万物新生
ATRENEW

2020

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CONTENTS

ABOUT
THIS REPORT

■ Overview

This is the first environmental, social and governance report (hereinafter referred to as "the Report") by AiHuiShou International Co. Ltd. and its subsidiaries (collectively branded as ATRenew and hereinafter referred to as "the Company," "we" or "ATRenew"). It is intended to elaborate on the Company's system construction and work performance in environmental, social and governance (hereinafter referred to as "ESG"), and to objectively disclose the management and effectiveness of our sustainable development, in response to the expectations of all stakeholders and the public.

■ Reporting Scope and Boundary

The Report covers the operations of AiHuiShou International Co. Ltd. and its major subsidiaries in the People's Republic of China, including the operations of AHS Recycle, PJT Marketplace, Paipai Marketplace and AHS Device.

The Report covers the period from January 1, 2020 to December 31, 2020 (hereinafter referred to as "the reporting period" or "this year") and focuses on the ESG management and achievements of ATRenew. Some information and data may be traced back to 2019 and earlier, or extended to 2021. For more information about the Company's business operations, please refer to the "BUSINESS" section of its F-1 filling / Prospectus with the U.S. Securities and Exchange Commission (hereinafter referred to as "SEC").

■ Basis of Preparation

The Report has been compiled in strict compliance with the *Global Reporting Initiative Standards (GRI Standards)* released by the *Global Sustainability Standards Board (GSSB)*, and also with reference to the industrial guidelines issued by the *Sustainability Accounting Standards Board (SASB)*, as well as topics of concern to the world's leading rating agencies such as MSCI and Sustainalytics.

■ Data Source and Reliability Assurance

The information and data disclosed herein are derived from the statistical reports and official documents of the Company, and have been reviewed by relevant departments. The Company promises that the Report does not contain any false records or misleading statements, and is responsible for the authenticity, accuracy and completeness of its content. The monetary amounts herein are all denoted in RMB.

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

■ Preparation Process

The Report has been prepared following a systematic procedure, which consists of 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, and other stages.

■ Format

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

■ Confirmation and Approval

Upon confirmation by the management, the Report was submitted by the ESG Committee (hereinafter referred to as "ESGC") under the Board of Directors, and approved by the Board of Directors on August 13, 2021.

■ Contact Us

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

Email: ir@aihuishou.com

For more information, please visit our website https://ir.aihuishou.com

Letter from CEO

"To give a second life to all idle goods"

—— Founder and CEO of ATRenew

陈雪峰

2020 was an extraordinary year for the global community. COVID-19 has changed the way our planet operates, presenting tremendous challenges to businesses across the world.

All Things Renew (ATRenew) assumed its corporate responsibilities against the current pandemic landscape. We promptly activated our emergency plan for pandemic prevention, and set up a special public welfare program to donate disposable surgical masks, disinfectants, PPE, and other supplies to Hubei - the province hit hardest by the virus. Meanwhile, in compliance with national and local guidelines for pandemic prevention and control, we improved the hygiene standards for the courier staff who provide door-to-door services to over 700 stores across the country. Additionally, we sanitized our workplaces three times per day to ensure the health and safety of every employee and customer. These efforts were instrumental in our rapid recovery back to normal operations.

In retrospect, we stayed true to our mission throughout this challenging year – "to give a second life to all idle goods". ATRenew is committed to becoming the world's largest standardized preowned consumer electronics transactions and services platform, and to build the infrastructure for trade-in in the 5G era. We accomplished significant growth in 2020 as a result of high-quality goods and services, focusing our development strategy on green and circular economy. In 2020, we responsibly re-commercialized over 23 million pre-owned consumer electronics and empowered over 100,000 small- and medium-sized merchants (mostly mobile phone retailers) to participate in trade-in.

Consumer electronics is now an integral part of users' personal lives. With a strong focus on client privacy, we have independently developed data erasing solutions such as AiQingChu (爱清除). To ensure data and privacy protection, we erase and rewrite multiple times on recycled devices at our stores and operation centers. At the same time, efforts are made to reinforce our internal security protection to safeguard the data and privacy of our users.

At ATRenew, we aim to maximize our innovation potential by supporting and engaging our employees. Powered by AI and big data, we have developed automated inspection technology and built the world's first automated operation center in Changzhou, equipped with our proprietary inspection, grading and pricing system. Such technology advances inspection efficiency and operational flexibility without lowering the bar of our product quality.

Regarding the social impact of recycling used consumer electronics, ATRenew has worked through C2B, B2B, and B2C capabilities, creating a closed loop across the entire industry chain through its portfolio of AHS Recycle + PJT Marketplace + Papai Marketplace. We seek to extend the life cycle of electronic devices and provide idle products to those in need through tangible efforts, while reducing idle electronic consumer products and irresponsible disposal.

China's vision for a circular economy sets a prosperous tone for the pre-owned goods transaction industry, and we expect low endogenous risk as a result of this support. According to the 14th Five-Year Plan for Circular Economy Development released by the *National Development and Reform Commission (NDRC)*, China will improve regulations on the circulation of second-hand commodities, establish sound standards for identification, evaluation, and classification of second-hand commodities such as vehicles, home appliances, and mobile phones. ATRenew is prepared to take the lead and put our greatest efforts into carrying this forward.

In the meantime, we have paid significant attention to "greening up" all aspects of our value chain and enforce rigorous control over the recycling, disposal, shipping, user life cycle, and terminal dismantling of electronic items. As an industry leader, we never hesitate to fulfill our duties to minimize energy consumption and mitigate negative environmental impact of consumer electronics. This is in line with our philosophy of green, low-carbon, and sustainable development.

ATRenew's ten-years of growth are inextricably linked to the collaborative efforts of all of our employees. In line with our values of "Integrity, Positivity, Endeavor, Perseverance, and Introspection", we place the highest priority on talent development and training, respecting and protecting the basic rights and interests of every employee. We hope to build a workplace where the company and employees may grow together in synergy and in a connected way. To this end, we provide a diversity of pathways for development and promotion, so that employees can unlock their potential, continue to grow and reach self-actualization through their work.

We engage in businesses with stakeholders in a responsible manner, and grow hand in hand with our partners in the ecosystem we share. Meanwhile, we assume our social responsibilities for promoting the formulation of industry standards by forging strong, fair, and transparent social relations, and achieving shared development for all. To this end, we are committed to sharing the concepts of circular economy and green development through our own practice and to benefit society through public welfare initiatives such as HuiShouAi (回收爱).

In this very first ESG report since our listing, we would like to take this opportunity to engage with our investors and stakeholders. With a circular business model embedded in its genes, ATRenew continues to practice and fulfill the concept of ESG and is committed to becoming the first ESG-related China Concept Stock among its technology peers. Looking ahead, we are poised to further improve our ESG management framework and procedures, abide by regulatory requirements, and enhance compliance, data safety, and operational security, as well as manage environmental and social risks in a more systematic way. While meeting the expectations of external stakeholders, we also aspire for rapid growth in the industry. In the future, we will continue to uphold the green concept of circular economy, continue to explore the recycling of electronic products through technological innovation and platform resource management optimization, and strive to reduce the carbon footprint of our product life cycle. Along the steady steps towards our corporate mission – to give a second life to all idle goods – we pledge to play an active role in promoting and supporting China's national goals of peaking carbon emission and achieving carbon neutrality.

19.6 Billion

Total GMV in 2020

4,858 Million
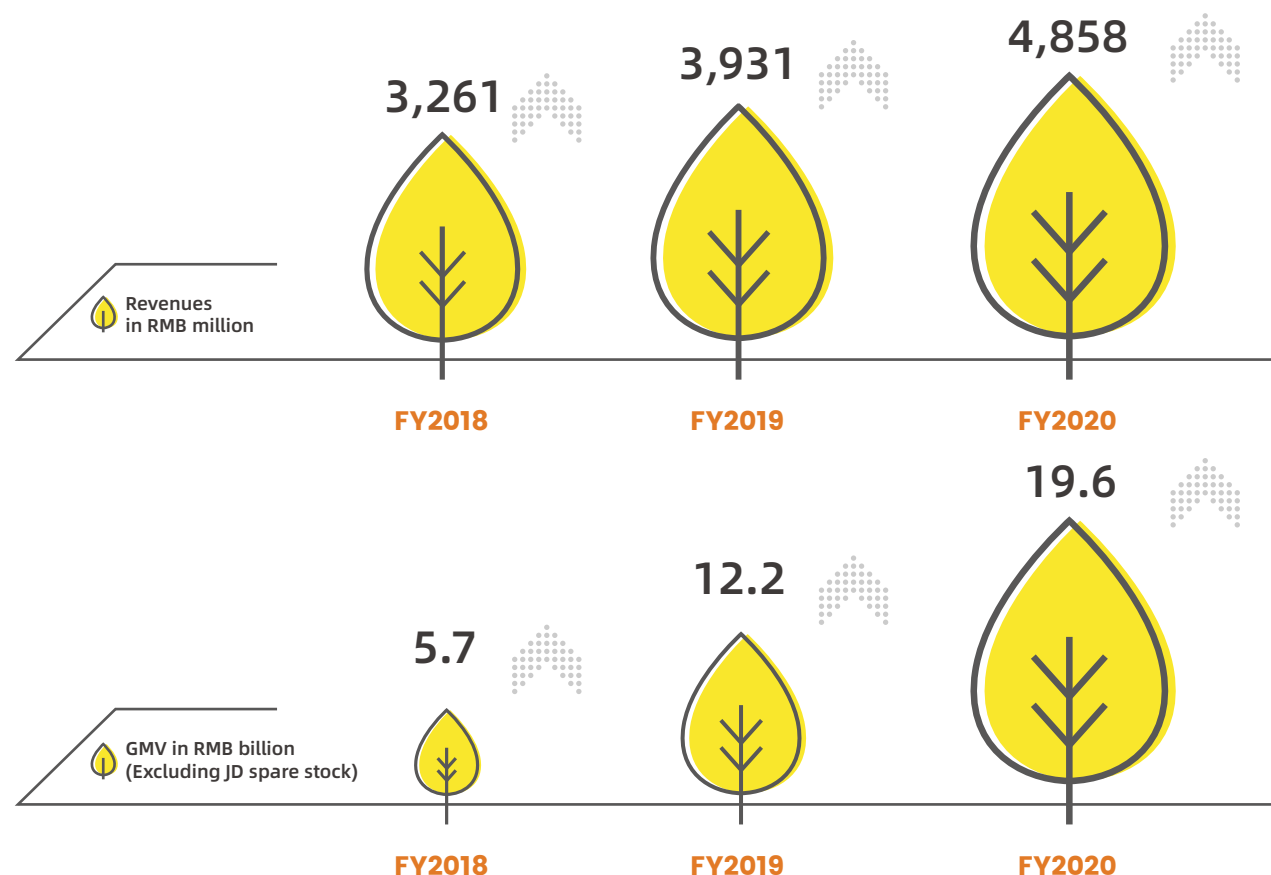
Total Net Revenues in 2020

01.

About ATRenew

The mission of "to give a second life to all idle goods" is naturally embedded in the genes of ATRenew, which meshes with circular economy and sustainability, is the direction of every ATRenew employee's joint efforts.

In the last decade, we have grown rapidly according to the combination of corporate culture values and management structure.

Company Profile

AiHuiShou International Co. Ltd. (NYSE: RERE) was founded in 2011 in Shanghai, China. As China's leading pre-owned consumer electronics transactions and services platform, ATRenew is committed to transforming and promoting China's consumer electronics industry by facilitating recycling and transaction services, and also by connecting and empowering all participants in the ecosystem. In 2020, the Company achieved a total revenue of RMB4,858 million, a year-on-year increase of 23.6%, of which the core business revenue reached RMB4,709 million, representing a year-on-year increase of 38.2%.

