality inspection standards and tools Participate in the formulation of industry standards and lead the development of the industry 	<ul style="list-style-type: none"> Product quality control Supply chain management Contribution to the industry 	 
 <p>Information Security and Privacy Protection</p>	<p>An effective information security and privacy protection system can protect customer data and company information.</p>	<ul style="list-style-type: none"> Establishing information security & privacy protection management institution and relevant systems Conducting information security inspections Offering a privacy removal tool "Aiqingchu" and privacy protection plan 	<ul style="list-style-type: none"> Information security Privacy protection 	
 <p>Customer Responsibility and Service</p>	<p>Better customer service helps increase customer stickiness and brand loyalty.</p>	<ul style="list-style-type: none"> Providing convenient and diverse quality services Establishing customer communication and complaint mechanisms Customer satisfaction survey 	<ul style="list-style-type: none"> Customer service 	
 <p>Employee Training and Development</p>	<p>The cultivation of diversified and professional talents is necessary for the Company's development.</p>	<ul style="list-style-type: none"> Optimizing and implementing performance assessment mechanism Conduct various trainings for various objectives 	<ul style="list-style-type: none"> Employee growth 	   
 <p>Employee Health and Safety</p>	<p>ATRenew's management of occupational health and safety can effectively protect employees' rights, improve production efficiency and stability, and achieve sustainable development.</p>	<ul style="list-style-type: none"> Guaranteeing health and welfare Holding diverse care activities Creating a safe and healthy working environment Trainings on safety 	<ul style="list-style-type: none"> Care for employees Health and safety 	 
 <p>Compliant Operation</p>	<p>As a multinational enterprise, ATRenew must abide by the laws and regulations of various regions and jurisdictions to safeguard the Company's business.</p>	<ul style="list-style-type: none"> Complying with SEC rules Building a risk management system Completing internal control and audit Compliance training and promotion for employees 	<ul style="list-style-type: none"> Risk compliance 	
 <p>Business Ethics</p>	<p>ATRenew focuses on anti-corruption to improve transparency and efficiency of operation management, which are helpful to avoid adverse impacts on corporate integrity and reputation.</p>	<ul style="list-style-type: none"> Improving integrity system and mechanism Conducting special anti-fraud audits Training and promotion of integrity 	<ul style="list-style-type: none"> Business ethics 	 

ESG Key performance³

Environmental performance^{4, 5}

Indicator	Unit	2022	2021	2020	Remarks
Indirect energy use					
Total electricity consumption	Kwh	5,271,092.00	4,937,065.00	4,280,524.00	
Emission of greenhouse gases					
Total greenhouse gas emissions	Tonne CO _{2e}	37,640.91	31,336.29	5,917.44	
Scope 1 ⁶	Tonne CO _{2e}	0.00	0.00	0.00	
Scope 2 ^{7, 8}	Tonne CO _{2e}	3,001.13	2,873.17	2,503.60	
Greenhouse gas emission intensity (Scope 1 + Scope 2)	Tonne CO _{2e} /RMB 1,000,000	0.30	0.37	0.52	
Scope 3 ⁹	Tonne CO _{2e}	34,639.78	28,463.12	3,413.84	
Scope 3 - capital goods ¹⁰	Tonne CO _{2e}	6,381.43	3,183.12	-	The significant increase in 2022 data is mainly due to increased fixed assets required for the completion and launching of the Dongguan Operation Center.
Scope 3 - upstream transportation and distribution ¹¹	Tonne CO _{2e}	2,872.52	1,927.94	2,745.59	
Scope 3 - waste generated in operation ¹²	Tonne CO _{2e}	46.75	21.80	-	The significant increase in 2022 data is mainly due to high costs for waste disposal generated in the operation center and office decoration.
Scope 3 - business travel ¹³	Tonne CO _{2e}	785.76	1,546.36	271.68	The significant decrease in 2022 data is mainly due to the work-from-home policy taken against the epidemic lockdown.
Scope 3 - employee commuting ¹⁴	Tonne CO _{2e}	2,975.00	6,290.00	-	
Scope 3 - downstream transportation and distribution	Tonne CO _{2e}	8,465.62	7,033.26	-	

³ The blanks for 2020 are uncounted/undisclosed data.

⁴ The collection time of environmental data covers the period from January 1, 2022, to December 31, 2022; except scope 3 greenhouse gases, the scope of environmental data includes the Group's offices located in Beijing, Shanghai, Tokyo, Shenzhen, etc., and the operation centers nationwide (Dongguan, Changzhou, Chengdu, Wuhan, Tianjin, Xi'an, Shenyang and Hong Kong), self-operated city-level operation stations, as well as self-operated stores nationwide.

⁵ The ratios in the environmental data are calculated by dividing the total amount of data in 2022 by the Company's revenue amount for the current year, in millions.

⁶ ATRenew does not involve the direct use of fuel in the operation process, so the greenhouse gas emissions (Scope 1) are zero.

⁷ Greenhouse gas emissions (Scope 2) come from purchased electricity. The current emission is calculated with the latest factor published by the National Development and Reform Commission, 0.5703 tCO₂/MWh. Hong Kong operation center uses the factor from CLP Power, 0.55 tCO₂/MWh. For Tokyo greenhouse gas emission factors, it refers to the greenhouse gas emission factor of public utilities published in 2022 by the Ministry of the Environment.

Indicator	Unit	2022	2021	2020	Remarks
Scope 3 - end - disposal emissions of sold products ¹⁵	Tonne CO _{2e}	12,615.28	7,940.52	-	The significant decrease in 2022 data is mainly due to increased businesses.
Scope 3 - franchise ¹⁶	Tonne CO _{2e}	497.42	520.12	396.57	
Water resources					
Total water consumption ¹⁷	Tonne	21,696.32	11,532.76	9,591.75	The significant decrease in 2022 data is mainly due to increased businesses in Changzhou and Dongguan operation centers equipped with higher automatic facilities.
Water consumption - municipal water	Tonne	20,888.14	11,416.96	9,495.00	
Water consumption - barreled water	Tonne	808.18	115.80	96.75	
Water consumption intensity	Tonne/RMB 1,000,000	2.20	1.48	1.97	
Comprehensive sewage discharge ¹⁸	Tonne	17,357.06	9,236.83	7,596.00	The significant decrease in 2022 data is mainly due to increased businesses in the Changzhou and Dongguan operation centers equipped with higher automatic facilities.
Sewage discharge intensity	Tonne/RMB 1,000,000	1.76	1.19	1.56	
Waste					
The total amount of non - hazardous waste	Tonne	32.90	27.88	8.14	
The total amount of recyclables	Tonne	325.99	162.49	184.98	The significant increase in 2022 data is mainly due to the completion and launching of the Dongguan Operation Center.
Packaging consumables					
The total amount of packaging materials ¹⁹	Tonne	761.98	566.66	398.38	The significant increase in 2022 data is mainly due to the completion and launching of the Dongguan Operation Center.

⁸ The 2022/2021 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.

⁹ A new calculation method is adopted for the 2022/2021 greenhouse gas emissions data (Scope 3). It is calculated with reference to the Greenhouse Gas Protocol, jointly launched in 1998 by the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI).

¹⁰ Scope 3 - capital goods, mainly include fixed assets purchased by the Group.

¹¹ Scope 3 - upstream and downstream transportation and distribution, are mainly from JD Logistics and SF Express.

¹² Scope 3 - waste generated in operation, refers to the greenhouse gases equivalent to waste generated during processing operations.

¹³ Scope 3 - business travel, mainly includes the emissions from air journeys and hotel accommodation in ATRenew's business travel; the 2020 data does not include hotel accommodation emissions.

¹⁴ Scope 3 - employee commuting, mainly includes all ATRenew employees' commuting traffic emissions.

¹⁵ Scope 3 - end-disposal emissions of sold products, mainly include the end-disposal greenhouse emissions of sold products from Paipai Marketplace, PJT Marketplace, AHS Recycle, and the overseas businesses.

¹⁶ Scope 3 - franchise, mainly comes from the franchises' electricity usage.

¹⁷ The total water consumption includes the consumption of municipal water and barreled water in the Groups office areas and operation centers (including Hong Kong).

¹⁸ Data definition: amount of sewage discharge = 0.8*total water used.

¹⁹ Packaging consumables include cardboard, tape, bubble wrap and air column bags used in packaging.

Social performance²⁰

Indicator	Unit	2022	2021	2020	Remarks
Employment					
Total full-time employees	Person	2,025	2,497	2,388	
Total outsourcing employees	Person	2,925	-	-	Outsourced and part-time employees were included in 2022.
Total part-time employees	Person	261	-	-	
Full-time employees by management level					
Senior management	Person	31	38	37	
Female senior management	Person	7	7	7	
Middle management (e.g., department manager)	Person	327	380	298	
Full-time employees by situation					
Normal employees	Person	1,667	2,079	2,053	
Disabled employees	Person	14	13	16	
Full-time employees by educational backgrounds					
Post-graduate and above	Person	89	106	-	In 2020, the statistical work on the diversity of employees' educational backgrounds was not carried out.
Undergraduate	Person	870	1,401	-	
Junior college	Person	740	817	-	
Technical secondary school and below	Person	326	173	-	
%Full-time employees by gender					
Male employees	%	69.09	70.85	71.28	
Female employees	%	30.91	29.15	28.72	
%Full-time employees by age					
Employees aged 30 and below	%	56.30	56.15	62.35	
Employees aged 31-49	%	43.36	43.37	37.48	
Employees aged 50 and above	%	0.35	0.48	0.17	
New employees					
Total number of new employees ²¹	Person	270	772	310	
New male employees	Person	140	499	186	
New female employees	Person	130	273	124	
Participation in trade union					
Employees in trade union	Person	325	340	360	
%Employees in trade union	%	16.05	13.60	15.10	

²⁰ Employment, health and safety, training, and satisfaction data of employees in social performance are only about the full-time employees.

²¹ The total number of new employees only counts long-term employees, as of December 31, 2022.

Indicator	Unit	2022	2021	2020	Remarks
Health and safety					
Work-related accidents	Accident	8	14	8	
Work-related fatalities	Person	0	0	0	
Lost working days due to work injury	Day	451	245	540	
Lost working hours due to work injury	Hour	3,608	1,959	4,320	
Absence ²²	%	1.73	2.00	3.06	
Employee training (full-time employees)					
Average training time for employees	Hour	8	8	10	
Group employees who regularly receive performance appraisals and career development assessments ²³	%	98.3	97.7	95.6	
Satisfaction					
Employee satisfaction (overall employees)	/5	4.44	4.25	4.42	
Employee satisfaction (front-line employees)	/5	4.39	3.90	4.12	
PJT Marketplace merchants					
Trained merchants	#	8,047	7,273	3,016	
Average training time for merchants	Hour/week	4.0	4.6	6.5	
Cumulative registered buyers	#	191,703	118,782	92,515	
Cumulative registered sellers	#	215,909	153,989	111,925	
New buyers	#	72,921	26,267	38,522	
New sellers	#	61,920	42,064	51,237	

Corporate governance performance

Indicator	Unit	2022	2021	2020	Remarks
Anti-corruption litigation cases	#	1	0	-	litigation cases have been addressed well.
Anti-corruption inspections	#	8	6	-	
Audit projects completed	#	4	2	-	

²² Absence rates are calculated by dividing the number of days lost by the number of scheduled workdays during the reporting period.

²³ The proportion of employees who accept semi-annual performance ratings, quarterly performance appraisals, and monthly KPI appraisals in the Group.



03

Green Development through Circular Economy



ATRenew is committed to extending the life cycle of pre-owned electronics to reduce greenhouse gas emissions by giving a second life to the products and assisting our country in attaining carbon peaking and carbon neutrality goals and the international community in tackling climate change. 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 and respond to climate change. We continued to refine the CO₂ emission reduction methodology for second-hand mobile phones and filed for registration. We build a green industrial chain of recycling, conducting quality inspections and transporting and disposing of e-waste to reduce the carbon emissions that cause environmental pollution in the consumption sector. ATRenew integrates the philosophy of green and sustainable development into its entire operation process, creating a green and healthy office environment, conducting green public welfare activities, and contributing to greener consumption habits.

Material issues involved in this chapter:

- Energy Saving and Green Operation
- Climate Change Management
- Environmental and Social Impact of Products and Services

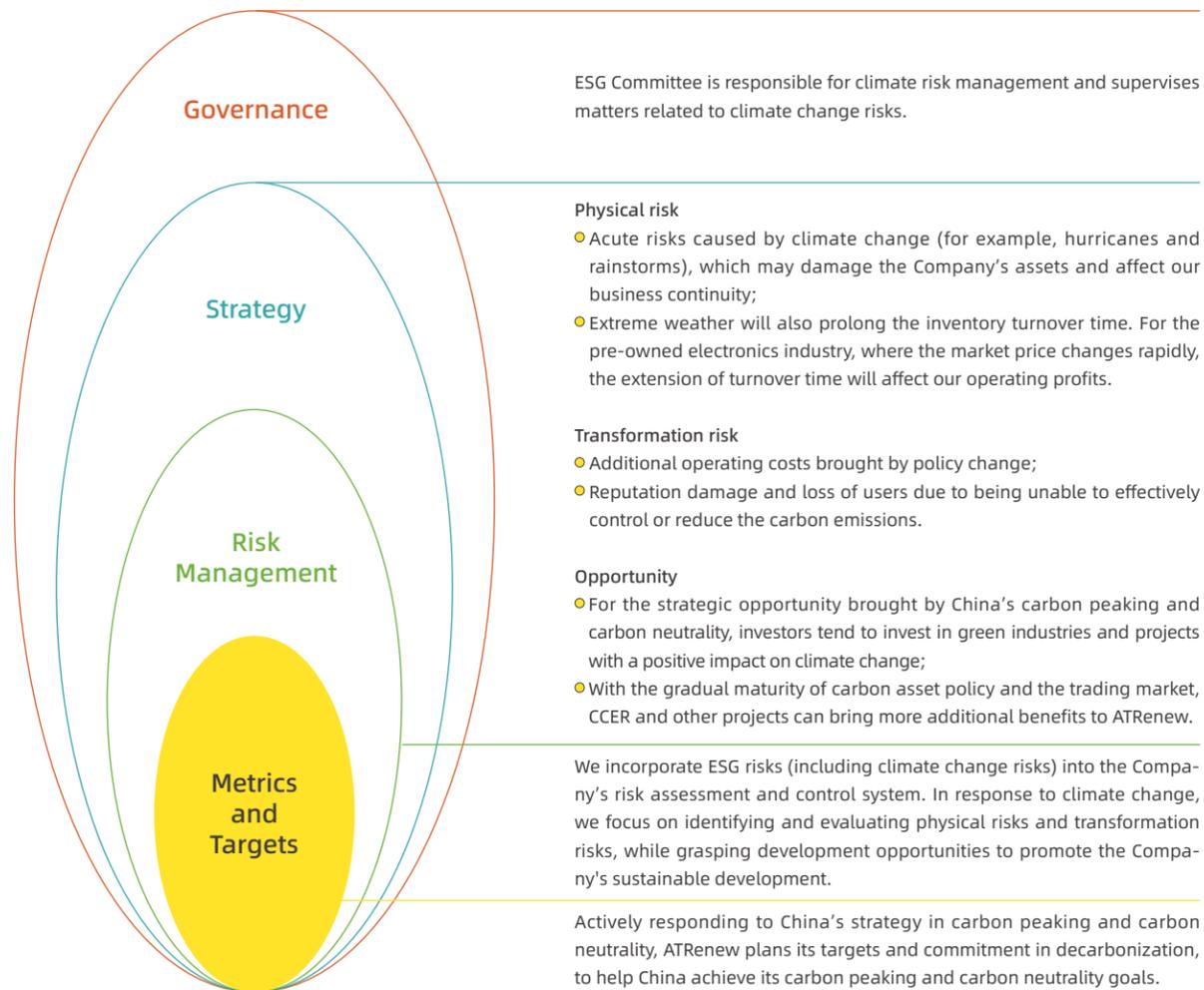
SDGs responded in this chapter



Tackling Climate Change

Facing increasingly severe global climate change and China's "dual carbon" goals, ATRenew is deeply aware of the profound impact of climate-related risks and opportunities on its development and the second-hand consumer electronics recycling industry.

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 potential materiality for our business. Taking an active attitude toward relevant issues, we monitored corporate operations, operational status, and risks more closely through strengthening internal environmental supervision together with external third parties to promptly identify weaknesses in our environment and climate management and take targeted measures to prevent, control, and deal with challenges incurred. As a result, the Company can improve its resilience in terms of environmental and climate management. Moreover, we seized opportunities and paid attention to government policies and industry trends for continuous adjustment and improvement in our business strategies and our sustainable development.



◆ Climate change related risks and opportunities faced by ATRenew

Green Industry

Nowadays, trade-in services and second-hand goods shopping are increasingly popular, for which e-commerce and service platforms provide online valuation and offline recycling services. Combining online and offline models has improved the recycling rate, making second-hand product consumption a choice for more consumers. 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 Company's establishment of a system of recycling, quality inspection and resale, 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.

Through multi-channel recycling, systematic quality inspection standards, effective pricing mechanisms, and comprehensive sales platforms, we can improve the satisfaction of both buyers and sellers and enhance consumers' trust in the circular economy or second-hand product trading system, leading to higher second-hand product trading willingness and the overall development of a green and circular economy.

Case | Aurora cited ATRenew in a published low-carbon society insight report

Aurora released *Low-carbon Society Insight Report 2022*, analyzing the significance and specific carbon emission reduction behaviors of typical corporate measures. ATRenew was reported as a leading business model that recycled idle electronic devices with remarkable emission reduction performance and contributions.

Case | ATRenew's methodology of recycling and reusing second-hand mobile phones

ATRenew communicated with the third-party institutions, and consulted external experts for comments on the methodology registration application data submitted to the Ministry of Ecology and Environment of the People's Republic of China on April 30, 2023, after modification. The Company developed the methodology to give idle pre-owned mobile phones a second life, which helps reduce environmental pollution and CO₂ emissions.

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 for green and sustainable development throughout the course. In addition, the Company actively works for automation equipment upgrading in operation centers. It integrates digital management systems and intelligent devices to upgrade the second-hand 3C product industry to intelligent, systematic, large-scale, low-carbon operation.

We adhere to the research and development, promotion and application of automation technology. Actively cooperating with supply chain units, in links from packaging manufacturers to logistics enterprises and from consumers to recycling and dismantling partners, we achieve low-carbon operation, energy conservation, and efficiency enhancement in storing, packaging, logistics, disposal, and office processes.

Green Storing

With digital means, ATRenew can accurately monitor and predict inventory and achieve a perfect layout of material warehousing and inventory volume. The days of inventory further shortened compared to the original level, which reduces warehouse space occupation and avoids equipment, materials, and energy consumption in transportation and storage.

During the reporting period

the Wuhan warehouse layout was upgraded, with the time of goods loading and unloading from the shelf shortened by 1 hour, and efficiency increased by 5%, which led to shorter machine run time and less resource consumption.

The Dongguan packaging workbench was redesigned and optimized, saving 30% of storage space and reducing damage to goods during storing, transferring, and packaging. Finally, resources are conserved.

AS/RS time reduced by

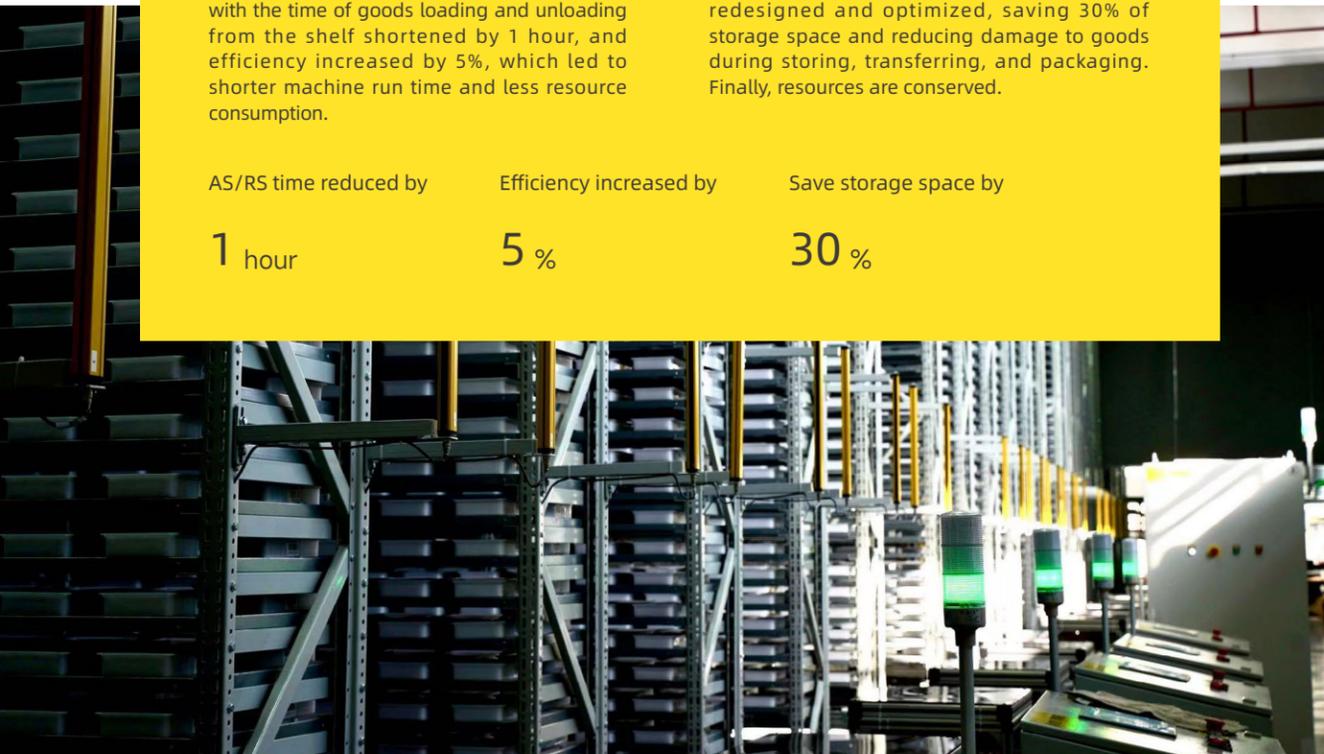
1 hour

Efficiency increased by

5 %

Save storage space by

30 %



Case | Dongguan operation center leads in environmental protection with technology for circular economy

ATRenew automation operation center in Dongguan, in addition to the upgrading of a series of automatic equipment, has introduced the philosophy of green and low carbon development in the early design and construction that is applied in the entire flow of operation:

- Control energy consumption of operational equipment and improve the process to save energy and reduce carbon emission in operation
- Replace some printed labels with electronic ones for less consumable waste
- Robots are used to sort and package goods for ex-warehouse, contributing to cost reduction and efficiency improvement
- Purchase fewer PVC plastic products to reduce consumable waste, furthering low-carbon operation



◆ Electronic label



◆ Sorting robot

Green Packaging

ATRenew adheres to low-carbon philosophy in daily operations, purchasing more environmentally friendly and durable packaging materials for standard, green, circular, and reduced packaging and recycling and reusing express packaging materials. It is practicing the concept of green consumption and circular economy. The Company lowers resource waste by upgrading the automatic operation system and increasing the automatic packaging work.

During the reporting period

B2B business reused

18 tons
of packaging fillers

B2C business adopted more durable packing materials and reused

36,000 units
of packaging boxes

Green Logistics

ATRenew strives to reduce the environmental impact and energy consumption of recycling and transportation for its products in upstream and downstream links. 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 carbon emissions from long-distance transport.
- In cities with a larger scale and higher store density, the Company adopts the carrier mechanism (outsourcing), relying on logistics vehicles to transport collected electronic devices to the logistics center. The cost could be reduced by about 10% and carbon emissions are significantly reduced.

During the reporting period, we mainly selected SF Express and JD Logistics as our logistics partners, who have led in environmental and climate management and obtained ISO 14001 environmental management system certification, helping reduce the Company’s indirect greenhouse gas emissions. The selection of logistics partners who are environmentally friendly, safe, and reliable can help reduce the environmental and climate impact of the Company. We have conducted statistics and calculations 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.²⁴

During the reporting period

We achieved higher operational efficiency. We consumed fewer resources by optimizing warehousing arrangements and logistics turnover, resulting in decreased carbon emissions in the link of logistics.