3,261   3,931   4,858

Revenues in RMB million

FY2018   FY2019   FY2020

19.6

12.2

5.7

GMV in RMB billion (Excluding JD spare stock)

FY2018   FY2019   FY2020

ATRenew has been on a mission "to give a second life to all idle goods", addressing the environmental impact of pre-owned consumer electronics by facilitating recycling and trade-in services. Our four business segments have integrated C2B, B2B, and B2C capabilities to empower both online and offline services. Our offline stores synergize with online trading platforms – such as AHS Recycle, PJT Marketplace, and Paipai Marketplace – to transform the way consumers, small merchants, consumer electronics brands, and retailers on e-commerce platforms sell and purchase second-hand consumer electronics, contributing to a synchronized development of the industry.

爱回收	拍机堂	拍拍	AHS DEVICE
AHS Recycle	**PJT Marketplace**	**Paipai Marketplace**	
C2B recycling platform for pre-owned consumer electronics	B2B trading platform for pre-owned consumer electronics	B2C retail platform for premium pre-owned consumer products	Overseas business

Corporate Culture

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

Mission

"To give a second life to all idle goods."

Senior Management
- Diversified and dialectical thinking model

Middle Management
- Leadership, team player, winner

Competency
- Target-oriented: committed and perseverant
- Methodology: set priorities, be systematic and logical, data-centric

Culture
- Strong and humane

Values
- Integrity and positivity
- Endeavor and perseverance
- Endeavor and perseverance

Our value propositions are based on the principles of:

Integrity:
the foundation and the cornerstone of our values

Positivity:
positive attitude, optimistic expressions, and a bias towards action

Endeavor:
everyone should strive to be their best self

Perseverance:
no imitation or conservatism - pursue innovation in small steps

Introspection:
the essential ability and the strongest driving force for individual development and organizational progress

Milestones

2021

On June 18, 2021, we went public on NYSE.

Since 2020

In 2020, we started expanding overseas operations.

Since 2019

In 2019, we acquired Paipai Marketplace, thus forming a "C2B + B2B + B2C" closed-loop value chain.

Since 2017

In 2017, we began applying automated technology to our operation centers.

In late 2017, we launched PJT Marketplace, an online B2B bidding platform.

Since 2011

In 2011, we started to procure pre-owned phones and other consumer electronics from consumers through AHS Recycle.

In 2014, we expanded to offline channels.

In 2015, we started cooperating with e-commerce platforms.

Corporate Governance

Governance Structure

ATRenew's corporate governance and operation specifications are formulated in strict accordance with laws and regulations of China, where we operate, and with laws and regulations of the U.S., where we are listed. We have now established an audit committee, a compensation committee, and a nominating and corporate governance committee under the Board of Directors, pursuant to the *Company Law of the People's Republic of China* and other applicable regulations. A sound appraisal and remuneration system for directors and the senior management has been put in place to ensure the Board's proper supervision over the senior management.

General Meeting of Shareholders	Audit Committee
Board of Directors	Compensation Committee
Senior Management	Nominating and Corporate Governance Committee
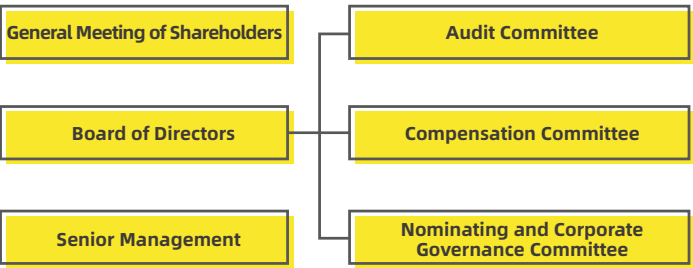
Position/Title	Name	Committee		
		Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Independent Director	Jingbo Wang	✓	✓	✓
Independent Director	Guoxing Jiang	✓	✓	✓
Director/President	Yongliang Wang	✓		
Director	Lei Xu		✓	✓

Our Board of Directors is comprised of 7 members in total, including 2 independent directors, which accounts for over 28%. Harnessing a system of checks and balances, the Board aims to protect the interests of shareholders and the Company. Among the directors now in office, one holds a PhD and three hold master's degrees. All the directors have extensive experience in the industry, and are experts in varied professions, allowing the Board of Directors to make decisions from a more comprehensive perspective.
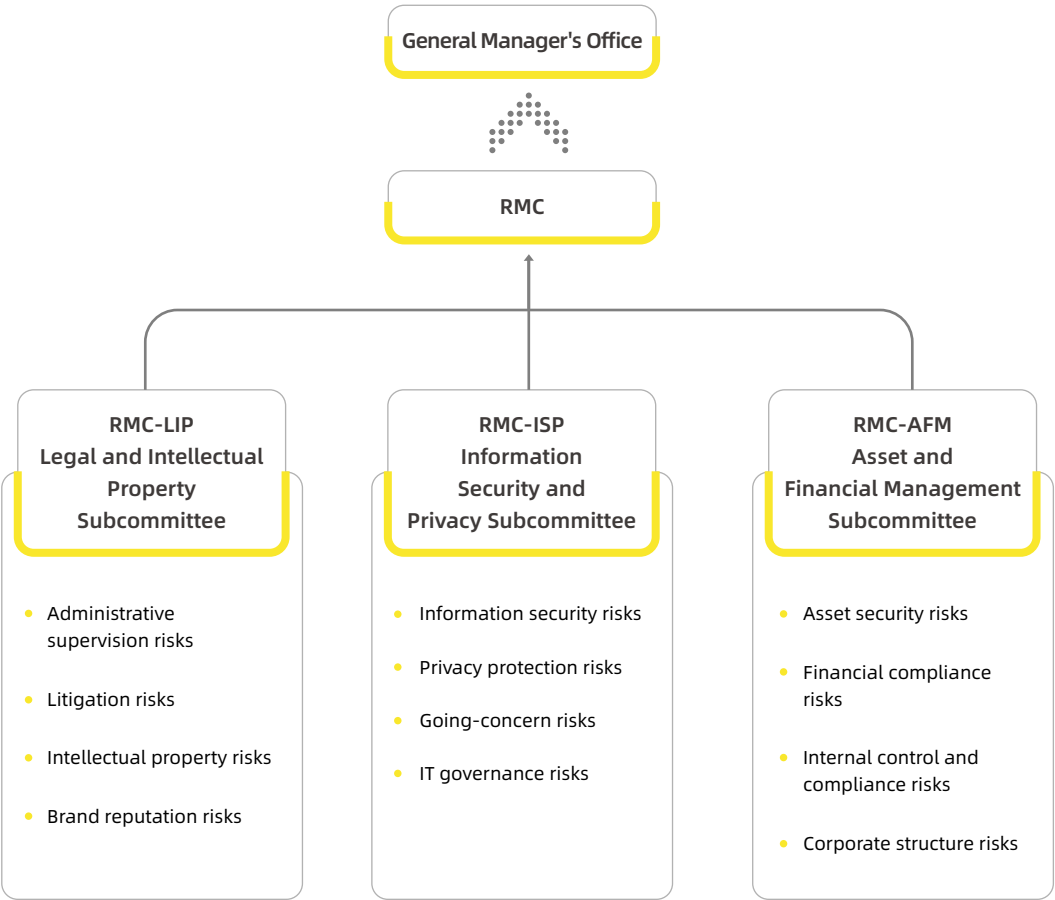
Position/Title	Name	Age	Education Background	Expertise		
				Industry Experience	Risk Management	Financial Experience
Chief Executive Officer/ Founder/Chairman	Kerry Xuefeng Chen	41	Master's degree in computer science from Fudan University	✓	✓	
Director/President	Yongliang Wang	37	Bachelor's degree in economics from University of International Business and Economics	✓	✓	✓
Director	Lei Xu	51	EMBA degree from China Europe International Business School	✓	✓	✓
Director	Wei Tang	41	EMBA degree from China Europe International Business School	✓	✓	✓
Chief Financial Officer	Chen Chen	41	Bachelor's degree from Shanghai Jiaotong University	✓	✓	✓
Independent Director	Jingbo Wang	40	PhD in management studies from the Saïd Business School of the University of Oxford	✓	✓	✓
Independent Director	Guoxing Jiang	68	Bachelor's degree in mathematics and computer science from Fudan University	✓	✓	

• For more information on governance, please refer to the *Board of Directors* in our prospectus with the U.S. SEC and *Corporate Governance* on our investor relations website at ir.aihuishou.com.

Risk Management

The Company has established a Risk Management Committee (RMC) under the leadership of the Board of Directors, in order to comprehensively promote the construction of a risk management system, perform top-level decision-making functions and supervise the operation of the risk management system and the internal control system. A Risk Management Committee (RMC) Operation Mechanism has also been developed, which clarifies the functions of RMC and its sub-committees, including their respective areas of focus and division of responsibilities. The RMC reports to the CEO on a monthly basis to ensure that the potential risks can be identified in a timely manner and risk control measures can be arranged accordingly. The establishment of the RMC allows us to address the potential risks in operations, finance, legal matters, marketing and other fields in a timely and effective manner.

General Manager's Office

RMC

RMC-LIP
Legal and Intellectual Property Subcommittee

- Administrative supervision risks
- Litigation risks
- Intellectual property risks
- Brand reputation risks

RMC-ISP
Information Security and Privacy Subcommittee

- Information security risks
- Privacy protection risks
- Going-concern risks
- IT governance risks

RMC-AFM
Asset and Financial Management Subcommittee

- Asset security risks
- Financial compliance risks
- Internal control and compliance risks
- Corporate structure risks

Business Ethics and Anti-corruption

ATRenew supports the values of compliance, equality, fairness, honesty, and trustworthiness, and does not allow fraud, extortion, corruption, or other violations under the *Anti-Unfair Competition Law of People's Republic of China* and generally-accepted business ethics. To this end, we have enacted internal documents such as the *AiHuiShou Integrity and Self-discipline Guideline,* the *AiHuiShou Anti-Commercial Bribery Agreement*, and the *AiHuiShou Business Confidentiality Agreement*, all of which impose explicit integrity, confidentiality, and anti-bribery obligations on employees, businesses, and suppliers.

In accordance with legislation and regulations in China and the U.S., the Company strictly pays attention to anti-corruption issues across all segments. The *AiHuiShou Procurement Policy*, which sets forth requirements for suppliers and defines the responsibility of both parties on issues such as preventing commercial bribery and unethical business activities, is integrated into our strategic cooperation agreements with suppliers.

The Company has set up an anonymous reporting mechanism that comprises a dedicated mailbox for reporting of misconduct, and multiple reporting channels such as Internet, hotline, and intranet. In order to maintain an honest business environment, those reporting information are protected to the fullest extent possible, and only the Internal Control and Internal Audit Department has the access to such confidential information. Integrity and anti-corruption training is regularly delivered to staff, and an internal anti-corruption program has been developed that provides incentive to those who step forward with information. The Internal Control and Internal Audit Department is the sole department authorized by the Company for investigation. As of yet, there have been no lawsuits linked to corruption or fraud filed against the Company during the reporting period.

Anti-corruption

Report to the Internal Control and Internal Audit Department

Email:
ICAC@aihuishou.com

The Internal Control and Internal Audit Department is the only authorized investigation department of the Company

Confidentiality is the top priority. Whistleblower monetary rewards are as follows:
√ In the case of touching the red line without financial losses or property damage: RMB2,000
√ In the cases of touching the red line and causing financial losses or property damage: 10% of total loss, with the minimum amount being RMB2,000
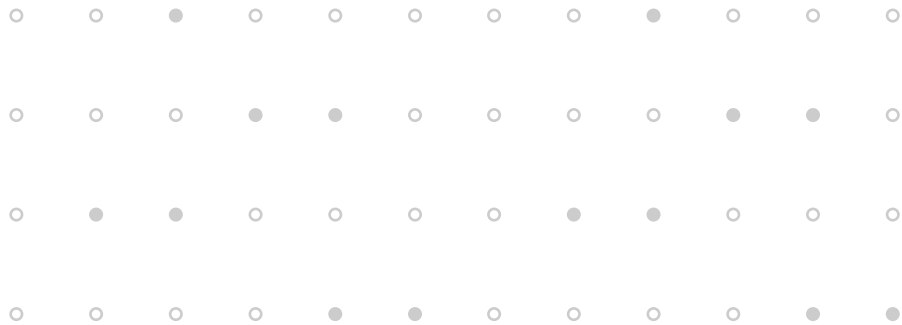
Awards and Honors

ATRenew values its economic, environmental and social impacts, and has won a number of awards and honors in the ESG field since its inception.

20 Most Socially Influential Startups in China 2021

....

FORTUNE

2020 Top 100 Most Competitive Enterprises & Most Influential Enterprises

....

36Kr

2019 Venture50

....

Zero2IPO Group

WISE King of New Economy – King of New Leasing & Second-hand Economy

....

36Kr

2019 Hurun China Top 500 Private Enterprises

....

Hurun Research Institute

2020 Charity List of Chinese Internet Companies Battling COVID-19 – Top 100 Influencers

....

iiMedia Research

Most Influential Mobile Internet Enterprise

....

World Internet Conference

Unicorn in China's New Consumer Industry

....

Dark Horse Technology

Hurun Global Unicorn List - #138

....

Hurun Research Institute

2019 Best Internet/Mobile Internet Investment Case in China's Internet Industry

....

ChinaVenture

China's Business Innovation Organization of the Year

....

Harvard Business Review

2019 China's 50 Most Innovative Companies - Consumer Sector

....

CYZone

25 Members

ESG Committee

7 High-importance

Material Topics

02.

ESG Management Framework

We have established a sound ESG committee and framework and are committed to integrating ESG with the Company's business model. At the same time, we encourage active participation of stakeholders to explore the sustainable development path of ATRenew and strive to become the "first ESG-related, technology-driven China Concept Stock".

ESG Committee

ATRenew aspires to integrate its operations into the circular economy through a closed loop of C2B+B2B+B2C across the entire industrial chain of pre-owned consumer electronics recycling. Aiming to be the "first ESG-related, technology-driven China Concept Stock," ATRenew is committed to integrating ESG into the Company's business model, as well as all aspects of its corporate management. As we continue to strengthen our stakeholder communications and enhance the Company's economic, social and environmental impact, we stand by our values in business and development while actively seeking possibilities down the path toward sustainability.

The Company believes that a sound ESG framework is the cornerstone for stable and long-term development. Therefore, we have established a three-tier architecture for ESG management, where the Board of Directors is responsible for overseeing the Company's overall ESG development and reviewing and supervising all ESG-related matters. Under the Board of Directors, the ESG Committee ("ESGC") has been founded to promote the construction of ESG framework, make top-level decisions, and supervise and implement ESG strategies and efforts for optimization. In addition, an ESG Working Group, formed by connecting all business divisions and functions of the Company, is responsible for supporting E/S/G.

Considering the Company's current operation and management condition, strategic development goals, and third-party best practices, we have identified our priorities in ESG management at the current stage:
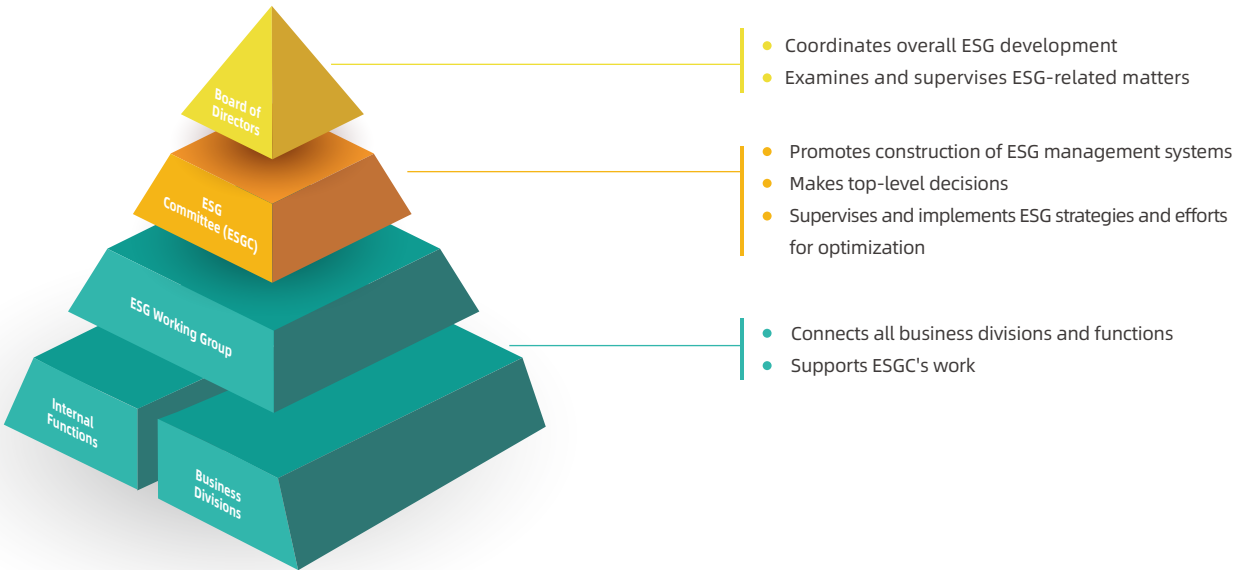
1. Environmental: Carbon emission reduction, recycling and re-commercialization
2. Social: Industry self-discipline, employee development and social welfare
3. Governance: Top-level governance and information security management

These priority ESG issues will be updated and evaluated at the beginning of each year.

☐ **Framework of ESG Management at ATRenew**

- Coordinates overall ESG development
- Examines and supervises ESG-related matters

- Promotes construction of ESG management systems
- Makes top-level decisions
- Supervises and implements ESG strategies and efforts for optimization

- Connects all business divisions and functions
- Supports ESGC's work

Communication with Stakeholders

ATRenew highly values communication with stakeholders as we continue to strengthen dialogues with consumers, merchants, employees, shareholders/investors, governments and regulators, communities and the general public, suppliers, and partners. The Company has established diverse channels of engagement to hear about the opinions and expectations from all stakeholders in a timely and effective manner. By integrating such mechanisms into the operation and governance of the Company, we hope to contribute to the shared and sustainable development of all stakeholders.

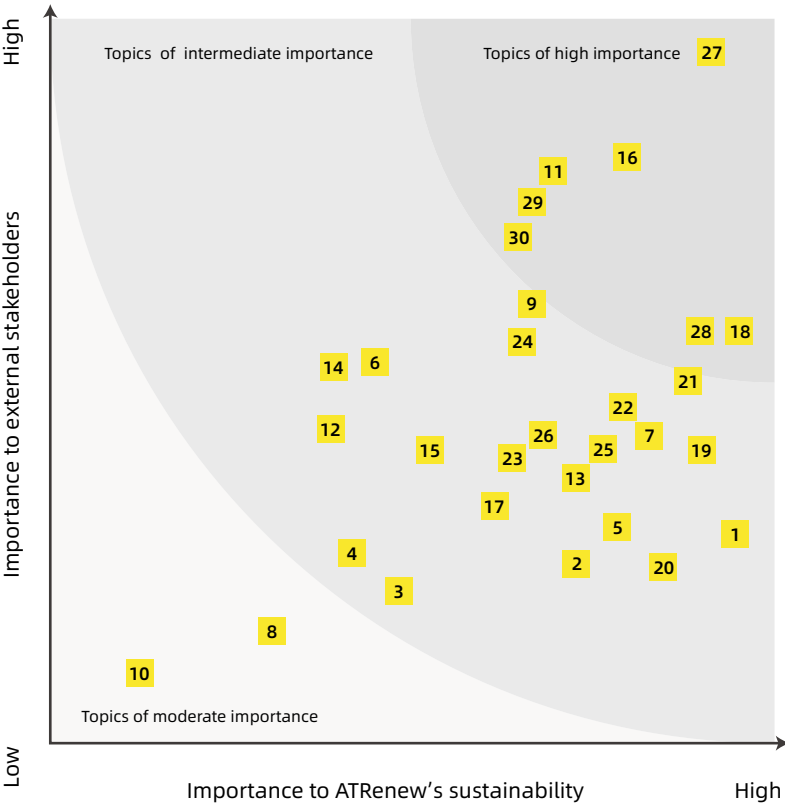| Stakeholders	Material Topics	Communication
Consumers	• Data safety and user privacy • High-quality products and services • Consumer rights and interests • Integrity of operations	• Continuous online and offline communication (apps/websites/stores) 15/7 customer service helpline • Customer satisfaction survey • Responsible marketing and branding
Merchants	• Merchant registration management • High-quality products and services • Integrity of operations	• Merchant management • On-site inspection and evaluation • Digitization of transaction process • Credit rating
Employees	• Protection of basic rights and interests • Diversity, equality, and inclusion • Salary and welfare • Training and development • Health and safety	• Staff Congress • Employee Dedication Survey • Listener program（倾听官，anonymous feedback and complaints program) • "Dialogue with CEO" program • Online Courses on Cloud（云学堂）and Yuque（语雀） • Workplace health and safety training
Shareholders/investors	• Corporate governance • Market performance • Economic performance • ESG performance	• Conference calls, meetings and company visits • Earnings conferences and press releases • Annual and quarterly reports • ESG reports
Governments and regulators	• Lawful operation • Law-biding tax payment	• Field investigation • Proactive reporting • Annual reporting
Communities and general public	• Community development • Activities for public welfare	• Donation and assistance • Public welfare projects (HuiShouAi, school student assistance)
Suppliers and partners	• Supplier access management • Supplier evaluation • Win-win collaboration • Regular communication	• Supplier evaluation • Suppliers' social responsibility • Business cooperation

Identification and Determination of Key Topics

During the reporting period, the Company integrated the *Global Reporting Initiative (GRI) standards*, while comprehensively screening ESG priority topics from index ratings in the capital markets such as *MSCI, SASB*, and *Sustainalytics,* and have identified 30 key topics of relevancy to ATRenew.

Listing topics of concern	30 potential key topics are selected and compiled into a list through analysis on disclosure instructions and policies, and insights into the benchmarking capital market
Communicating with stakeholders	A stakeholder communication plan is developed, which consists of 14 deep internal interviews covering 7 functions and 7 business divisions, and questionnaires on the importance of ESG topics sent to stakeholders, in order to understand the topics that stakeholders prioritize
Confirming topics of importance	Each topic is analyzed from two dimensions: its impact on stakeholders' evaluation and decision-making; and the importance of its economic, environmental and social impacts, and then the materiality of each topic is confirmed with the ESGC and the Board of Directors
Compiling matrix of materiality	The confirmed results are compiled into a matrix of materiality, which presents topics of high importance, intermediate importance and moderate importance, respectively

During the reporting period, the Company has identified 7 key topics of high importance, 21 of intermediate importance and 2 of moderate importance. High-importance topics constitute the main component of this report, and we will focus on these areas in the following sections.

ATRenew Materiality Matrix

Topics of high importance

11. Greenhouse gas emissions

16. Product carbon footprint management

18. Labor management

27. Customer privacy

28. Socioeconomic compliance

29. Product design and product recycling

30. Social impact of products and services

Topics of intermediate importance

1. Economic performance

2. Market presence

3. Indirect economic impact

4. Procurement practice

5. Anti-corruption

6. Anti-competitive behaviour

7. Taxation

9. Energy

12. Effluents and waste

13. Environmental compliance

14. Supplier environmental assessment

15. Hazardous materials management

17. Environmental impact of products and services

19. Occupational health and safety

20. Training and education

21. Non-discrimination and diversity, equal opportunities

22. Child labor and forced labor

23. Local communities

24. Supplier social assessment

25. Customer health and safety

26. Marketing and labelling

Topics of moderate importance

8. Materials

10. Water

減法生活馆

40
Grading Tiers

6+ Million
Number of Electronic Devices' Data Erased
by AiQingChu via Self-operated Business

03.