After upgrading Xi’an warehouse, the average C2B logistics time was shortened by

27.5 hours

After upgrading Shenyang warehouse, the average C2B logistics time was shortened by

33.7 hours

Green Disposal

ATRenew is devoted to the full life cycle management of products and proactively assumes responsibility for the end-of-product disposal of 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 ensure to dismantle 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.

During the reporting period

ATRenew disposed **270,000** devices in a green way, reducing **43.2** metric tons of e-wastes

and a large amount of heavy metal pollution, including

gold
1.48kg

silver
10.39kg

copper
12,467.3kg

palladium
0.04kg²⁵

²⁴ Data statistics and calculation results are detailed in the ESG key performance chapter.

²⁵ Calculated based on data provided by third parties.

Green Office

To actively implement the philosophy of green and low-carbon development, ATRenew advocates a paperless office and continues organizing a series of energy conservation and emission reduction activities. True to our philosophy, ATRenew installs self-service recycle kiosks in the workplace, customizes environmentally friendly items for employees, holds irregular themed events to give away environmentally friendly gifts, equips employees with pre-owned electronic devices, encourages employees to purchase second-hand goods, and integrates the philosophy of green development into employees’ daily work and life.

In addition, we pay attention to promoting and generalizing environmental protection, providing regular education on energy conservation and environmental protection and promoting policies about how to do so. For example, the Company advocates the one-hour off-light plan during lunch break, prudent use of air conditioning based on workplace temperature in summer and winter, automatic power-off of devices in meeting rooms, smart water dispensers, the limit of high-power electrical appliances, etc., to build a green office for energy and electricity conservation.

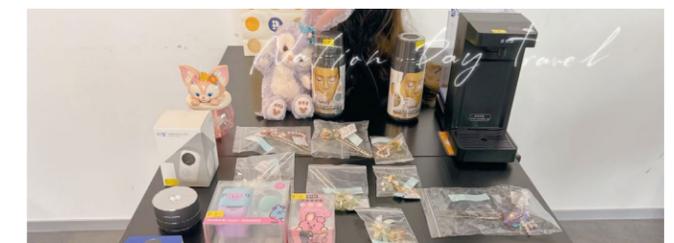
Case | Best eco-friendly work station election

During the reporting period, the Company evaluated and selected the station that was settled on an environmentally friendly basis. It was intended to encourage employees to practice green development and learn to reuse everything around them.



Case | Flea market for employees

During the reporting period, the Company organized a flea market in the office, giving an opportunity to employees who could exchange or trade their idle items. The activity gave a second life to employees’ idle goods, which was conducive to recycling resources and enhancing the awareness of environmental protection and 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 eco-friendly products and deliver their social value to guide the public towards green consumption and to assist the development of a circular economy.

Case | AHS Recycle held the activity "idle shoes and clothes recycled for gifts"

In December 2022, 13 AHS stores held the activity "idle shoes and clothes recycled for gifts" in Beijing and Shanghai. It recycled unused clothes and shoes from users according to their quality. Items with high quality and meeting requirements were recycled by piece, and those failing to meet the requirements by weight. In the recycling activity, users exchanged their environmental protection points for gifts such as thermos mugs, travel cups, and wireless chargers, making it more convenient and practical for users to participate in environmental recycling and promote green consumption.



◆ Exchanging idle shoes and clothes for gifts in a AHS store

Case | PJT Marketplace worked to raise users' awareness of CO₂ emission reduction in user's annual transaction report

PJT Marketplace's annual report can visually display the annual transaction volume and carbon emission reductions of platform merchants, which can enhance users' perception of carbon emissions reduction, guide users towards green and low-carbon consumption habits, and enhance the awareness of energy conservation, emission reduction, and green development in the whole society.



◆ CO₂ emission reduction performance by PJT Marketplace users in 2022

Green City

LOVERE is an urban recyclable sorting and re-marketing business incubated and invested by ATRenew. Its "Internet + garbage sorting" model drives efficient operation with technological innovation and enables the digital, intelligent, and standardized management of the "point-station-field" recycling flow, and the large-scale operational model covering the whole process in a commercial closed loop.

LOVERE provides residents with convenient and easy recycling services to reduce the recyclables from the source and to provide the government with data-driven operational solutions for green cities to improve the city profile and support digital urban transformation. LOVERE simultaneously integrates the resources of the recycling industry chain, holds public welfare activities, processes and redesigns recyclables into environmentally friendly recycled products such as clothing, daily chemicals, furniture, office facilities, etc., to improve resource utilization.

As of December 31, 2022, LOVERE has installed

13,324
smart recycle kiosks cumulatively

with users over

6.39 million

an annual recycling volume reaching

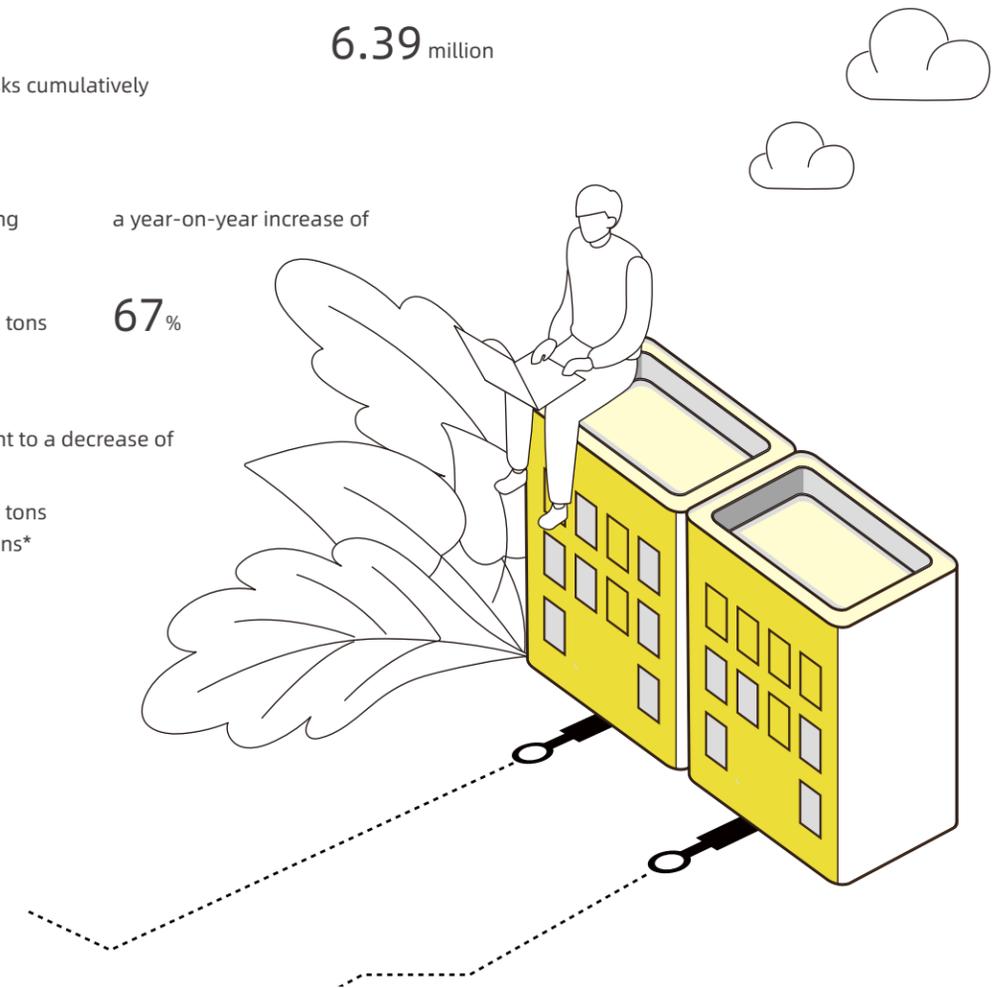
250,000 tons

a year-on-year increase of

67%

which is equivalent to a decrease of

460,000 tons
of carbon emissions*



*Calculated with the method of Carbonstop, a third-party carbon management software and consulting services provider



04

Customer-oriented Quality Control



At the core of ATRenew is to provide customers with superior products and services. Strict about product quality, it makes better measures to optimize supplier and merchant management and builds completely feasible customer communication and feedback channels to effectively guarantee all stakeholders' rights and interests. Consequently, we have succeeded in making our products and services accessible to more people and satisfying the diversified needs of customers.

Material issues involved in this chapter:

- Product Governance
- Information Security and Privacy Protection
- Customer Responsibility and Service
- Supply Chain and Merchant Management
- Environmental and Social Impact of Products and Services

SDGs responded in this chapter



Product Quality Control

To control product quality, ATRenew developed standards for each stage of the life cycle of product quality management (e.g., collection, logistics, quality inspection, value-added service, sales, etc.), including the *Product Quality Standard Catalog* and *Standards and Testing Items of Quality Inspection*. The Company aspires to build the industrial benchmark for the quality of pre-owned non-standard products, including quality grading and quality inspection procedures and after-sale services, developing the industry on a transparent, standardized and professionalized basis. ATRenew tries to improve the recognition of consumers and merchants to its brand value and actively spreads the concept of “clear and transparent quality inspection assuring buyers and sellers of trading.” As it obtained ISO 9001 quality management system certification in 2022, ATRenew will continue its efforts in product quality control.



◆ ISO 9001 quality management system certificate

○ ○ ○

In the recycling stage, we have developed a nationwide offline store network in which multi-channels are used to collect second-hand devices. We identify those from unknown sources and employ privacy protection and data-wiping tools to ensure privacy and information security.

In the quality inspection stage, we formulate uniform and standardized criteria and grade product quality. We especially advocate the automated quality inspection equipped with machines like “Device Hero” to make sure that the quality inspection is valid.

In the stage of value-added service (e.g., refurbishment), we guarantee the legal and compliant traceability of all refurbished devices and compliance of refurbished parts with national certification. We clearly describe what parts are refurbished and offer after-sales and maintenance service.

In the stage of sales, we provide transparent quality inspection report that presents details of each second-hand product, and establish a perfect after-sales quality guarantee mechanism to assure consumers of the quality of pre-owned product they buy.



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 data-wiping tool “AiQingChu” when recycling devices from our customers to ensure that consumer privacy is protected.

Origin Control

ATRenew provides a reasonable guarantee on the origin of products. When collecting products, we check the basic condition of the equipment and refuse equipment with unknown serial numbers or abnormal factory settings. In addition, we keep highly sensitive and verify the identity of customers in the process, also refusing products whose information is inconsistent with user identity or whose user privacy leaks.

Privacy Protection

Privacy protection policies

ATRenew strictly complies with 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, the most prominent one is “Privacy by Design (PbD)” policy, which ensures the security of personal information and offers improved data backup and recovery mechanisms.

- **Privacy agreement:** The privacy agreement includes clear provisions on the collection, use, sharing, transfer and protection of personal information, and it provides suggestions for managing personal information. For details, please refer to the website: <https://m.aihuishou.com/n/#/help/privacy>

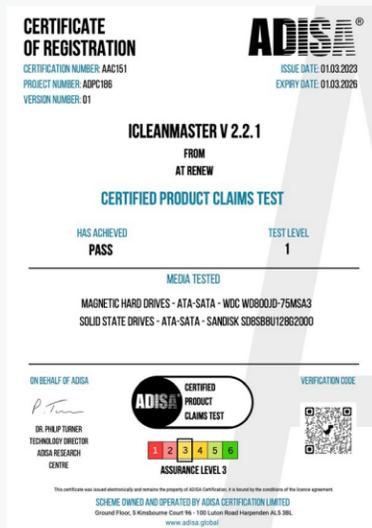
- **Personal information collection notification :** We explain the purpose of use, usage scenarios, collection and information content of the collected user location information, device attributes and service logs in the App. For details, please refer to the website: <https://m.aihuishou.com/n/#/help/privacy/ahs-personal-data/index>

- **Minimal personal information sharing:** We clearly provide the name, 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, 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>



Privacy protection approach

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 receives verification of ADISA ◆ PC data wiping verification of ATRenew

Systematic and Automatic Quality Inspection

Systematic Quality Inspection

ATRenew constantly increases investments in research and development for technological innovation. It has achieved fully automated quality inspection, with technology as a base for inspection efficiency and accuracy. It applies unified quality inspection standards and tools to third-party merchants, fully ensuring that consumers enjoy services of the same standard and value.