Products and Services

ATRenew is constantly expanding supply-chain-based service capabilities to provide solid protection for users throughout the use cycle of second-hand products. We offer users quality assurance with the objective of improving user experience. A secure information system has also been established to reduce potential cybersecurity risks and prevent the leakage of customer privacy. Meanwhile, we continue to improve our innovation capabilities and resolutely protect our intellectual property rights. Committed to high-quality and efficient user communication and responsible marketing, we have also made multiple customer feedback channels available, to address all kinds of customer requests in a timely and effective way.

Quality Assurance

Ensuring product quality is the most direct way for us to be accountable to our customers, and it is also a development principle that ATRenew has been long committed to upholding. In compliance with applicable laws and regulations, we have developed policies and standards for quality management in the stages of inspection, sales, and use. With a stronger control over product quality, we are better positioned to protect the rights and interests of our users and consumers.

As a co-drafter of national standards for second-hand goods online trading platforms, we are actively promoting our product quality standards within the industry and facilitating the formulation of industry-wide standards. For each model of used consumer electronics products, we have developed a quality grading standard and assign quality scores amongst a gradient of 40 different tiers. Our holistic quality assurance system allows all non-standard products to be thoroughly inspected, purchased by consumers at ease and traded among peers.

Quality assurance has become an integral part of operations at ATRenew. From sourcing, to quality inspection and re-commercialization, and after-sales services, all technologies and measures employed by us demonstrate that we have set the bar high when it comes to quality control.

◆ Traditional unorganized trading markets

◆ ATRenew sets industry standards

| Product sourcing	Identification and response to unknown sources	
Quality inspection	Proprietary inspection technology	Detailed and complete inspection report
Marketing	Information transparency	
Packaging and shipping	Packaging materials with personalized design	Optimizing packing SOPs
After-sales	Paipai Marketplace: 1-year warranty	PJT Marketplace: Advance compensation payment · Smart evidence taking & Seal Bags

Sources: we provide adequate assurance on the sources of the recycled items. At the time of collection, our staff will inspect the condition of each device. Any device showing an unknown serial number or abnormal factory settings will be rejected. Meanwhile, we will also check the identity of the seller, and stay alert to any information mismatch or compromising of user privacy.

Intelligent Inspection Tool – Device Hero (机大侠)

The Company has specially developed an intelligent inspection tool – Device Hero, to reduce the variance in inspection results caused by manual operation, establish an industry benchmark, and protect the rights and interests of more consumers. Beyond the use within AHS Recycle, the tool is also open to third-party merchants, as part of our efforts to develop standards applicable to the entire industry. By simply connecting Device Hero to a mobile phone to be recycled, users can intuitively view the detection results. Each detection item comes with a detailed description, including all hardware serial numbers, model, color, purchase channel and other original data. You can also see if any hardware has been replaced. Thanks to its high accuracy and convenience, the tool has been proven to improve transaction efficiency and greatly enhance the user experience. Now, Device Hero is performing over 10,000 inspections every day, and the technology backing the tool – AiYanJi (爱验机) – has so far completed a total of 9 million inspections, an average of 25,000 inspections per day.
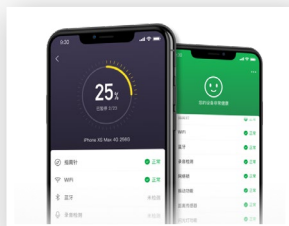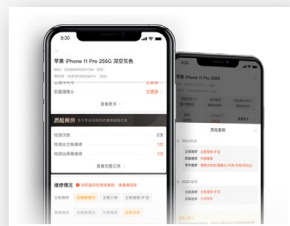
Quality inspection: The Company applies a variety of proprietary quality inspection products, including a "camera box" system for exterior inspection, the "007 Fully Automated Mobile Phone Function Inspection Robot" for internal hardware inspection, and the "Tianyan X-Ray (天眼) internal disassembly inspection system" to the pre-owned mobile phones. The recycled phones are also subject to comprehensive detection with reference to 38 standard inspection criteria. After the inspection is completed, an inspection report is issued for each mobile phone, which contains all inspection results, and a description of use traces and existing problems. Through such reports, consumers can have a complete understanding of the mobile phones they like, and then buy and use them at ease.

Marketing: We place a high value on quality assurance throughout product marketing. By displaying the authentic photos of each product and its inspection report, we help users have a clear understanding of products in the most intuitive way, including various functional indicators and existing problems, delivering customers the most factual and objective experience.

Packaging and shipping: We have improved packing materials and procedures to avoid quality issues caused by transportation and to improve user experience. Packing sizes and materials are customized for each product, along with optimized packaging SOPs. Also, we use recyclable boxes as an alternative to stretch films, to reduce the waste of packaging materials and encourage recycling.

After-sales: With our comprehensive quality inspection and shipping procedures, we are confident to provide users with additional quality assurance. At the PJT Marketplace, we offer advance compensation payment, for a better user experience; while the Paipai Marketplace sells second-hand electronics with a free one-year warranty and seven-day free return service. In addition, we have designed and implemented two protection measures – a mobile application for "smart evidence taking" and a specially-made seal bag – to provide more convenience for buyers to inspect products and collect evidence if after-sales services are needed, as well as to prevent malicious returns.

Smart Evidence Taking and Seal Bags

In traditional B2B transactions of second-hand items, it is always hard to obtain evidence in case of any dispute. Obstacles include non-standard video filming, mismatch of evidence videos and orders, fraudulent activity, and complex evidence uploading. To address them, we have specially designed a product verification mode combining smart video-based evidence capturing and seal bags, allowing users to easily provide evidence in transaction disputes and defend their rights and interests.

Our smart video filming tool makes it possible for a product to be matched with its item number or shipment tracking number. After scanning the bar code of the item number or shipment tracking number, the unboxing video will be automatically uploaded for storage, and then the system will retrieve the video corresponding to the tracking number as proof. This application can prevent fraudulent video clip splicing, a possibility in conventional evidence collection.

Mobile phones, tablets, and laptops shipped from our operation centers and POP merchants are packaged in a dedicated seal bag designed to prevent potential tampering. The seal bags are elaborately designed, with a unique anti-fake label to reduce the possibility of imitation and abuse. The "seal bags" packaging tool can stop buyers' fraudulent behaviour of unpacking, replacing items, recording video after closing and malicious refunding, to protect the trust mechanism of the transaction between buyers and sellers.
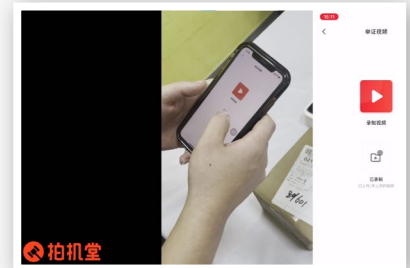
Information Security

ATRenew is dedicated to minimizing risks associated with information systems and cybersecurity by combining technology, process, and management, to safeguard the Company's internal information system, as well as cybersecurity and customer privacy. To this end, the Company has established an increasingly comprehensive information security and privacy management system, subject to laws and regulations such as the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, and the *Measures for the Determination of the Collection and Use of Personal Information by APPs*. Our established rules such as the *General Rules of Information Security Management* have specified precautions for cybersecurity, application security and data security.

We have passed the Level 3 assessment under China's Multi-Level Protection Scheme, and been certified by the ISO 27001 information security management system. A security insight platform has also been launched at ATRenew to address vulnerabilities found in penetration tests by third-party security companies. With the system, we are allowed to follow up on vulnerability repair and ensure the safe operation of our online platforms.

| Cybersecurity | Information system security | User privacy protection |

◆ Certificate of Information Security Management System

◆ Multi-Level Protection Scheme – Level 3

Cybersecurity

The Company formulated the *Cybersecurity Management Policies* in accordance with the *Cybersecurity Law of the People's Republic of China* and other applicable laws and regulations, to continuously improve and regulate operations at all stages of cybersecurity management. In the meantime, we have deployed cloud management with an aim to promote cloud computing, accelerate our digital, networked, and intelligent transformation, and facilitate the deep integration of the Internet, big data, and AI with the real economy. At this time, our information systems are mostly deployed on public cloud service platforms. Through partnerships with cloud service vendors, we have further improved the security protection architecture and disaster recovery capability of our online service systems. Under our multi-cloud strategy, we have now interconnected data from different cloud platforms, for the purpose of cross-cloud disaster recovery, as well as the security and integrity of core data. Our daily inspections and detection mechanisms are also put in place to improve the Company's cybersecurity mechanisms in a sustainable manner.

Information System Security

ATRenew has established sound regulations on internal information system management, including the *Information Security Management Regulations* and the *Company Staff Security Management Regulations*, which include explicit guidelines for system permissions, system changes, and network operations, and allow the Company to have stronger control over the risks of information systems. In addition, we are working with professional information security companies to discover and repair online system vulnerabilities through regular penetration testing, protect platform users' information assets, and optimize our standardized information security systems and regulations.

Information system permissions
- Authorization follows the principle of "need to know" and aligns with job functions.
- Administrators perform regular check and review of permissions of operators.

Information system changes
- Procedures of system development, testing, and launching are clarified, and separation of duties is ensured at the permission level.
- Specialized tools should be used for system change management, with definite change publishing and review procedures.

Data centers and networks
- Internal and external networks are separated, major internal information systems are deployed on public cloud, and security group policies are developed to control server access.
- Alibaba Cloud Web Application Firewall is used to protect against intrusions and attacks.

User Privacy and Data Protection

At ATRenew, protecting consumers' personal data and privacy is regarded as a top priority. Regarding the collection and use of users' personal data, the Company complies with the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, the *Data Security Law of the People's Republic of China*, the *Measures for the Determination of the Collection and Use of Personal Information by APPs* and other national laws and regulations. At the same time, our internal service protocols such the *AiHuiShou Privacy Policy* have been polished to effectively protect users' rights to know and to choose. As a tangible step to safeguard customers' personal information and privacy, the *AiHuiShou Data Grading and Classification Standards* stipulates the methods of classifying user data by level of sensitivity, as well as the criteria for storing and accessing data.

| On System | On Business |

On System
- Encrypted user information storage.
- All interfaces that provide data externally are encrypted by SSL, and further protected by signature verification.
- WAF (Web Application Firewall) and self-developed gateways are employed to control traffic; Current limiting, anti-crawler and other measures are customized to ensure system security.
- Company-level security attack and defense drills are organized regularly, to discover system vulnerabilities and make timely corrections.

On Business
- At the application, user authorization is subject to active on-demand application, in accordance with user privacy provisions, and the principle of least privilege.
- User privacy and key information are encrypted and stored.
- Separation of duties and responsibilities are performed internally – we selectively display information and conduct desensitization.
- A disaster recovery procedure is developed, and drills are organized on the data leakage handling procedure.

In response to users' concerns about the leakage of private data when their used products are recycled, we have set up privacy protection measures at all steps of recycling through a combination of manual and technical procedures.

Offline stores	• In the SOPs for store employees, we have made it clear that at the time of collection, they should remind customers to erase personal data. • Privacy protection operations include: remind users to log out; check at the time of quality inspection if the device's account can be logged out; reset on site; inform users that their private data will be wiped through our dedicated privacy assurance software AiQingChu.
Operation centers	• When the devices collected from offline stores and other channels arrive at our operation centers, data will be erased again with dedicated equipments.
Compensation of 100 times for data leakage	• Where user privacy leakage occured due to our negligence, we would compensate at 100 times the recycling price. • If a user claimed that the loss of privacy leakage exceeds our compensation, we would further compensate upon verification.