At the self-operation end, for the consistency of non-standard product quality inspection, we have written a catalog for product quality inspection standards, which is used for the quality inspection of non-standard products, including 34 testing items such as startup status, call function, fingerprint function, charging function, etc. Based on the test results, the quality of second-hand mobile phones (excluding waste phones) is divided into 36 grades. Quality inspection standards are provided to third-party merchants to empower their inspection capabilities, enabling consumers to enjoy products and services with equal standards. It can effectively build consumer trust and enhance brand recognition and influence.

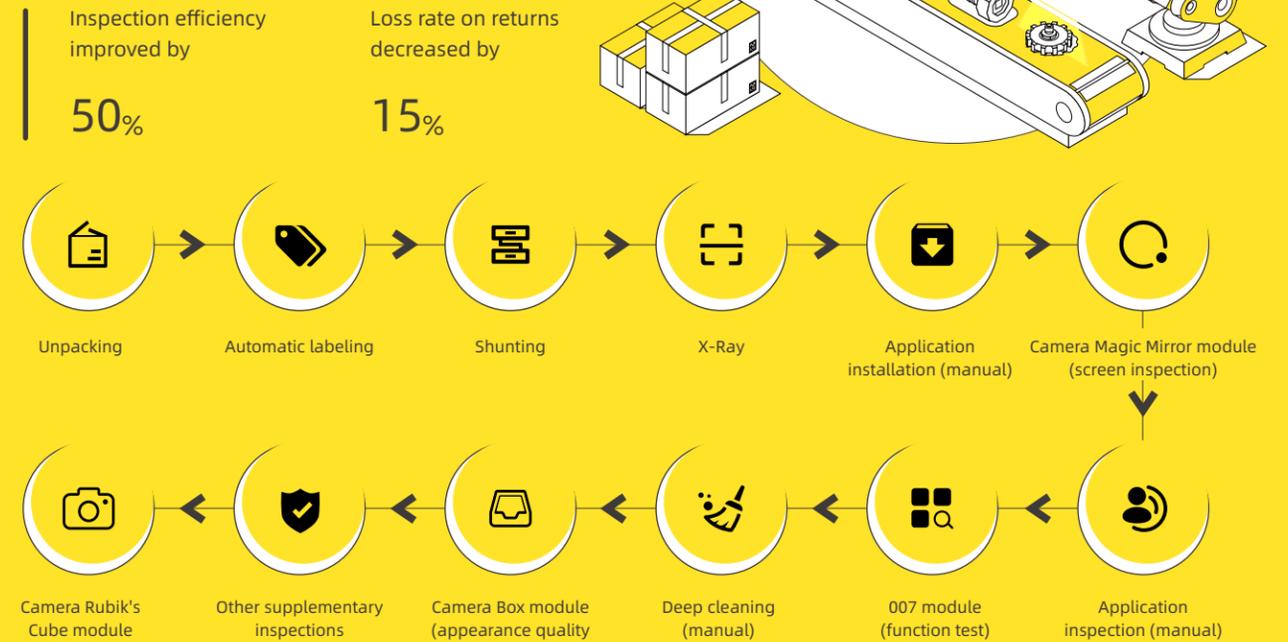
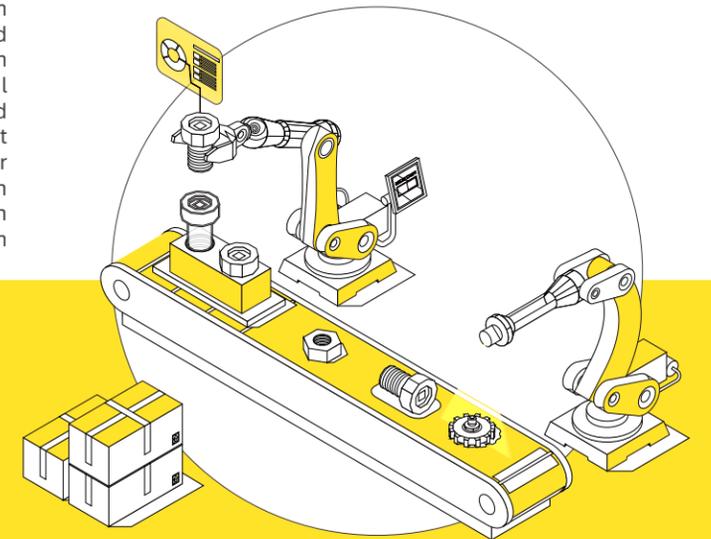
At the third-party merchant/seller end, we have established a transparent quality inspection standard transmission mechanism to help third-party merchants/sellers quickly learn to ensure they have a clear understanding of inspection standards for ATRenew emerging products. Thus, the stable and effective transmission of various standards can be achieved, and their quality inspection capabilities enhanced. For merchants to have a better experience in the quality inspection and obtain more accurate results, we have developed and provided a new portable intelligent quality inspection tool called "Device Hero" for a wide range of small and medium-sized merchants. It is similar in size to a portable power bank and can help small businesses check the hardware replacement, phone maintenance, phone functions, battery life, and other key functions of second-hand devices. After data is loaded, it provides a real-time quote and can issue a quality inspection report equivalent to the official one. It helps businesses efficiently make quality inspections and pricing, promote recycling transactions, and significantly improve the standardization of quality inspection.

Automated Quality inspection

To ensure the undifferentiated implementation of the quality inspection criteria, ATRenew has developed a fully automated quality inspection for non-standard second-hand products, thereby solving the problems and errors of subjective human grading. We developed a new generation of fully automated quality inspection system, "Matrix 3.0", which can automatically complete receiving, conveying, inspecting, sorting and storing, through which we have consolidated the grading standards for non-standard products and achieved more accurate product grading and pricing.

In 2022, we completed deploying the fully automatic quality inspection system, "Matrix 3.0," in Dongguan Operation Center. As a result, we succeeded in fully automated integration involving unpacking - X-Ray - application manual installation + 007 function test - deep manual cleaning - Camera Box appearance quality inspection and other steps. Connecting the quality inspection equipment with manual production lines significantly reduces turnover costs and achieves a 50% improvement in quality inspection efficiency and a 15% reduction in loss rate on returns. In November 2022, the Dongguan Automation Operation

Center, consisting of three major modules: automatic transferring and sorting system, automatic quality inspection system, and automatic warehousing system, was officially launched and operated. As the largest and most automated modern operation center of the Company, Dongguan Center adopts a full-process digital management system for central control, responsible for transportation, sorting, quality inspection, warehousing, delivering, and other functions. It forms an efficient and collaborative modern pre-owned consumer electronic product disposal network with seven other operation centers.



◆ Dongguan "Matrix 3.0" for procedures integration (the latest optimized workflow in 2023)

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.

Value-Added Services

In 2022, we closely kept up with the pace of the market to expand value-added services for customers (mainly compliant refurbishment). We contributed in-depth research on mobile phone refurbishment technology and supply chain, trying to improve the operational capabilities related to refurbishment and deliver a great performance in terms of cost, efficiency, and quality in the market. In 2022, of the self-operated business, we refurbished over 120,000 devices in total for both to B distribution in PJT Marketplace and to C retail in Paipai Marketplace.

Strictly abiding by Criminal Compliance Guidelines for Intellectual Property Rights in the Electronics Refurbishment Industry (For Trial Implementation) (translated) published by the People's Procuratorate of Shenzhen, we fashioned clear and detailed internal policies to ensure compliance and effectiveness of refurbishment, thereby further ensuring product quality and after-sales services, including:

- **Origin compliance:** All devices to be refurbished require a compliant and legal origin that is traceable; parts to be refurbished all comply with national certification standards from independent brands and trademarks and meet the requirements of third-party brands and quality standards;
- **Refurbishment:** Currently, we only engage in screen and battery replacement. No refurbishment or replacement for the rear case, mainboard, some functional issues, internal software, etc.;
- **Truthful description:** In sales, a clear and detailed quality inspection report is required to provide a truthful description of all replaced parts for consumers;
- **After-sales guarantee:** After sales, a 360-day-warranty is promised for the product in whole and for replaced parts.

In addition, our newly developed system was launched in October 2022, aiming to streamline, digitize the refurbishment process, and keep it transparent, thereby allowing consumers to enjoy quality controllable refurbished products more efficiently. The main functions of this system include:

- **Code import:** The system can import all coded products to be refurbished. For one thing, it can track the entire process status in the future, and for another, it can control the overall inventory turnover;
- **Project communication:** After the machine code is imported, communication on how to operate is available for the product to be refurbished, with specific information on all repairs of each machine recorded;
- **Real-time monitoring:** It can monitor and analyze specific operations every employee does in each link, including data in dimensions of input and output, work efficiency, and production quality, to facilitate subsequent optimization and improvement;
- **Report generation:** For refurbished machines, a new quality inspection report is generated to inform consumers of the quality and condition of the product;
- **Cost analysis:** It can record costs in all stages, facilitating overall financial and operational analysis.

In 2022, the rate of return due to the quality of the second-hand mobile phone refurbished by ATRenew was around 0.8% -0.9%, while the market average was generally above 3%.

Responsible Sales

To improve the user's consumption experience, ATRenew provides authentic and accurate product inspection information, complete quality assurance policies, and intelligent after-sales evidence tools, contributing to the Company's overall brand image and reliability.

Transparent Quality Inspection Information

ATRenew attaches importance to the transparency of product information and publicizes the quality inspection report following the method of "one report for one product." It offers consumers access to details of inspection, allowing them to clearly know attributes of the product, and builds highly efficient, equal, and transparent merchant management mechanisms for driving the healthy development of the second-hand consumer electronics industry.

Reliable After-sales Warranty

ATRenew has formulated after-sales policies to protect the legitimate rights and interests of users, and presented the modules in its public account platform where they are easily accessible for users to quickly look up and understand. Our after-sales policies are as follows:

- **Paipai Selection:** 1-year warranty and 7-day free return;
- **PJT Marketplace:** 6 major policies – "PJT Marketplace After-sales Specifications and Rules for Buyers," "Platform After-sales Process," "Limitations on After-sales Services," "Detailed Instructions on Claiming After-sales Services," "Penalties for False Returns," and "Restrictions on Returns for Type B/C Buyers"; POP model: Review of device returns, Regulations on seller responsibilities and seller complaints.

Intelligent After-sales Evidence Tools

Disputes in second-hand product B2B transactions typically arise due to inconvenient documentation or evidence. For example, under circumstances of no video recordings there often is malicious exchange of packages, non-standard video recordings, and failure of video evidence binding to systematic orders. To address the disputes, we have designed a system based on intelligent video forensics for product verification to protect rights and interests of users by ensuring that each transaction is supported by easily accessible documented evidence.

Our intelligent video forensics tool makes it possible for a product to be matched with its item number or

tracking number. After scanning the bar code of the item or tracking number, the unboxing video is automatically uploaded from storage and the system retrieves the video corresponding to the tracking number. This effectively prevents the fraudulent splicing of video clips, a practice prevalent in the traditional pre-owned device markets.

In 2022, we continued to develop our evidence documentation tools. We launched the collaborative video recording function to support batch recording of product quality inspections, thus improving transaction efficiency and increasing trust between buyers and sellers. It contributes to smooth transactions.



Supply Chain Management

Stable, healthy, and sustainable supply chain management is a key factor for enterprises to maintain high-quality development. Managing the full lifecycle of the supply chain keeps key nodes in the supply chain under control and helps ATRenew evaluate the performance of suppliers and merchants and the risks they face. ATRenew strictly follows internal policies to ensure supplier standards and protect customer interests. As for merchants, we carefully review to ensure their operations and products are compliant. We also maintain intensive communication with suppliers and merchants, paying attention to their performance in environmental, social, and business ethics, and emphasizing our expectations for suppliers in terms of sustainable development.