Privacy Eraser – AiQingChu（爱清除）

To address users' concerns about information security, ATRenew has independently developed AiQingChu, a system that erases data more swiftly and thoroughly. It is intended to repeat overwriting and wiping on the mobile phones, tablets and laptops recycled through all of our self-operated systems and other channels such as JD.com, to avoid user privacy leakage and to prevent potential malicious recovery of user data during the circulation process.

The R&D of AiQingChu started in 2018, and was put into use a year later. Since then, it has successfully erased data on over 6 million mobile phones, tablets and laptops. Now it has been upgraded to include whole-process traceability, make data erasing more reliable and thorough, provide more detailed erasing reports, and improve the overall efficiency.

During the reporting period, the Company did not receive any complaints or lawsuits related to the leakage of consumer data and privacy arising from improper data removal.
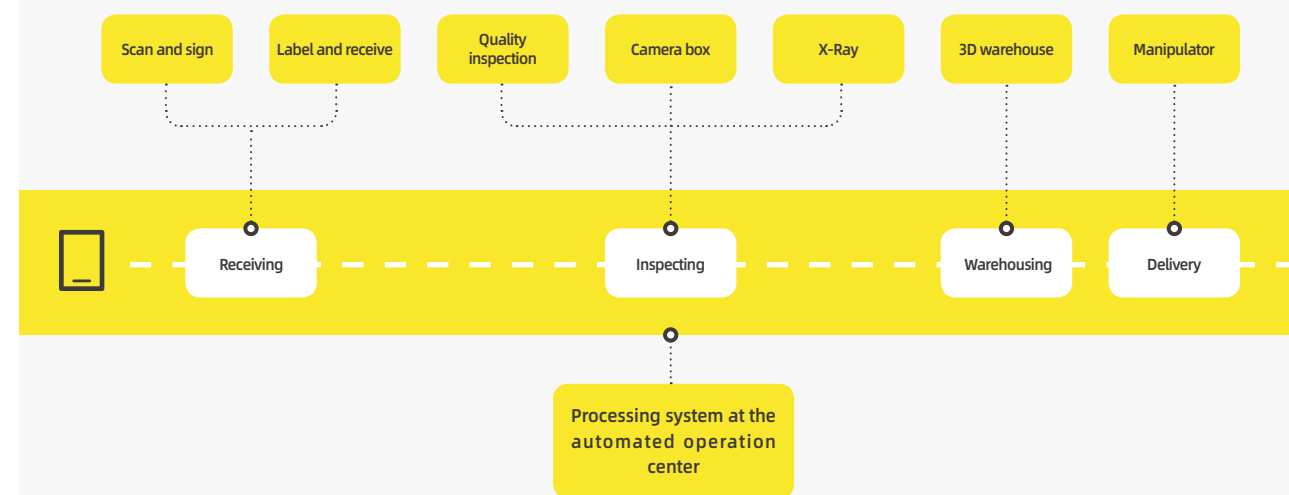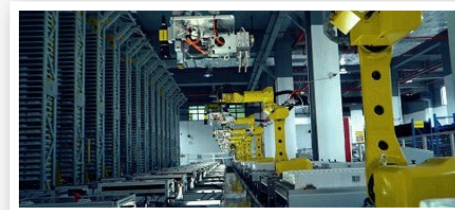
Technological Innovation

The Company encourages all its business and R&D teams to engage in technical innovation as part of our everyday operations. We hold technological innovation competitions each year, where winners are awarded with bonuses and opportunities for promotion. The innovation team has been embracing robust development: among 431 R&D professionals, over 40 are engaged in the innovation and development of cutting-edge technologies, and new technologies are gradually being implemented across the Company. In collaboration with third-party organizations, ATRenew has also developed and placed self-service phone recycling machines offline. This year, we invested a total of over RMB152 million in technology R&D.

Over RMB **152** million

were invested in technology R&D

Application of Research Results – Changzhou Automated Operation Center

ATRenew's automated operation center in Changzhou – the "Asia No. 1 Automated Operation Center" – has been put into operation. Its construction started in April 2018, and its first automated intelligent inspection line with independent property rights was officially put into use in August 2019. Changzhou Operation Center is seen as the first automated inspection center for non-standard items in the industry. The Company's first automated conveying, inspection, sorting and storage system for non-standard used electronics is powered by high-precision image recognition, array accumulation roller conveyer, high-speed shunting and transferring, and other technologies. Coupled with threedimensional warehouses and robotic arms, the system receives, inspects, warehouses and ships fully automatically. The daily full-load processing capacity is up to 24,000 devices. The automation rate is as high as 90% and quality inspection accuracy is 99%, and the sorting time has been condensed to one-third of the previous version. In the future, the automated quality inspection technology will gradually be applied to the other six operation centers as well.

| Scan and sign | Label and receive | Quality inspection | Camera box | X-Ray | 3D warehouse | Manipulator |

Receiving — Inspecting — Warehousing — Delivery

Processing system at the automated operation center

Intellectual Property Rights

ATRenew values intellectual property rights (IPRs), and champions the national call for "enhancing the protection of IPRs in an all-round way" by observing the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and other laws and regulations. While protecting our own IPRs during operations, we also pay attention to the protection and non-infringement of those of others. As a platform operator, we also request our merchants to refrain from infringing on the IPRs of others or selling products that are at risk of infringement.

Within the Company, an internal document – the *Patent Incentive Measures of AiHuiShou* – is in force, which has detailed our preferential policy and incentives for IPR innovation, as well as the confidentiality policy on core technologies. In particular, to protect our core patents, we have stipulated content display restrictions prior to patent application submission, confidentiality obligations during the application, and countermeasures against any leakage. Several training sessions on IPRs were provided during the reporting period to help employees understand ATRenew's preferential and incentive policies for IPRs, and to inspire them to make more innovations in this field.

As an industry-leading trademark, the Company was included in the *Catalogue of Key Trademarks in Shanghai* in 2020, thanks to our commitment to IPR protection.

Number of patents in 2020

34   117

☐ The number of authorization*   ▨ The number of application
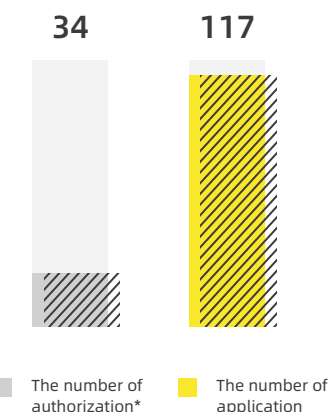
Number of trademarks in 2020

219   206

☐ The number of authorization*   ▨ The number of application
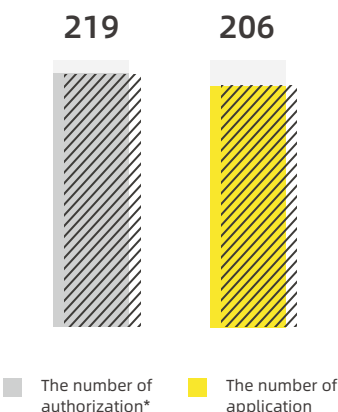
Number of copyrights in 2020

19   5

☐ The number of authorization*   ▨ The number of application
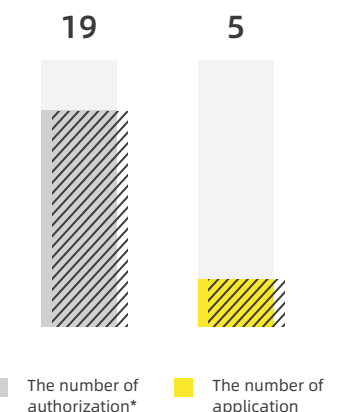
The Company has compiled the *AiHuiShou Guideline for the Prevention of IPR Risks* to integrate the awareness of protecting the IPRs of others into the entire industrial chain. To do so, we have comprehensive risk prevention measures, an internal reporting and handling procedure on IPR risks, and corresponding punishment in place, encompassing product collection, quality inspection and sales.

Recycling

- Strictly follow the SOPs for recycling, and reject devices with IPR risks
- Reject the devices that infringe others' trademarks or other IPRs

Quality inspection

- Perform strict quality inspection, including IPR checking
- Record any refurbished or counterfeit device discovered in the system, and report to relevant authorities

Sales

- Label recycled devices for sale as "second-hand goods," which may not be sold on the market under the guise of new products
- Refrain from making any refurbishment that infringes on others' legal rights, including trademark rights, or from entrusting others to do so
- Discontinue selling any refurbished or counterfeit device discovered, and report such to relevant authorities

*The number of authorization includes the number of IPRs transferred from other companies

PJT Marketplace

- Counterfeits, illegally refurbished and non-auction devices, as well as second-hand items shipped directly overseas will not be accepted.
- All non-auction devices received will be rejected or returned.
- Quality inspection criteria and grades apply only to the circumstances where no third-party IPRs are infringed.

Paipai Marketplace

- Sale of non-auction devices and other items that fraudulently use the packaging, trademarks, IPRs and other information of other products is prohibited.
- Second-hand items shipped directly overseas will not be accepted.
- Quality inspection criteria and grades apply only to the circumstances where no third-party IPRs are infringed.

At ATRenew, we are also assuming the due responsibilities and obligations as a platform operator for protecting the IPRs of all parties, in strict compliance with the national standard *GB/T 39550-2020 Intellectual Property Protection and Management for E-commerce Platforms*. Both PJT and Paipai Marketplaces have explicitly asked their merchants to protect others' intellectual property, through such documents as the *Transaction Rules for Sellers at PJT Marketplace*, the *Transaction Rules for Sales Agents at Paipai Marketplace*, and the *Internal SOPs for Handling IPR Infringements at PJT Marketplace*. Special procedures and rules for reporting misconduct have also been set up to promptly resolve the IPR infringements by platform merchants, and protect the IPRs of mobile phone manufacturers and other brands along the industrial chain. Once a complaint is received and verified, we will first remove the infringing products from the merchant concerned and notify the merchant of the complaint immediately.

Customer Communication and Services

At ATRenew, user experience and customer benefits are high on the agenda and we seek to promptly respond to varied customer demands through high-quality communication, and generate additional value for them. Through offline stores, we improve service quality with professional face-to-face services and provide solutions to customers' requests in a timely manner. Customer feedback channels including hotline and online customer support have also been made available to offer 15x7 services (15 hours per day, 7 days per week). Our centralized internal customer complaint departments act as a communication bridge to the outside world, so that the reasons for returns are under regular analysis and research, and any process flaws could be identified and corrected. In addition, the Company drives all seven operation centers and warehouses to establish a consistent operational experience. Regular operation experience review conferences are held to analyse abnormal data and customer complaints, which serves to further accelerate process optimization. As of December 31, 2020, the customer complaint rate of the Company recorded at only 0.056‰ .

0.056‰

The customer complaint rate of the company

	AHS Recycle	Paijitang Marketplace	Paipai Marketplace
Total customer complaints in 2020*	174	92	1,161
Number of consumer products transacted in 2020	2,790,110	11,864,567	10,939,283
The customer complaint rate in 2020**	0.062‰	0.008‰	0.106‰
Complaint resolution rate	100.00%	100.00%	100.00%

*Customer compliants to the Company's business operations.

**Customer complaint rate is customer complaints divided by number of consumer products transacted.

Through efficient communication with government departments such as administrations for industry and commerce, ATRenew intends to further work on customer satisfaction from multiple dimensions, and provide users with a desirable shopping experience while protecting their rights and interests and information security. Where a high-risk complaint is received, the Company will immediately report to the General Manager's Office and set up a customer service team to track and address the complaint, followed by analysis and reports.