Supplier Management

To ensure appropriate, legal, effective, and efficient procurement of goods and to enable the long-term healthy operations of the supply chain, the Company strictly oversees each link of the supply chain. We have formulated policies, including the *Procurement Policy of ATRenew* and the *ATRenew Anti-Bribery Policy*, which set out the Company's procurement process, including disclosure of procurement results, archiving of the entire procurement process, and disclosure of data at each link. This process strengthens the management and supervision of procurement and ensures transparency of all procurement activity.

At the stage of evaluating supplier access qualification, we have built a mechanism to review their basic information, qualification certificates, reputation, supply capacity, contractual capacity, compliance, etc. At the same time, comprehensive comparison in bidding and price inquiry helps us select high-quality suppliers for cooperation.

We exclude suppliers who do not meet our requirements and have negative environmental and social impacts. We establish and refine the elimination mechanism to exclude suppliers with wrongdoings so that we can protect long-term interests of the Company and customers.



Case | ATRenew raises high requirements for suppliers of refurbishment business

In 2022, we expanded value-added service, that is, refurbishment involving the replacement of battery and screen, which requires suppliers to provide higher-quality products. To this end, we worked out special policies to review and manage qualifications of those suppliers, specifying requirements for them and their products as follows:

For suppliers:

In addition to reviewing basic qualifications, delivery quality, and service capabilities, we review if the suppliers owns any trademarks, if they have obtained certification from brands and if they are involved in any trademark related IPR litigations. Due to the high compliance required and potential infringement risks of refurbished business, we never cooperate with suppliers trapped in patent and trademark related property litigation.

For products:

- In addition to basic quality, warranty, etc., we focus on:
- ◆ Owning a trademark;
 - ◆ Complying with international and industrial standards, as confirmed by a professional testing institution and CMA certification report;
 - ◆ Having a code traceable to the production and assay batch;
 - ◆ Meeting requirements in 14 tests including performance, display, compatibility, and sensitivity.

Merchant Management

As a large number of merchants are attracted by ATRenew as we build a circular ecosystem, we attach equal importance to merchant management and supplier management. Similarly, a 3-level system is used to regularly assess operational compliance and product quality for better services experienced by users, which functions at 3 phases: entering management, daily management, and exiting management.

Management Stage	Management Item	Detail
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	Product review	Dual review with automatic screening and review supported by manual research and evaluation A dedicated third-party testing center conducts regular mystery shopping exercises and random inspections of platform merchants' products
	Reputation system	Divide sellers into V1-V5 grades according to their transaction volume, and empower sellers to enjoy special rights and interests by grade Establish gray lists and blacklists for high-risk sellers ²⁶ Update the reputation score algorithm and improve the POP reputation-policy ^{27, 28}
	Performance evaluation	Evaluate 5 dimensions: customer service consultation, after-sales service, logistics performance, transaction disputes and user evaluation of merchants, and taking measures for poor performance merchants such as volume reduction and activity restriction
	Merchant training	Offline training and online training (on platform rules and major requirements, once every 2 weeks)
	Penalties for merchants	Pull prohibited products (involving pornography or violence) off the shelves, strictly penalize merchants violating rules, and circulate a notice of criticism
Exiting management	Elimination of merchants	Calculate 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

²⁶ For more details, visit <http://sjapi.aihu-ishou.com/opt-content/platform-rule/page/338>

²⁷ For more details, visit <https://mp.weixin.qq.com/s/Z3fWWasRT-YNEhVW8sZG3A>

²⁸ For more details, visit <https://mp.weixin.qq.com/s/OdF9L2pFqdh7iaNzRMP7w>

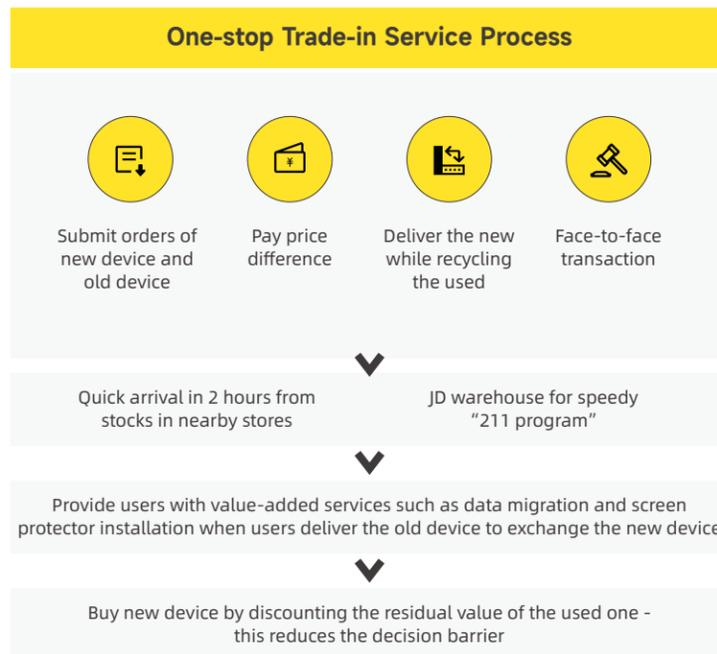
Customer Service



One-stop Trade-in Service

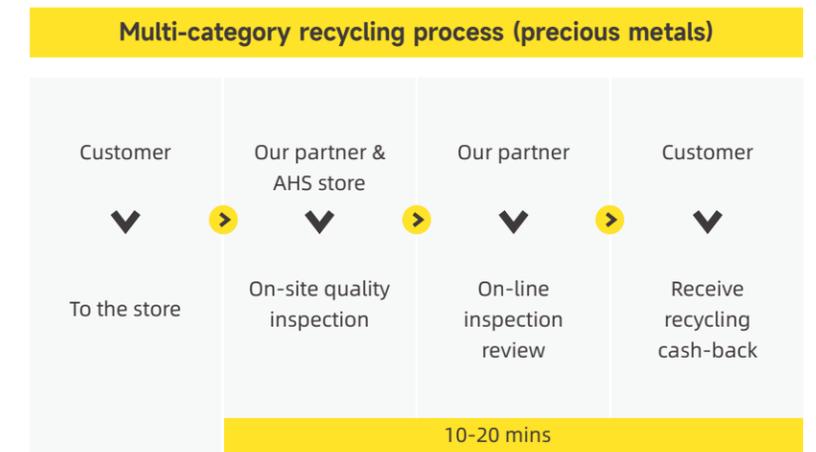
One-stop trade-in is a high-quality service provided by AHS Recycle, one of the business offerings of ATRenew, in conjunction with JD Retail's Electronics Business Division, to create a new way of purchasing intended to provide consumers with a safer, more convenient and economical recycling and replacement scheme. That is, when a consumer 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 is directly deducted online from the new phone price or a replacement subsidy is issued, the consumers only need to pay the price difference.

After the consumer places an order, the new product is delivered from the warehouse of JD Logistics to each distribution site. An authorized AHS staff picks up the new product from the distribution site and completes the delivery process by delivering the new device to the consumer and recycling the old device. The users may also go to the store in person to complete the replacement at their own convenience. AHS staff provide consumers with value-added services such as free data migration, data-wiping, and applying screen protectors, which can greatly improve the consumers' trade-in experience.



◆ One-stop trade-in service process

In addition, for the new diverse-product businesses, we have focused on customer experience to simplify and optimize the recycling process. For example, when recycling precious metals (e.g. gold), customers can visit the AHS store, where our store staff provide on-site quality and purity inspection service using a spectrometer. As long as the online quality inspection information is reviewed on a certified partner platform and the customer confirms on the spot, the customer can receive the recycling payment. The store service and processing cycle takes only about 10-20 minutes.



◆ Non-electronics product (precious metals) recycling process

Customer Communication and Complaints Handling

Customer Communication Channels

We proactively established brand channels through JD.com, the official AHS Recycle website, brand partners, Douyin, and Xiaohongshu, and provided multiple communication channels to customers including telephone, email, and live broadcast, to quickly respond to customers' problems and provide consultation and troubleshooting services.

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

Complaint Handling Mechanism

We take timely action against complaints raised by customers to ensure their satisfactory experience. In 2022, the processing rate of customer complaints was 100% with an average resolution time of less than 24 hours.

Complaint handling procedure involves: customer feedback, complaint acceptance, layered addressing, and accountability. Specific methods are: (1) "prevention," by which customer service staff participate in evaluation of product launching and monitor and maintain comments on third-party platforms in a timely manner, which works to avoid complaints from the source as many as possible; (2) "in-event control" through full authorization, swift interaction, upgraded processing, and pre-caution alerts; and (3) "post-event improvement" through analysis, accountability, and follow-up to reduce future complaints.



Our solved customer complaints

100%



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. 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. In 2022, the complaint resolution satisfaction rates of C2B (AHS Recycle), B2B (PJT Marketplace) and B2C (Paipai Marketplace) were 99.25%, 98.87% and 98.40%, respectively.

For canceled orders or after-sales return and repair applications, we actively reach out to customers within 2 hours for retaining orders, check, and promise to track. We establish a coordination mechanism between customer service and support departments to ensure an efficient response for product evaluation, self-service reminders, and abnormal delivery and distribution, and to provide real-time monitoring by special personnel. In case of abnormal delivery, we take the initiative to contact customers within 12 hours (with a collection rate of 98%). The customer service center sets up an operation support team to follow up and analyze the achievement of KPIs. Unqualified KPIs are tracked step by step by upper management.



Complaint resolution satisfaction rate of AHS Recycle (C2B)

99.25%



Complaint resolution satisfaction rate of PJT Marketplace (B2B)

98.87%



Complaint resolution satisfaction rate of Paipai Marketplace (B2C)

98.40%

Product/Service Accessibility

ATRenew attaches great importance to the accessibility of products and services, and is committed to bringing the best-in-class products and services to thousands of households, allowing more businesses to give play to their service value and more customers to convert idle items into tangible benefits. Relying on various platforms, we actively expand our business scope, upgrade our service model, and improve the accessibility of services to benefit more stakeholder groups.

For instance, we make express recycling easier. On AHS Recycle's 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. As a B2B pre-owned electronics marketplace, 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. 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 mainly serves clients from Hong Kong, Southeast Asia, Africa, and Europe.

Case | ATRenew installed self-service kiosk recycling mobile phones in Tokyo

During the reporting period, ATRenew collaborated with a leading Japanese vintage product trading company to install the independently developed new generation self-service mobile phone recycling machines in stores in Tokyo, empowering overseas partners with recycling and quality inspection capabilities. In the future, ATRenew will continue to expand into more overseas target markets, offer technological support, and work together with global partners toward efficient circulation of mobile phones and other electronic devices for improving resource utilization.

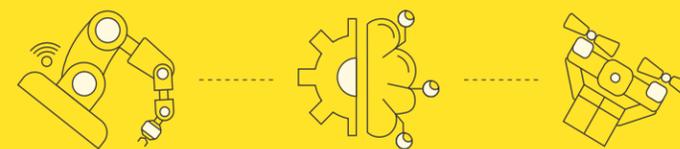


Self-service mobile phone recycling kiosk installed in Tokyo



05

Commitment to Technology and Innovation



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. Our established state-of-art "transport-inspect-sort-store" handling procedure is a complete and automated, and such technology advances 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 abide by all relevant laws and regulations and have 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.

Material issue involved in this chapter:

- Technological Innovation and Intellectual Property Protection

SDG responded in this chapter



R&D Innovations

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 2022, ATRenew's R&D investment, supporting the Company's technological innovation, reached RMB230 million.

Device Hero

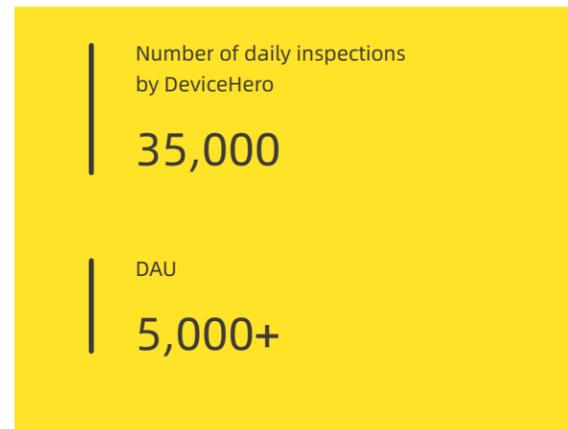
In order to popularize the Company's quality inspection system in the second-hand mobile phone transaction ecosystem and improve the accessibility of quality inspection technology, ATRenew has independently developed a new portable intelligent inspection tool, "Device Hero." It is embedded with multiple quality inspection standards and accumulated management tools.

Device Hero is similar in size to a portable mobile power bank. With a built-in 5,000 mAh battery, it can work for 6-8 consecutive hours after being fully charged. By connecting a mobile phone to the device, it can detect without disassembly whether the mobile phone has any parts to be repaired or replaced. It is capable of automatically assessing 32 types of hardware information and evaluating 23 phone functions, consolidating the functions of quality inspection, price inquiry, recycling, resale, quick inventory, and account management.

To promote Device Hero among small and medium-sized businesses for the management of low-cost and standard mobile phone inspection and inventory, and to improve their quality inspection operation capabilities, ATRenew actively promotes unified standards for quality inspection in the pre-owned electronics industry. This procedure

enables consumers to enjoy the same standard of quality assurance even if they buy or sell equipment from small and medium-sized businesses. As a result, sound and orderly development is possible in the industry.

In 2022, Device Hero supports on average about 35,000 tests per day by over 5,000 merchant users.



◆ New, portable, and intelligent mobile phone inspection tool – Device Hero

Matrix 3.0

The fully automated inspection system "Matrix 3.0," independently developed by ATRenew, is a newer revision to "Matrix 2.0," which was updated from "Matrix 1.0."

"Matrix 3.0" consists of five modules: X-Ray module for dismantling and repairing inspection, 007 module for function inspection (automatic plugging and testing for hardware function), Camera Box module for appearance inspection, Camera Magic Mirror module for screen inspection, and Camera Rubik's Cube module for sales photo shoot. With further upgrading and combination of automatic quality inspection capabilities, precision positioning capabilities, and robot assistance capabilities, different quality inspection devices are connected through hardware and information networks to form an intelligent device integration system with digital collaboration and management capabilities. This system completes full process automated quality inspection of functions and multi-angle product shooting, further reducing return losses caused by quality inspection errors.

Compared with "Matrix 2.0," "Matrix 3.0" improves the accuracy of inspection by 10% and the efficiency by 50%. In automated warehousing, the optimized and second-generation intelligent storing system enables a 100% increase in storage capacity. Dongguan Automation Operation Center is able to inspect over 10,000 products in 8 hours, attributable to the upgrading of "Matrix 3.0".

ATRenew, by means of all-around technological upgrading, furthers its cost reduction and efficiency increase, significantly boosting consumer trust in our product quality.



◆ Five modules of "Matrix 3.0"

Camera Box

To address the need for a faster and more accurate inspection of non-standard pre-owned electronic 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 visual technology, it can capture the phone exactly and shoot with an accuracy up to 0.02 mm, never missing any defect. With AI algorithm, it needs only 20 seconds to accurately locate and detect more than 30 kinds of visual defects, with an accuracy rate of over 99% and in a time shorter by 90% than manual inspection.

Camera Box 3.0, developed and applied by ATRenew, improves the speed and accuracy of second-hand consumer electronic product appearance inspections, and forms a more efficient closed-loop inspection.



◆ Camera Box 3.0

Tiyanan X-Ray

The "Tiyanan X-Ray" system can detect the maintenance status of a mobile phone, including the main board, screen, and battery, without disassembling the phone, and automatically identify whether the phone's parts have been replaced or repaired. It improves the transparency of product information without damaging the phone and greatly reduces quality inspection frauds, leading to a significant boost to consumer trust in ATRenew products.

The "Tiyanan X-Ray" system can raise the inspection rate of key-model main board maintenance by 6 times, the speed to 8s/unit, and the success rate up to 99%+.

To extend the benefits of the "Tiyanan X-Ray" system to more application scenarios and reduce cost, ATRenew has developed a mini "Tiyanan X-Ray" system. It shoots a picture almost identical to that of the large "Tiyanan X-Ray" system but uses lower-cost hardware. Capable of helping workers inspect the maintenance status of some mobile phones without disassembling, and even spotting what is invisible to human eyes to identify hidden defects, it reduces the inspection cost and return losses at the back end of transaction.



◆ "Tiyanan X-Ray" system

Digital Intelligence Upgrade

ATRenew is committed to uplifting the entire value chain of pre-owned electronic devices by reducing digital risks, improving operating efficiency, driving its digital intelligence, and decreasing corresponding potential digital risks.

Tiangong Project

ATRenew launched the "Tiangong Project" in December 2020, to further advance the capabilities and efficiency of our regional operation centers. It focuses on three dimensions: early prediction, mid-term control, and post-hoc analysis. The project builds a digital online management system to serve the operation and production process.

After the first stage of system building to improve machine inspection efficiency, the second stage further enhances the quality of scheduling and machine inspection efficiency through the improvement of the online system. In 2022, after further improvement, the "Tiangong Project" digital online management system saved RMB 1.906 million of labor costs for quality inspection per year and reduced the coordination cost by RMB 240,000 per year.

Saved the labor costs by	and reduced coordination cost by
RMB 1.9 million/year	RMB 240,000 /year.

Digital Risk Control Platform

In 2019, ATRenew deployed a digital risk control platform with the aim of efficiently 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 follow:

1. The risk decision-making system is composed of a risk database, variable set, strategy engine, risk model, and precautionary system.
2. The risk management system is composed of risk assessment indicators (user risk profile), relational query model, risk disposal, and risk warning, among other components.

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



Intellectual Property



Intellectual Property Management Mechanism

ATRenew values intellectual property (IP) protection and strictly follows national intellectual property related regulations such as the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, and the *Copyright Law of the People's Republic of China*.

Regarding intellectual property application, we formulate the intellectual property application process online and cooperate with external institutions offline to assist related intellectual property applications. The Company has promulgated the *Patent Application Management System* to establish the patent application process and patent approval process to effectively standardize the application of intellectual property rights and maintain the overall IP management. Additionally, we have formulated the *Aihuishou Patent Incentive Measures* to encourage employee innovation. At the same time, we speed up the overseas layout of intellectual property rights and actively apply for overseas trademarks and patents.

In terms of intellectual property management, we have formulated the *Aihuishou Intellectual Property Risk Prevention Guidebook*, which clearly stipulates the principles of respecting the intellectual property rights of others and standardizing the Company's intellectual property risk management, so as to regulate the behavior of the Company and its employees.

In intellectual property rights, we actively look for infringements against our intellectual property rights and, if any, we issue a company letter or attorney letter to protect our rights. This procedure has been effective in ensuring the Company's legal rights and interests.

In 2022, ATRenew newly added 43 intellectual property rights, 6 trademarks, and 4 copyrights. We made further progress in intellectual property application and protection.

Obligations of Merchants to Protect IPRs

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

- ◆ Merchants must conduct trading of legal products, without infringing on the intellectual property rights of any third party;
- ◆ The products must not be assembled or refurbished unlawfully or otherwise forbidden to be traded across ATRenew's platforms; and
- ◆ Certain penalties will be imposed on violating merchants and, in the case of material offense, products must be pulled from shelves, transaction functions are terminated, and compensation for the losses of ATRenew is required.

To resolve property rights disputes between the third parties and merchants, ATRenew has formulated a process for handling intellectual property infringement disputes and a "complaint-removal" mechanism to protect the legitimate rights and interests of both parties. To be specific, the reporting party provides relevant written materials and evidence of infringement. ATRenew then conducts a review of the reported materials, takes timely actions against the substantial infringement, and forwards the complaint to the merchant. Merchants can appeal through filing anti-infringement materials. If that occurs, ATRenew receives the appeal, then conveys the appeal to the reporting party and informs the latter that it is allowed to report to the regulatory authority or file a lawsuit in People's Court.

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 has 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.

Case | ATRenew gave advice during the drafting of criminal electronic product refurbishment compliance that were launched by Shenzhen's judicial department

On 25 April 2022, Shenzhen Procuratorate issued the *Guideline on Criminal Compliance of the Intellectual Property Right in the Electronic Production Refurbishment Industry (Trial)*, which is the first domestic guideline publicized on criminal industrial compliance, suggesting that second-hand consumer electronic products can be refurbished in accordance with the law.

Before the Guideline was enacted, ATRenew took an active part in advice receiving in the industry to contribute its professional knowledge and research capabilities. After issuance, ATRenew undertook weeks of review and in May 2022 made an internal decision and official arrangements to have the refurbishment business follow the Guideline.

Case | ATRenew proactively responded to the establishment of industrial/group standards

ATRenew's subsidiaries collaborated with China Resale Goods Trading Association, industry enterprises and committees, drafted the development and management requirements for some online used goods trading platforms and the detection and identification standards for used electronic products. These mainly include industry standards such as *Online Used Goods Trading Platform Development and Management Regulations (SB/T11229-2021)*, organization standards such as *Detection and Identification of Used Mobile Phone During Purchase (T/CRGTA 002-2017)*, *Detection and Identification of Used Mobile Phone During Sales (T/CRGTA 001-2017)*, *Detection and Identification of Used Laptop During Purchase and Sales (T/CRGTA 003-2017)*, and *Detection and Identification of Secondhand Tablet PC During Purchase and Sales (T/CRGTA 004-2017)* etc. In addition, as a member of the Shenzhen Electronics Industries Association, we have explored and practiced the standards and regulations for compliant refurbishment of electronic products, leading the development of six major standards covering the terminology, general technical requirements, quality management requirements, organizational technical specifications, technical specifications (mobile phones), and uniform parts access specifications for electronic product refurbishment.

Case | ATRenew joined different industrial organizations

As a member of different industrial organizations, ATRenew took an active role in contributing to the standard and orderly boosting industrial development.

- | | |
|---|--|
| ◆ Vice-chairman unit to China Resale Goods Trading Association | ◆ Council unit to Shanghai Internet Society |
| ◆ Member unit to China Academy of Information and Communications Technology | ◆ Member unit to Shanghai Service Federation |
| ◆ Council unit to China Association of Circular Economy | ◆ Member unit to Shanghai Software Industry Association |
| ◆ Council unit to Shanghai Information Service Association | ◆ Member unit to Shanghai Resource Recycling Association |



06

A Prosperous Co-development



Internally, employees are ATRenew's most important resource and the main force to help us achieve sustainable development. ATRenew adheres to a "people-oriented" human resources policy and is committed to providing employees with an equal, harmonious, diverse, and inclusive workplace in which they can realize self-fulfillment. We also strive to ensure the rights and interests of all employees, attach great importance to their physical and mental safety and health, strongly support their career development, and strive to realize their expectations for the betterment of work and life.

Externally, we always remember to give back to society. We embrace our corporate social responsibility and make significant contributions to the causes of rural revitalization, environmental protection, and social welfare.

Material issues involved in this chapter:

- Employee Training and Development
- Employee Health & Safety
- Labor Management
- Anti-discrimination, Diversity, and Equal Opportunities
- Public Welfare Supports to the Disadvantaged and the Community

SDGs responded in this chapter





Employees' Rights and Interests

Compliant Employment

In accordance with relevant laws and regulations, including the *Labor Law of the People's Republic of China*, *Labor Contract Law of the People's Republic of China*, *Company Law of the People's Republic of China*, *Law of the People's Republic of China on the Protection of Minors*, and *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, ATRenew has established internal rules and regulations like the *ATRenew Employee Handbook* and the *Aihuishou Human Rights Policy Instructions*, which aim to protect rights and interests of employees in recruitment, acceptance, entry, training, promotion, payment, working hours, paid leave, etc. To ensure employees' benefits, including paid 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 adheres to legal and equal employment, firmly preventing any conduct that involves child labor and forced labor in strict accordance with national laws and regulations against the employment of child labor and forced labor. The *ATRenew Employee Handbook* specifies that the Company is forbidden to employ child labor (< 16 years old) and under-age labor (> 16 years old but < 18), and thus that the HR department should be strict in links of recruitment, interview, and entry, and is required to verify documents provided by the job-seeker and to confirm his/her identity. We will take careful and procedure-based actions against any violation that might occur, while protecting the physical and mental health of the minor. In 2022, not one violation involving child and forced labor took place at ATRenew.