225,000

Number of Devices Dismantled Eco-friendly

36.1 Tonnes

Electronics Pollution Reduction

04.

Green Development

ATRenew has redefined the life cycle of consumer electronics products through recycling. Over the past decade, we never ceased to explore the reuse of electronic products to promote sustainability and low carbon and emission reduction across the industry. Our business model is a sophisticated model of the circular economy, in line with China's national 14th Five-Year Plan for the circular economy development, which proposes to "vigorously develop the circular economy, promote the conservation and intensive utilization of resources, and build a recycling-based industry system and a waste recycling system." Moreover, it is also making every effort to contribute to the national plan of "safeguarding national resource security, promoting emission peak and carbon neutrality, and supporting ecological civilization" by leveraging social resources and the Company's platforms.

We regard the national pledge concerning emission peak and carbon neutrality as our own responsibility, as well as an opportunity for industry development. Thus, we will endeavor to build a greener supply chain with a lower carbon footprint. While becoming a leading carbon neutral company and a benchmark of carbon footprint management in the industry, we intend to use our influence across the supply chain to inspire a wider range of business partners to help the country fulfill the carbon neutrality target.

In the future, the Company will continue to integrate "green" ideas into all stages of product recycling. Based on the calculation of carbon footprint, we will gradually implant green genes into our operations ranging from collection, testing and operation, to packaging and transportation, and waste disposal. Technological innovation, as well as the optimization of platform resource management will be harnessed to reduce the life-cycle carbon footprint of products, as our solid steps to reduce carbon emissions. Meanwhile, by building up the image as a

green and low-carbon business, we hope to encourage consumers to pursue a green and low-carbon lifestyle. Along with our journey towards green development and the circular economy, we are prepared to assist China in fulfilling the goal of emission peak and carbon neutrality.

We have calculated our greenhouse gas emissions of Scope 1[1], Scope 2 and Scope 3 during the reporting period. The Scope 3 covers the emissions from the Company's downstream leased assets, business travels, and upstream and downstream transportation and distribution. In the future, the Company plans to set energy-saving and emission-reduction targets and keep increasing disclosure items under the Scope 3, as we focus on emissions from all the parts of our value chain.

1. Greenhouse gas emissions (Scope 1) come from the direct use of fuels such as gasoline, diesel and natural gas. Since the Company's operation does not entail the direct use of fuels, the greenhouse gas emissions (Scope 1) are zero
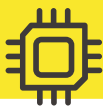
Green Collection

ATRenew focuses on the recycling of pre-owned 3C products such as mobile phones, laptops, and digital cameras. It has combined C2B, B2B, and B2C capabilities and built up an end-to-end closed loop across the entire industry chain through its portfolio of "AHS Recycle, PJT Marketplace and Papai Marketplace". Its green recycling of consumer electronics is facilitating carbon emission reduction in the consumer sector, and benefiting social sustainability. During the reporting period, the Company re-commercialized a total of over 23 million devices, contributing to the reduction of carbon emissions through its own operations. In the future, the Company will concentrate its efforts on the global market, speed up development of the circular economy, and minimize carbon emissions in the consumer electronics sector.

We are committed to detailed product classification management. With the help of multiple quality inspection technologies, we are able to effectively analyze the extended life cycle of each category of products in second-hand transactions, so as to better understand our contribution to global sustainable development, energy conservation and emission reduction in the circular economy.

23+ Million

Number of pre-owned consumer electronics that we responsibly re-commercialized and disposed

Urban Green Industrial Chain – AiHuiShou Classification Program (爱分类·爱回收)

ATRenew's innovative program AiHuiShou Classification is designed to separate recyclables from domestic waste upon the collection of all types of waste. This contributes to the reduction of waste generation, alleviating the pressure on the government for waste pick-up, and improvinomg the management of waste. The program is guided by the government and follows an "Internet + Recycling" model. Driven by technological innovation, efficient operation becomes possible: transfer stations and landfills are under data-based, intelligent and standardized management, with resource utilization greatly improved. Now the AiHuiShou Classification program is in full swing across the nation, with nearly 4,000 smart collection machines placed in Shanghai, Chengdu, Qingdao, Nantong and other cities.

Community residents	Collection by self-service machines	**Sanitation system**	Shipping to transfer stations	**Large clients**	Appointment for door-to-door collection

Unsorted Collection → Transshipment → Classified Recycling

Scan with WeChat → Trash Drop-off → Credit Winning → Cash Withdrawal

Green Disposal

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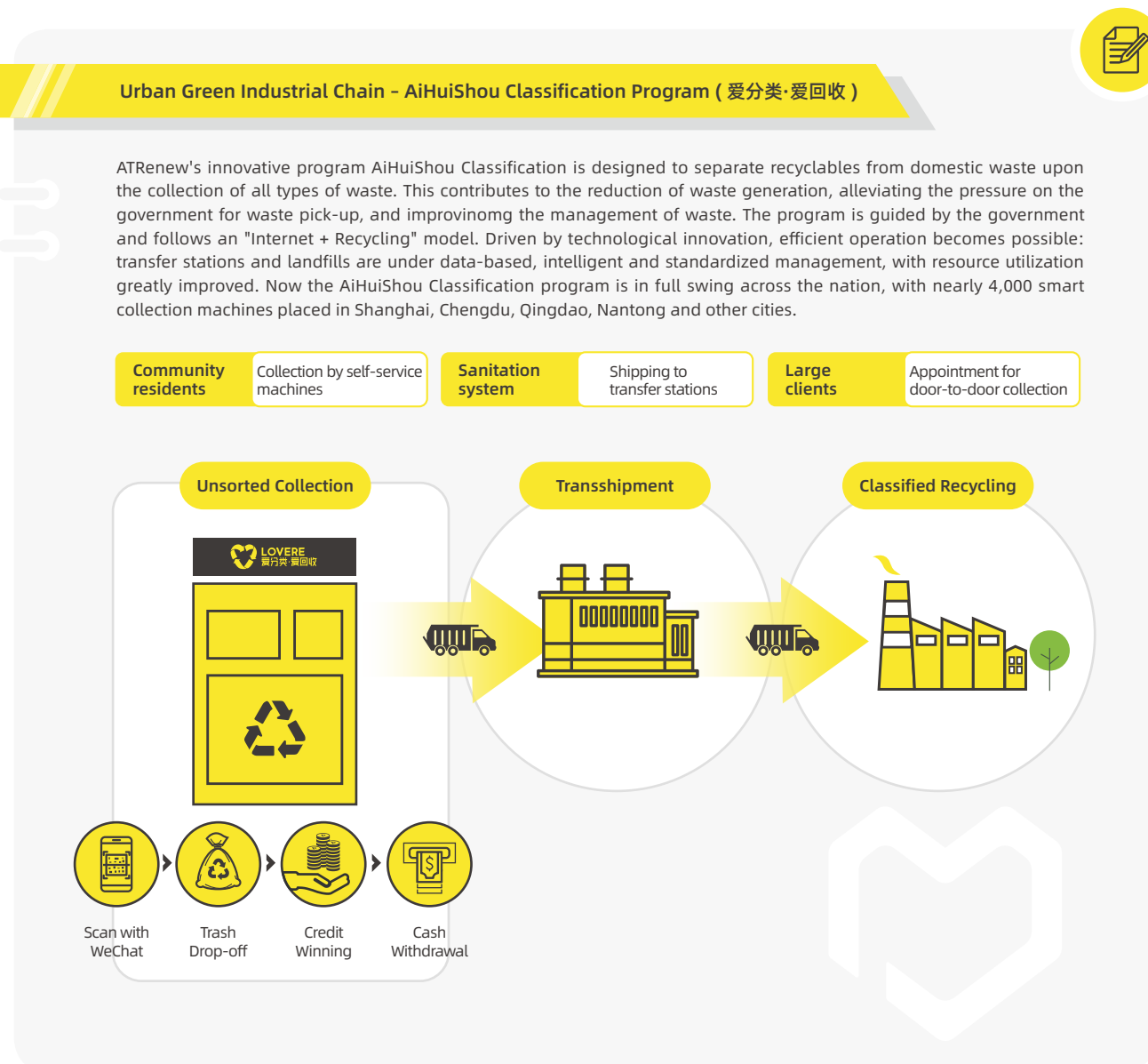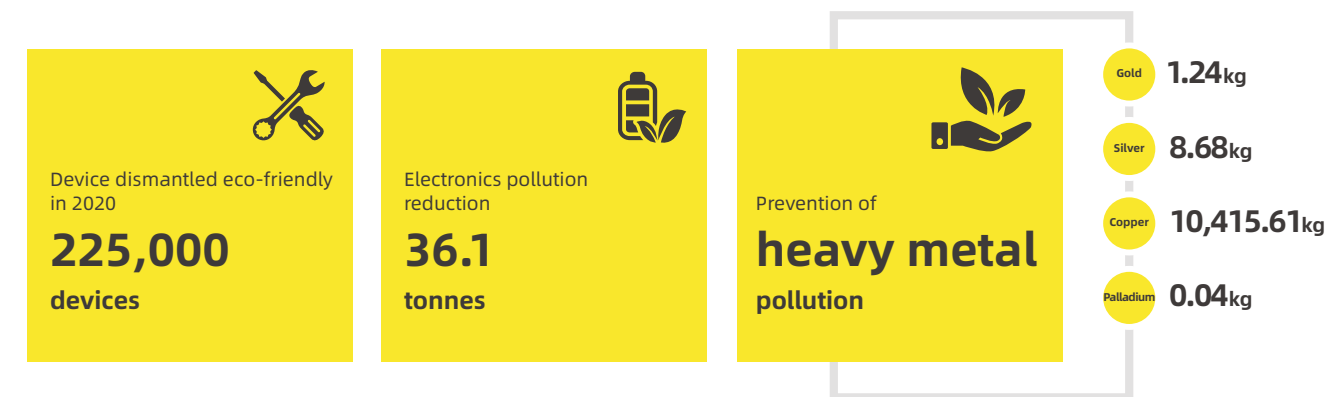ion of recycled resources, we undertake the compliant and environmental dismantling of such products. In line with our circular economy ideas, the dismantled metal materials will be further sorted and recycled to reduce the environmental hazards of heavy metals in electronic products while improving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

At the same time, the Company is also concerned about the carbon emissions from downstream disposal. Therefore, we are learning about the operation process and energy consumption of product disposal together with downstream third parties, and plan to work with them on optimization, to help reduce the energy consumption generated by the final disposal of consumer electronics products.

		Prevention of **heavy metal** pollution	
Device dismantled eco-friendly in 2020 **225,000** devices	Electronics pollution reduction **36.1** tonnes		Gold **1.24**kg
			Silver **8.68**kg
			Copper **10,415.61**kg
			Palladium **0.04**kg

Note: The calculation is based on data provided by third parties

Green Transportation

ATRenew strives to reduce the environmental impact and energy consumption of each product throughout the process of collection, trans-shipment and delivery, from upstream to downstream.

Collection

We provide free door-to-door collection at the front-end of recycling. Through AI and big data analysis and intelligent route planning, we help reduce front-end transportation consumption while enhancing customer convenience. During the reporting period, orders placed through our door-to-door recycling services accounted for nearly 25% of the total orders.

Shipment

The Company is strengthening efforts in selecting and controlling the packaging materials used in shipment. Package sizes are adapted to various product categories for the purpose of volume and weight reduction. The original stretch films and cartons have been replaced with recyclable and environmentally-friendly boxes and yellow protective bags, reducing unnecessary waste while providing protection. Meanwhile, the anti collision foam material we received will be reused for delivery or return to further reduce waste.

Delivery

Third-party logistics companies are subject to our rigorous reviews, including their commitment to environmental protection and energy use. SF Express and JD Logistics are the exclusive contractors chosen for upstream and downstream transportation during the reporting period. Since both have been certified by the ISO 14001 environmental management system, they are believed to help reduce the Company's indirect greenhouse gas emissions generated by product delivery.