Equality, Inclusion, and Diversity

With adherence to the principle of equality and fairness in employment at all times, ATRenew actively maintains equality and non-discrimination in business fields, and prevents discrimination, harassment, and similar behaviors inappropriate in the workplace. According to provisions of the *Employment Promotion Law*, we provide equal opportunities and fair conditions when recruiting and interviewing job-seekers, and never treat them differently due to their ethnicity, race, nationality, physical condition, religious belief, gender, age, marital status, etc.

The Group puts emphasis on and protects rights and interests of female employees. The *ATRenew Employee Handbook* clearly explains that, with the exception of jobs or positions not suitable for women as stipulated by the state, women shall not be rejected or limited by higher standards because of their gender; the Company must follow national and local laws and regulations, providing female employees with maternity leave or parental leave that complies with the statutory policy, while male employees are entitled to paid paternity leave. Our company also has shown its concern for the working life of female employees by establishing a mother and baby room, organizing activities on International Women's Day, and conducting special lectures on women's health.

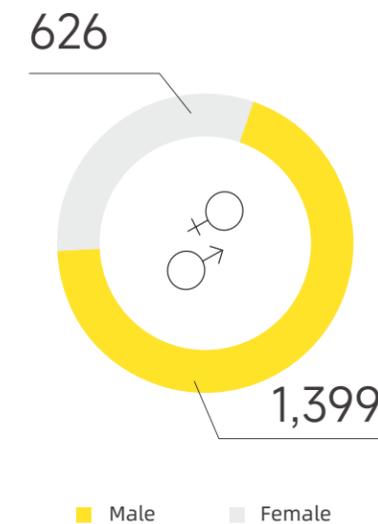


International Women's Day Activities



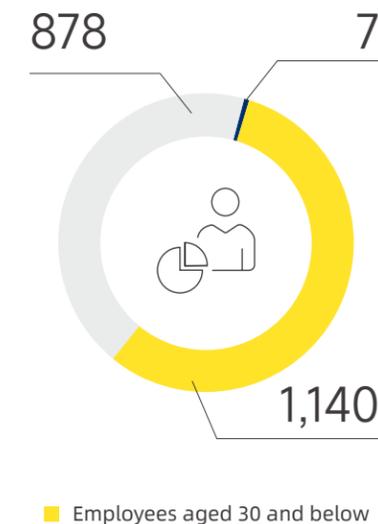
Lecture on health for females

Employees by gender



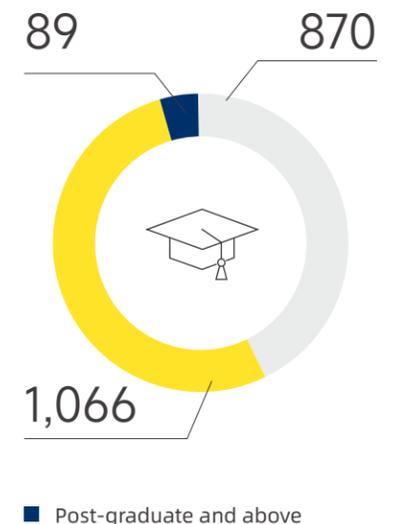
Breakdown of ATRenew's full-time employees

Employees by age



Employees aged 30 and below
Employees aged 31-49
Employees aged 50 and above

Employees by educational background



Post-graduate and above
Undergraduate
Junior college and below

Employee Care

Sticking to its “people-oriented” management policy, ATRenew protects employees’ legitimate rights and interests while striving to provide them with attractive welfare guarantees and different activities to keep everyone healthy and energetic. The Company has developed internal employee systems such as the *ATRenew Vacation Management System*, the *Employee Housing Fund Plan*, to provide employees with standardized and detailed care services and to demonstrate the Company’s commitment to social responsibility. In accordance with the Company’s respect and care for its employees, it responds to employees’ value creation by giving them recognition and a sense of belonging to the Company.

Employees are allowed to enjoy statutory holidays, event benefits, personal leave, sick leave, annual leave, wedding leave, antenatal check-up leave, maternity leave, paternity leave, breastfeeding leave, funeral leave, work-related injury

leave, official leave, and leave in lieu, according to relevant regulations. We newly added parental leave in 2022, and parents with a child under the age of 3 can enjoy fully-paid parental leave every year. On the basis of statutory benefits including five categories of social insurance and housing fund, we provide a group purchase channel for those employees at a certain level or above to obtain supplementary medical insurance and housing loans to enrich their welfare.

With consideration for age, gender ratio, and health status of employees, the Company has organized recreational activities including badminton, football, basketball, board game clubs, and other activities popular among employees, as well as irregular theme-based activities on holidays to help employees communicate with each other, lead a more colorful life, and relieve work pressure.

Case | ATRenew values employees’ physical and mental health, and advocates work-life balance

As of the end of 2022, ATRenew had organized 73 colorful activities for employees, including award granting, holiday celebrations, departmental team building, sports events, board games, and employees’ work anniversary celebration. We strive to create a warm work atmosphere for employees and enhance their sense of happiness.



◆ Badminton match



◆ All-hands meeting award ceremony



◆ Celebration of employees' work anniversary



Employee Participation and Communication

ATRenew highlights the practice of corporate culture and values. In 2022, we announced important messages and publicized culture and values to our employees via the Official Account Platform, All-hands Meeting, Listener Program, and other channels, that is, a six-level participation model: “listen, watch, practice, like, experience and connect,” to apply culture and values in practice.



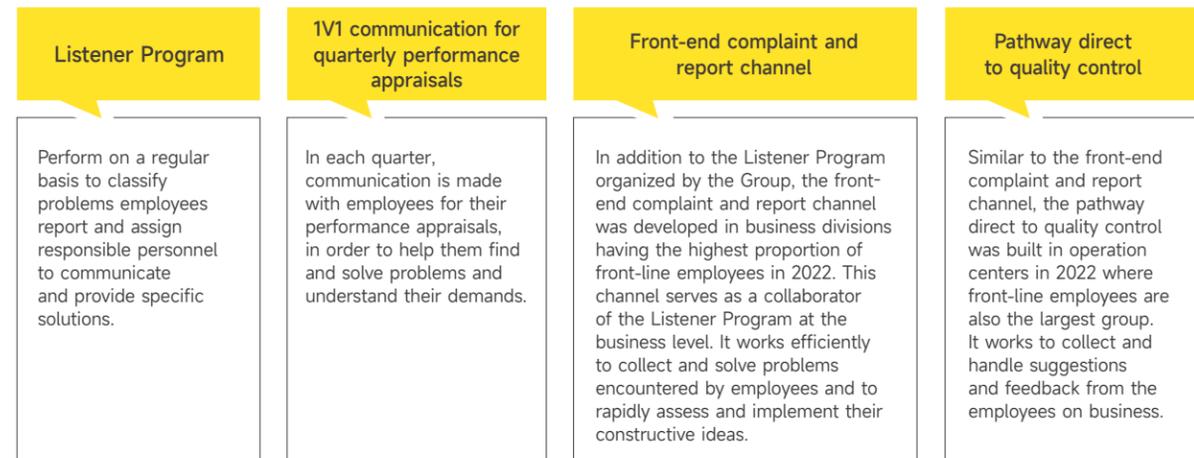
◆ Overview of ATRenew’s six-step participation model

The Company, with a focus on communication and exchange with its employees, has worked out diverse communication and feedback channels. For example, the Listener Program, one-to-one communication with core employees, and so on, function in making cross-department communication and exchange possible, online and offline, via whatever discussions at both group and business levels are available.

Employee engagement and satisfaction are surveyed every year, as we try to keep improving their experience. As shown in the 2022 survey, employee satisfaction was raised in dimensions of "salary matching" and "incentives" and scored highest in "trust in the Company," "mutual development," and "teamwork." In the future, we will continue to care about what employees want and take corresponding measures, based on the results of satisfaction investigation and feedback from other channels, to manage and serve employees better and raise their sense of belonging and loyalty.



ATRenew's Critical Strategies to Improve Communication with Employees



Case | "Listener Program" as a stable channel operated for employees to give feedback

The Listener Program is an anonymous online channel the Company has developed for employees to share feedback, exchange views, and resolve issues; it has covered 196 issues. It is open to all, with no restrictions of any kind on what employees can ask. It covers such matters as feedback on business, general suggestions, and anonymous complaints and reports. Received questions are classified by type and summarized, then assigned to relevant personnel for follow-up and resolution. All questions and reviewed responses from the previous week are regularly published on Monday.

In 2022, the Program received 697 comments in total. We fully accepted reasonable ones and made appropriate improvements. For ones failing to qualify for follow-up measures, we explained to employees regarding reasons and background.

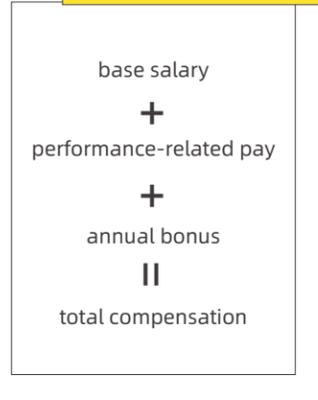


"Listener Program" as a channel through which employees give feedback

Salary and Incentives

ATRenew keeps in mind what employees have created and contributed, and thus shares benefits of the Group's development with them by establishing and applying a fair and market-competitive compensation system. Included in the system are clear regulations on entry-level salaries, compensation structure, salary adjustment policy, post-based salaries, incentives, and an appraisal mechanism. To keep the Company's compensation system competitive, we launch compensation benchmarking in the industry every year and make appropriate adjustments. And to keep the system fair internally, we link responsibilities to performance appraisal and ensure the rationality of employee salaries with the continuously improved performance appraisal mechanism.

Employee Salary Composition



Related Incentive Policies

Quarterly Performance Achievement Incentives

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.

Timely Business Incentives

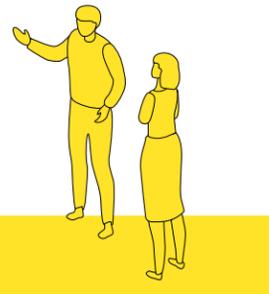
Taking business as a target, we develop short-term business milestone incentives, especially for business backbones and excellent performance employees.

Excellent Person and Reward Mechanism



Workplace Health and Safety

ATRenew values the health and safety of employees and strives to provide a safe and comfortable workplace free of violence, harassment, and intimidation. To this end, we organize regular physical examinations for employees and provide them with work-related injury insurance and compensation, accidental injury insurance, and other benefits as appropriate. In addition, the Company pays the same attention to the mental health of employees and provides mental care activities to help them with emotional control and stress relief.



◆ ATRenew provided the sleep-helping therapy

We provide additional occupational disease examinations for front-line employees in the operation center and equip them with occupationally protective equipment and tools such as safety gloves required for receipt, storage, and testing operations, wheeled vehicles that facilitate transfer of goods, and static-free office desks and ergonomic office chairs to ensure workplace safety and comfort. In addition, we regularly conduct internal examinations on the current status of employee health and safety management. For example, we organize one-on-one communication with new, old, and core employees every month to fully understand their work status and physical health. We promptly evaluate whether an employee is in an abnormal condition and provide appropriate assistance.