During the reporting period, the Company worked with third-party logistics companies to monitor the carbon emissions generated by our upstream and downstream trans-shipment and delivery (Scope 3 – Upstream and downstream transportation and distribution) and calculated the consumption of packaging materials involved in the process[1].

1. For detailed statistics and calculation results, see *Appendix 1: 2020 Environmental Key performance*

Green Operation

"Our internal document *AiHuiShou Environmental Management Regulations* serves as a basis for launching green and low-carbon operations within the Company, and championing the green culture that is focused on energy conservation, environmental protection, and recycling."

Green Constuction

The *AiHuiShou Sustainable Procurement Policy* is a set of internal criteria for the selection of office construction materials. We choose high-quality, low-cost and non-pollutant environmentally-friendly materials throughout the contruction process under strict control, to reduce the waste of any materials. In the meantime, decoration construction waste will be sorted and handed over to qualified third parties for further disposal to reduce environmental pollution. Following completion, two professional environmental inspections will be conducted to ensure a healthy and green workplace for employees.

Green Office

Through posters, logos, and other forms of publicity, the Company is constantly raising employee awareness of energy conservation and emission reduction, to make it their habit.

Paperless office

Move application and review process online and advocate for a paperless office

Reduced business travels

Encourage employees to organize remote conferences via video and telephone and reduce unnecessary business travels amid the COVID-19 pandemic

Reduced energy consumption

- Require employees to turn off all lights and electrical appliances when leaving the office, to reduce unnecessary energy consumption
- Control the indoor temperature at 26℃ in summer and 20℃ in winter, and turn off air conditioners half an hour before leaving the office every day, to reduce energy use
- Encourage employees to commute by public transportation (metro and bus) and reduce the use of private cars
- Encourage employees to turn off lights during lunch breaks, to reduce energy use while allowing them to have a good rest
- Encourage employees to bring their own bottles for drinking, to reduce the use of disposable paper cups

Higher environmental awareness

- Send reminders on energy and water saving every day in the DingTalk chatting groups
- Post tips for turning off lights and air conditioners in all office areas

Garbage sorting and recycling

- Place garbage recycling kiosks in the office, to sort and recycle the waste generated in daily operations
- Place separate bins for dry and wet trash

We have calculated the power consumption, water consumption, and office trash[1] generated in our daily operations during the reporting period. The calculation scope covers our 5 offices, 7 operation centers, as well as directly-operated stores and franchise stores across the country (Scope 3)[1]. At the same time, professional calculation tools have been used to determine the carbon emissions of our business travels in 2020 (Scope 3)[1]. In the future, we will focus on employee commuting and strive to reduce carbon emissions from all aspects of business operations.

1. For detailed statistics and calculation results, see *Appendix 1: 2020 Environmental Key performance*

Green Consumption

Harnessing the nature of its operations, the Company is providing employees with recyclable electronic office appliances, while encouraging them to purchase pre-owned items, as a way to practice green consumption. Also we're actively collaborating with other companies to introduce environmentally friendly products, and encourage the public to pursue a sustainable lifestyle and low-carbon and environmental consumption, contributing to the circular economy.

Dow, Liby and AiHuiShou Classification Collaborate on Closed Loop of Plastic Packaging Recycling

The AiHuiShou Classification program has joined hands with industrial chain partners – including Dow Chemical, Kingfa, and AIA Shenzhen – to develop and produce 40,000 foldable plastic eco-bags using recycled plastic waste. While exploring the closed-loop of plastic recycling, we seek to boost the development of the entire industry.

ATRenew Launches Limited Crossover T-shirts with Li-Ning and COSTA

Using Li Ning's latest technology, the collaboration project has managed to produce environmental "coffee carbon fibers" out of the recycled coffee grounds from COSTA after calcination and processing. The fabric is then made into garments, making waste recycling possible. In this way, the three sides hope to inspire the public to live a green and healthy life.

RMB **770,000+**
Pandemic Prevention Materials

100%
Resolution Rate of the Listener Program

05.

Our People

ATRenew recognizes each and every employee's realization of self-worth throughout his or her career. We fully protect the rights and interests of our employees and strive to provide a safe, healthy, and welcoming working environment for our employees to grow together with us.
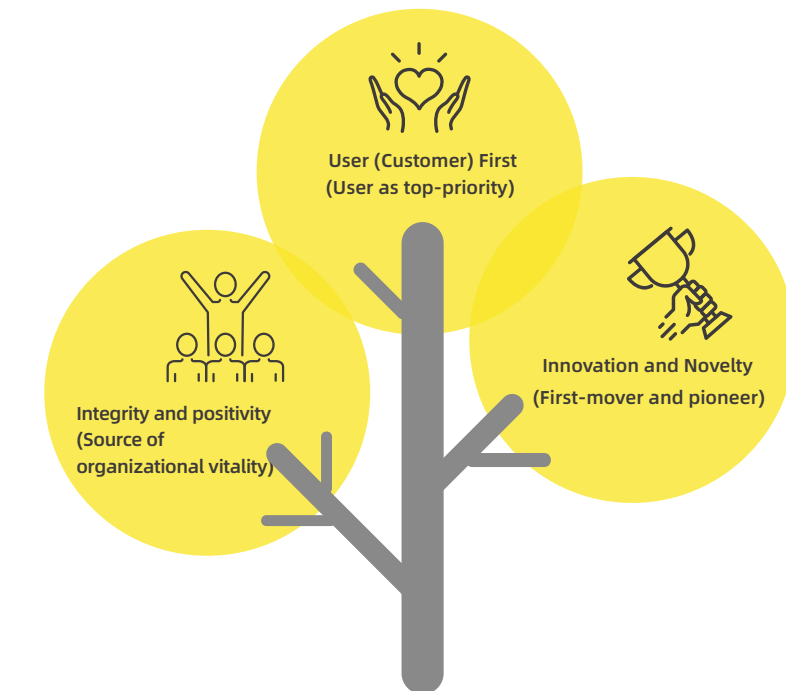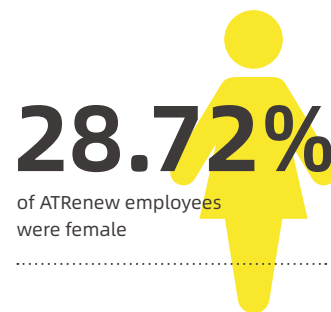
Employment

ATRenew strictly abides by the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China* among other applicable laws and regulations, and follows internal rules and regulations such as the *AiHuiShou Employee Manual* and the *Statement of AiHuiShou on Human Rights Policy*. Employment of child labor (individuals under the age of 16) and underaged workers (individuals aged between 16 to 18) is prohibited at ATRenew. We advocate for lawful employment and respect for employees to safeguard their interests. Placing our focus on talent development, we have been making integrated efforts to strengthen our compensation and incentive system, improving our staff training program, and encouraging employee growth alongside the Company's growth.

The corporate culture we envision is formulated by all employees, and is consisted of a set of conducts and judgment criteria that can be perceived, acknowledged, and voluntarily followed at work. Our corporate culture will evolve alongside the Company and its people, and will be adapted to changing circumstances.

ATRenew strongly emphasizes diversity and inclusion among all stakeholders, whether employees, consumers, or partners. We strive to provide equal opportunities and a workplace free of discrimination or harassment regardless of race, gender, skin color, nationality, ethnicity, religious belief, or disability, etc.

User (Customer) First
(User as top-priority)

Innovation and Novelty
(First-mover and pioneer)

Integrity and positivity
(Source of
organizational vitality)

Women have played an indispensable role throughout our business expansion. ATRenew is determined to develop into a socially responsible enterprise where women participate equally. We fully respect women's rights and economic involvement – which we believe is vital to our long-term success. We proactively support female employees in acquiring skills and embracing new opportunities throughout our business and supply chain. In 2020, 28.72% of ATRenew employees were female.

28.72%
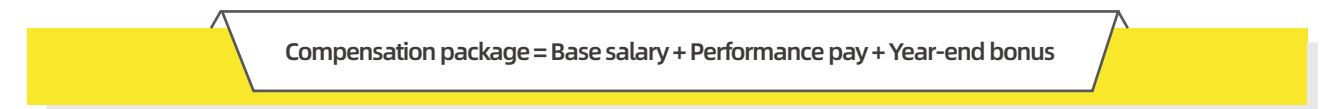of ATRenew employees
were female

Recruitment and Hiring

ATRenew's recruiting and hiring process adheres to open, equal and merit-based principles. Concerning the utilization and development of talent, we continue to aim for a more rational and scientific employment mechanism. When there are job vacancies, we encourage internal employees to recommend themselves or refer qualified individuals, and reward such employees once the candidates pass their probation period.

ATRenew adheres strictly to diversity, inclusion, and non-discrimination at the time of hiring. We provide equal employment opportunities and fair working conditions, and do not accept or tolerate employment discrimination in any form. Regarding certain groups or circumstances, we have enacted the following rules:

- Do not refuse to hire or hold higher employment standards for women
- Do not discriminate against employees based on their ethnicity, race and nationality
- Introduce preferential policies for ethnic minority employees as appropriate in accordance with the law
- Do not discriminate against persons with disabilities
- Do not discriminate against employees due to their religious beliefs
- Do not differentiate employee compensation or benefits based on age and marital status
- Do not refuse to hire candidates solely because they are carriers of infectious diseases
- Do not impose discriminatory restrictions on rural workers seeking employment in cities

Compensation and Benefits

The *Policy on Salary Management of AiHuiShou* requires compensation to be set while keeping fairness, incentive, and competitiveness in mind. The document includes explicit rules on the determination of job positions and salary, compensation structure, adjustment policies, and external benchmarking, all of which contribute to a system of attractive and competitive pay and benefits. The Company performs external benchmarking every year and adopts a comprehensive performance appraisal and incentive program guided by targets and outcomes.

Compensation package = Base salary + Performance pay + Year-end bonus

ATRenew has designed an incentive scheme for critical projects at the Company level, to motivate employees to "challenge, strive, and innovate with consistent efforts." The specific amount of reward is determined by several dimensions of the project – its strategic importance, difficulty, reporting value, innovation, and feasibility. An incentive bonus is designed into three tiers: "Completion", "Advanced Completion", and "Beyond-expectation Completion". Among which, "Completion" bonus ranges between RMB20,000 to RMB100,000.

Incentive Bonus

Completion

Advanced
completion

Beyond-expectation
completion
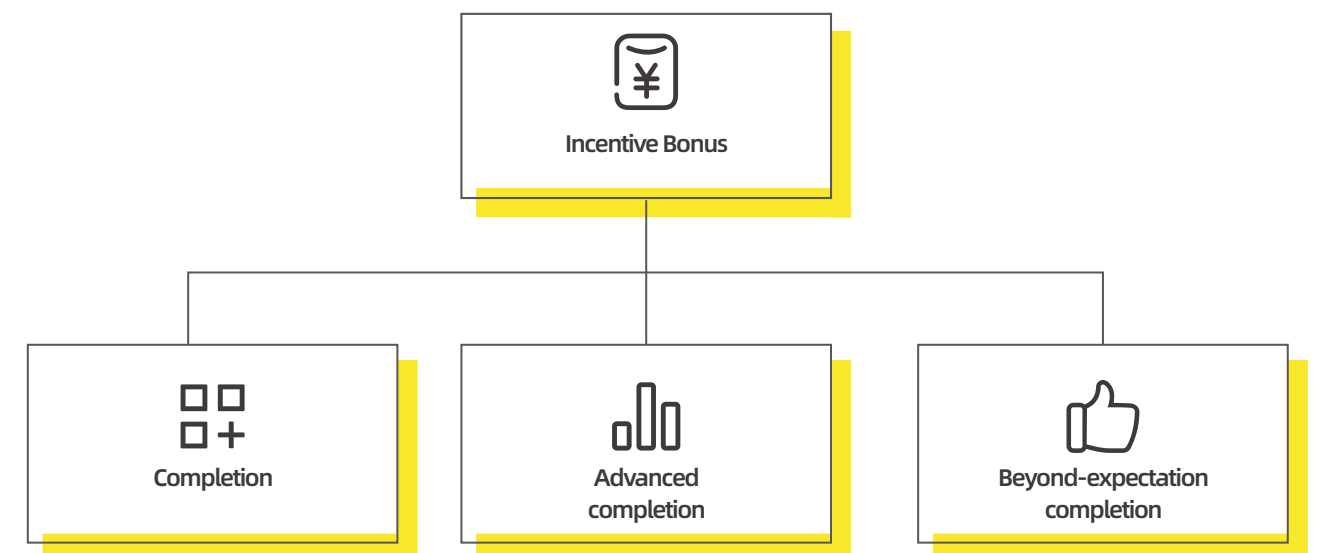
To encourage technological innovation and strengthen capacity-building of the middle platform, the Company has also established a special incentive program for projects and individuals with outstanding performance at the technical level. Such project bonuses are awarded in three tiers, ranging from RMB5,000 to RMB100,000.