Case | Onboard training on safety education for new employees

To raise employees' awareness of self-protection, we conduct onboard training on safety education for newly added front-line employees to help them master skills and knowledge of safe production. The training includes:

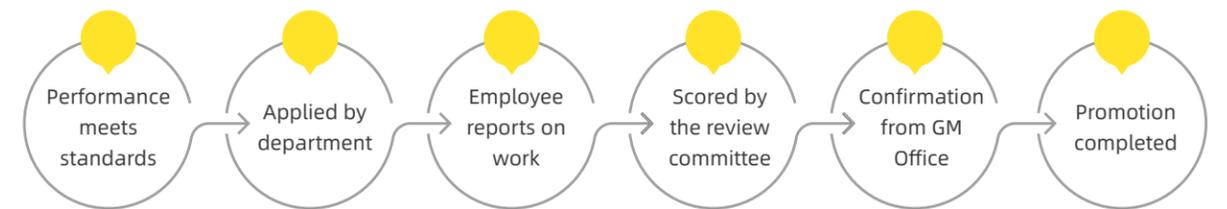
<p>Safe production</p> <p>Know laws and regulations on safe production, as well as internal procedures on safety management.</p>	<p>Safety inspection of output and input products</p> <p>Standardize product output and input management in operation centers per <i>Regulations on Safety System Management and System for Safety Inspection Procedures of Articles In and Out</i>, to ensure the safe and efficient production in warehouses.</p>	<p>Fire safety</p> <p>Learn fire safety knowledge, including causes of fire, approaches to put out a fire, how to use fire extinguisher, fire escape, fire extinguishing system, and on-site firefighting equipment.</p>	<p>Routine 5S inspection</p> <p>5S (Seiri, Seiton, Seiso, Seiketsu, Shitsuke) inspection is aimed to create a healthy and comfortable workplace for employees.</p>	<p>Check of potential safety hazards</p> <p>Check of 16 potential safety hazards is necessary for on-site facility and protective devices involving chemicals, climbing and operations at heights, naked fire, safety layout, safety of gas cylinders, mobile devices, etc.</p>
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Employee Development

Employee Promotion

ATRenew develops clear career development pathways as it cares for the occupational development of every employee. The Company has a total of 14 job ranks and 3 career tracks: the management (M) track, the professional (P) track, and the technical (T) track. Employees can select a track based on their interests and advantages for more comprehensive and favorable development in the long run. The Company has established the *Promotion Assessment Plan for Employees of ATRenew*, which stipulates the conditions and procedures for career promotion and assigns management responsibility for assessing future promotions in a fair and motivating manner.

Rank Promotion Process



Level Promotion process



To promote the flow of internal talents, the Company formulated the *ATRenew Job Transfer System* to properly standardize rules for internal job transfer. It encourages employees to widen their career development and freely apply for transfer to jobs for which they meet requirements in accordance with job transfer rules and required processes.

The Company conducts performance appraisal and assessment once every 6 months, covering the basic target, challenge target, and pluses and minuses determined early in the cycle. In the late cycle, supervisors review and rate employees' performance on the basis of employees' self-assessment and feedback from other parties, and then

communicate with employees on their current performance and next performance targets. This process is aimed to assist employees in the improvement of working capabilities and performance. In 2022, the Company made further efforts to optimize its performance appraisal system. We added the dimension of OKR process evaluation, adjusted the normal distribution of assessments and ratings of some ranks, identified unclear post-value output or failure in person-post fit according to the performance and input-output ratio, and made timely adjustments to improve overall vitality, so as to achieve the Group's unified goals in a clear direction and discover more outstanding talents in performance results.

Employee Training

ATRenew gives importance to talent cultivation, by which systematic training serves as a method for employees to develop their ability and potential to perform their jobs and realize self-improvement and values, thereby ensuring that the Company achieves its business goals, improves performance, and achieves sustainable development. Therefore, the Company constructs a diversified talent cultivation system, which is operated both online and offline, and is targeted at employees in different posts and different critical skills required. It is an all-around system,

empowering employees to grow at different stages by providing systematic training and quality study resources.

In addition, we encourage employees to make timely review and look up what they have learned with the online learning platform that enables them to conveniently study in a flexible and independent way. On the online platform, contents of ATRenew systems can be found, including quality inspection criteria, front-line SOPs, operation specifications, and HR-related systems.

ATRenew's diversified talent cultivation model



ATRenew special training plan

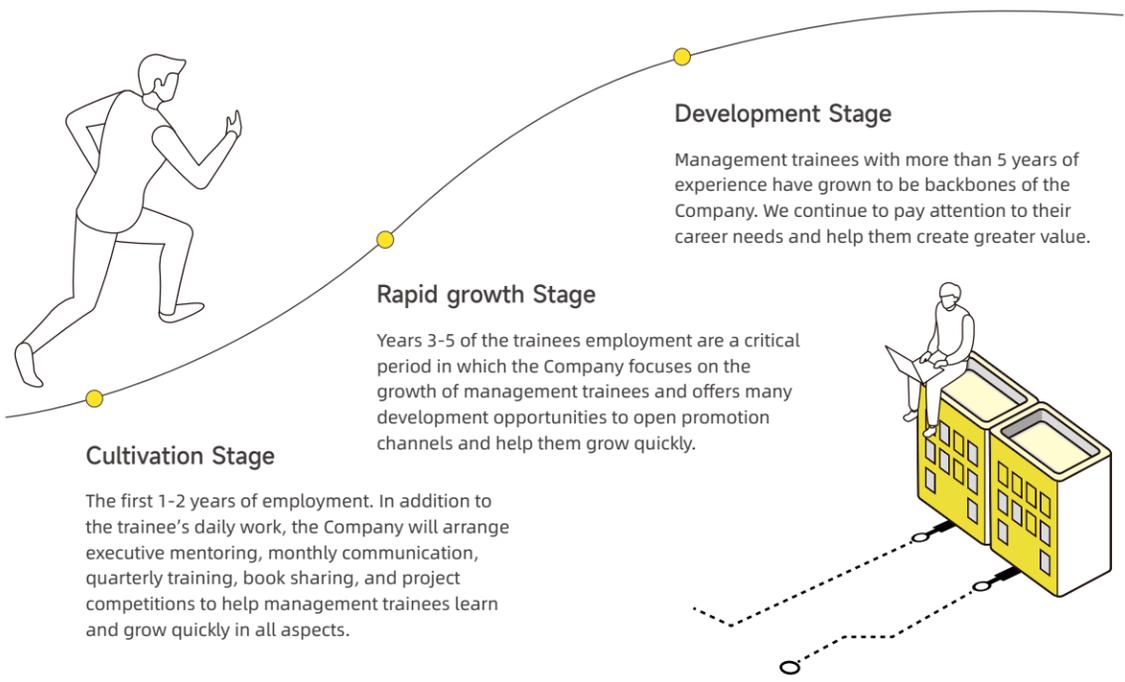
Program	Training participants	Training purpose
Sailor Program	High-performance/high-potential employees	To nurture employees through on-site support and basic management training; to prepare a talent pool for team leaders
Navigator Program	High-performance team leaders	To prepare a talent pool for supervisors through professional courses, management courses, general courses, and subject practice training
Pioneer Program	High-performance supervisors	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 testing 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
Monthly Skill Assessment	Front-line inspection personnel	To assess weakly skilled employees' inspection capabilities, improve their inspection skills on a targeted basis, and ensure the inspection quality of each phone for maintaining improvement
Quality Inspection Criteria Update Training	Front-line inspection personnel	To master new quality inspection standards

ATRenew general training project examples

Program	Training participants	Training purpose
New Employee Orientation	New employees	New employee onboarding
New Employee Mentoring Program	New employees	New employee upskilling
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
Explanation after Monthly Exams	All employees	To consolidate business skills
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

Case | Management trainee program

Since 2016, the Company has recruited outstanding fresh graduates as our management trainees. The Program is performed in three stages—cultivation, rapid growth, and development—at each of which we devote adequate resources and energy to help everyone grow quickly by providing them with appropriate support. Different training models in the stages are presented below:



At the end of 2022, the Plan had been in operation for 6 years, cultivating 12 managers and above, and 51 talents take positions in operations, sales, technology, and data analysis.



ATRenew management trainees participating in activities



Social Responsibility

As an innovator and leader in the global second-hand product recycling industry, ATRenew always adheres to giving back to society. We actively assume corporate social responsibility obligations and are devoted to social welfare undertakings. We hold diverse activities for rural revitalization causes, inclusive technology, environmental protection, etc. At the same time, ATRenew continuously contributes corporate efforts to education, environmental protection, and other social issues, joining hands with public welfare organizations such as the China Foundation for Rural Development and Pad for Hope to implement its social values.

In 2022, ATRenew donated a total of to social welfare causes

RMB 1 million

Environmental Protection

Case | LOVERE held "One Decibel Plan" nationwide

"One Decibel Plan" is a public welfare project initiated by LOVERE in community recycling, guiding residents to take advantage of the value of recyclable materials through smart recycling kiosks. It works to modify collected products into recyclables in an environmentally friendly way, thus enabling users to recognize the value of recycling even at home.

"One Decibel Plan" directly applies the economic value that recycling users create to environmental and social welfare projects, while endowing the behavior with additional social values. In this program, individual carbon reduction behaviors contribute to the community so that residents more clearly understand and can recognize that "garbage classification is a new fashion," get to know the "closed loop" of garbage classification, and experience the value of environmental protection. Residents work together with the district/community to support environmental

protection and encourage more residents to participate. The Plan, based on the recycling concept that "what is taken from the people is used in the interests of the people, and low-cost recycling, higher-value reuse", has enhanced residents' awareness of environmental achievement and initiative for garbage sorting, and has received attention and coverage from many institutions and media outlets.

LOVERE replicates and promotes this sustainable co-development model in many cities and communities across the country to coordinate all joint efforts in building a beautiful homeland. As of the first quarter of 2023, the plan has been implemented in nearly 500 residential areas of 15 cities, which recycled over 200 tons of renewable resources and reduced carbon emissions by 350 tons. And nearly 500 specific environmental and social welfare projects have been implemented.



Volunteers guide residents to use the smart recycle kiosk



Bench produced with recyclable materials

Educational Charity

Case | AHS Charity and Love – Digital Education Aid Program for Rural Children

Founded in 2018, the “AHS Charity and Love – Digital Education Aid Program for Rural Children” was jointly initiated by ATRenew and Pad for Hope, a charity organization. It is the most relevant long-term public program of the Company. Through our program, ATRenew selects recycled pre-owned electronic devices that rural children can learn to operate, thereby avoiding regional limitations, and enabling the children to obtain quality online education resources to broaden their horizons.

Schools supported	Total teaching hours	Students supported
56	2,068+	10,770

Note: As of December 31, 2022.



◆ “AHS Charity and Love – Digital Education Aid Program for Rural Children”

Commitment to Public Good

Case | AHS Recycle cooperated with Tencent Charity Foundation in “recycling for public good, a red flower to get”

AHS Recycle and Tencent Charity jointly launched the activity of “Recycling for public good, a red flower to get” on 99 Giving Day. Participants could get a “red flower” in addition to exchanging money after completing any recycling in AHS Recycle. After receiving the “red flower,” participants could also donate to the “AHS Charity and Love Program,” and the Tencent Foundation would also donate to the corresponding charity fund. All efforts combined to support public welfare undertakings, turning recycling into the public good.



◆ “Recycling for public good, a red flower to get”

Industrial Mutualism

Case | Participate in sustainable public welfare activities, speak out for sustainability

In November 2022, AHS Recycle took part in the special activity of “sustainable fashion development,” jointly held by B Corps China and College of Design and Innovation, Tongji University for Shanghai Jing’an International Design Day, with a theme of “Symbiosis and Original Innovation.” It provided participants the chance to share and discuss challenges and opportunities facing the fashion industry with domestic and foreign charities and peers rich in market experience, as well as to understand pathways to sustainability they might take. That day, AHS Recycle also conducted recycling of idle items on the site, encouraging participants to bring unneeded clothes to the smart recycle kiosk for exchange as a gift. This is an example of how ATRenew works together with many partners to engage in public services for sustainability and a promising future.



◆ AHS Recycle held idle items recycling on the site

Appendix: GRI Content Index

GRI Standard	Disclosure	Index
GRI 2: General Disclosures	2-1 Organizational details	P1-2
	2-2 Entities included in the organization's sustainability reporting	P1-2
	2-3 Reporting period, frequency, and contact point	P1-2
	2-4 Restatements of information	N/A
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GRI Standard	Disclosure	Index
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GRI 202: Market Performance	202-1 Ratio of standard entry level wage by gender compared to local minimum wage	N/A
	202-2 Proportion of senior management hired from local communities	N/A
GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported	N/A
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GRI Standard	Disclosure	Index
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	303-4 Water drainage	P36
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GRI 304: Biodiversity	304-1 Operational sites owned, leased, or managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A
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	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	P35
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GRI Standard	Disclosure	Index
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GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	P84-86
	413-2 Operations with significant actual and potential negative impacts on local communities	N/A
GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	P57-58
	414-2 Negative social impacts in the supply chain and actions taken	P57-58
GRI 415: Public Policies	415-1 Political donations	N/A
GRI 416: Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	P51-56
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GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	P52-53

To Give a Second Life to All Idle Goods

万物新生
A T R E N E W