A Share Incentive Plan was adopted by the shareholders and Board of Directors of ATRenew in 2016, for the purpose of granting share-based compensation awards to attract, motivate, retain, and reward our employees to further align the interests of employees with those of our shareholders.
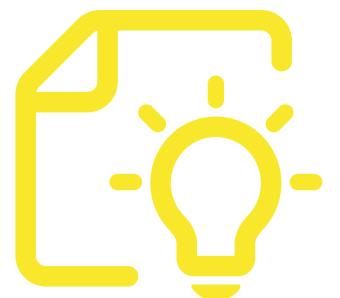
Employee Development

Employee Training

ATRenew strives to establish the finest team possible by empowering employees in growing and improving their own performances through employee training and development. Three kinds of training are available here, including on-board training, internal training and external training. A variety of materials are available to assist employees at various levels of development in continually improving their skills. Our training system is as follows:

Category	Target group	Program
Management skills training	● Senior managers ● Mid-level managers ● First-line managers	● Hundun and other external learning programs ● 90-day Transition/Pilot Program ● Capacity improvement programs
Professional skills training	● Product team ● R&D team ● Data team ● HR team	Expertise enhancement
General skills training (competency)	Existing employees	Competency improvement
On-board training	New employees	● Orientation On-board intensified training for management trainees

Management Trainee Program

Elite Eagle（精鹰计划）is a two-year training program provided by ATRenew for management trainees. It helps newcomers discover their strengths and advantages in practical work, along with training and guidance on work and management methodology, to progress more rapidly. A guidebook has been released that clarifies the goals and methods of training to help management trainees become part of our family smoothly and generate outcomes quickly. Goals of the program are as follows:

3 months	1 year	3 years	5 years
To quickly switch from a student to a workplace professional	To become a productive contributor	To become a junior manager or specialist	To become a senior manager or senior specialist

Under the program, management trainees are given opportunities to learn from, seek advice from and speak with partners and mentors. For trainees to rapidly learn about our corporate culture, rules and operations, training mechanisms such as book reading, quarterly accelerated training, and research – in the form of both class teaching and practical activities – are in place. Research projects are also launched to assist them to improve their thinking, insight, and problem analysis capability. During the reporting period, the Company had a total of 50 management trainees working across all of its business divisions – 18 of them have now graduated and 32 are still under training.

Training at Operation Centers

For staff in operation centers, ATRenew has developed various training initiatives, and a talent training system. Following a multi-dimensional review, we provide focused training and clear pathways to advancement for core members. The combination of internal and external training allows employees to grow rapidly. Among the specific training initiatives are:

● Necessary professional skills training for newly-recruited employees to enable them quickly adapt to their new roles

● Refresher training for regular employees to boost productivity and work quality

● New standards training for quality inspectors, in line with corporate strategies

● Three-month leadership training for primary-level managers at operation centers nationwide for their rapid development

Online Knowledge Platform

The online knowledge platform serves as a repository for our employees from all business divisions. Basic knowledge and instructions have been compiled into an encyclopedia for easy access by employees. The knowledge portal covers a wide range of ATRenew regulations – with four sections now available: regional quality inspection standards, front-line SOPs, offline store standards and HR policies.

Career Development

The *Promotion and Evaluation Program for ATRenew Employees* contains a transparent promotion and evaluation procedure following the principle of fair incentive. The merit-based procedure takes into account performance and output, while also focusing on ability enhancement. The process strives to match work roles and comprehensive capabilities. Besides explicit promotion conditions and procedures, we've also established a management organization for promotion assessment, in line with the principles of fairness and motivation. There are 14 ranks and three sequences set at ATRenew: M0 to M12 (management), P0 to P10 (professional), T1 to T7 (technical). The procedures of rank and level promotion are shown in the figure below.

Department proposal → Employee application → Multi-level review and approval → Rank promotion completed

Supervisor proposal → Manager review → Management reporting → Level promotion completed

Above: procedure of rank promotion; below: procedure of level promotion

Health and Safety

Recognizing the safety and health of employees is of utmost importance to the Company, as we seek to provide a workplace free of violence, harassment, intimidation and other unsafe conditions caused by either internal or external threats. Employees are given safety assurances on an as-needed basis. In addition to office safety, the Company also takes care of its employees with work-related injury insurance, accident insurance, work-related injury subsidies, and death compensation. During the reporting period, no personal accidents occurred within the Company.

Safety Training and Regulations

ATRenew's operation centers have purchased employers' liability insurance for employees' protection, and organize monthly fire-fighting training and quarterly fire-fighting drills to help raise employees' awareness of personal safety. Employees are also taught on SOPs from item reception to delivery so that they may comprehend their tasks while also keeping safety in mind.

Training at Operation Centers

In strict compliance with the *Fire Protection Law of the People's Republic of China*, ATRenew provides fire safety training to staff to educate them in the fundamentals of fire-fighting, how to identify and utilize fire-fighting facilities and equipment, and how to escape and protect themselves in the event of a fire.

Operation center fire safety training

—— by Asset Security Department
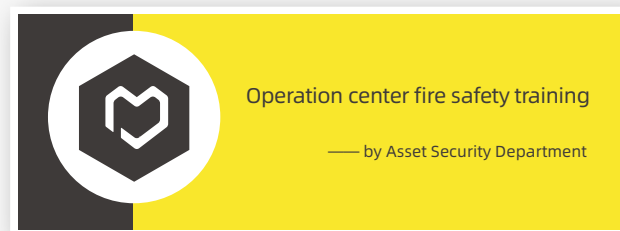
Mobilizing Against COVID-19

" "Employee safety is always the top priority."

——Kerry Xuefeng Chen, CEO

While combating the COVID-19 pandemic in 2020, we actively responded through our special working group, working mechanism, and emergency plan as required and instructed by the Chinese government and regional departments. For the safety and health of every employee and user, the Company purchased more than RMB700,000 of pandemic prevention materials for employees and comprehensively escalated the heath standards for the employees offering door-to-door services, as well as offices and offline stores around the country.

Business travel suspension

- Prohibit employees in China from business travels
- Instituted work from home policy for employees in CN + HK

Countermeasures in offices

- Disinfect three times per day
- Measure temperarure and distribute new masks on a daily basis
- Provide commonly used medicine and vitamins
- Establish office pandemic prevention rules
- Establish visiting policy during pandemic

Countermeasures at operation centers

- Develop and operate a pandemic prevention mechanism
- Establish an pandemic control headquarters
- Set up temporary offices
- Disinfect operation centers and delivery parcels
- Record staff's body temperature and disinfect visitors on a daily basis
- Play pandemic prevention videos and distribute guidelines

Post-pandemic protective measures

- Continue disinfecting offices three times per day
- Provide masks and disposable hand sanitizers on a regular basis

### Work from Home: Picture Posting Contest

The B2B Product Technology Department of ATRenew commenced working from home on February 3 to ensure high-efficiency work during pandemic conditions. All meetings were held online 7 days a week for timely communication. During the pandemic, a total of 100 product requests were released to support smooth transactions on the PJT Marketplace. To improve morale while working from home, we invited employees to post pictures of their workspace at home. We received 27 submissions and 6 of them were awarded based on votes.

Upgraded Health Standards for Offline Stores and Door-to-door Services

ATRenew upgraded the health protection standards for its 700+ offline stores and door-to-door services. All stores were required to complete disinfection as per the standards of star-rated hotels on a daily basis to ensure floors, counters and seats were disinfected. Disposable hand sanitizers and disinfectant wipes were also available in the stores.

- When providing services, quality inspection engineers must wear masks throughout the process.
- When receiving customers, staff must keep a distance of 1.3 meters and keep a 25-degree angle from the customers.
- All quality inspection engineers must report body temperature twice a day.
- When providing door-to-door services, quality inspection engineers are required to use electric vehicles and avoid alternative modes of transportation with big crowds, such as subways and buses, to minimize the risk of infection.
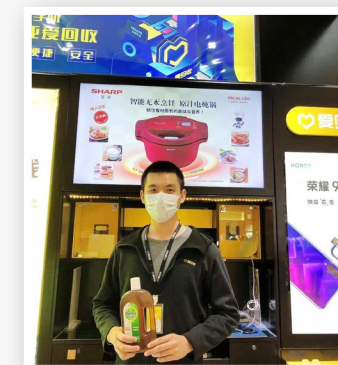
Internal Protective Measures against COVID-19

To deal with the severe pandemic and ensure the safety of all employees and the normal operation of ATRenew, we developed the following protective measures.

Thorough Office Disinfection	Supplies Provision	Promotion of COVID-19 Prevention and Control Handbook	Protective Measures in Offices	Employee Health Record	Supporting Services
Before employees return to work, all offices are thoroughly disinfected to ensure a hygienic and safe working environment.	Protective supplies are provided in offices, including disposable masks, effervescent tablets, and medical alcohol, for the safety of subsequent operations.	Employees are taught on proper prevention measures and how to ensure implementing the preventions when serving customers.	All visitors should wear masks properly as required. Body temperature is measured at 9:00am every day. Those whose body temperature exceeds 37ºC will be re-examined. If there is any irregularity, they are not allowed to enter offices. Offices are thoroughly disinfected 3 times a day (8:30, 15:00 and 20:00). Hand sanitizers are provided in office toilets.	Employees' body temperature should be measured and recorded when arriving at and leaving from their workplaces.	In case of any related problems on their way to and from work, employees may directly contact their HRBP for quick answer and resolution. Posters of pandemic prevention and control, alternative meal break notice, and front-desk visitor registration notice are posted in offices. Vaccination is supported in collaboration with the office buildings and campuses where we work.

Employee Wellbeing

ATRenew cares for its employees by establishing a sound employee welfare mechanism, assisting in resolving practical difficulties, and regularly organizing a number of team-building activities. The aim is to make work more enjoyable and balanced, and improve employee wellbeing.

RMB 2 million
Fund for interest-free housing loans

Housing Loan Scheme

We have prepared a fund of RMB2 million as interest-free housing loans to staff (the available amount of the fund is jointly managed by the HR Department and the Finance Department) to relieve possible financial burden on employees and their families, as well as to motivate and retain personnel.

Employee Death Compensation

ATRenew's *Employee Death Compensation Regulations* is intended to provide subsidy in case of the sudden death of employees, in keeping with the people-oriented philosophy of the Company.

Trade Union Involvement

Subject to the *Labor Law of the People's Republic of China*, the *Trade Union Law of the People's Republic of China*, and the *Ministry of Human Resources and Social Security* by the former Ministry of Labor and Social Security, the Company has entered into the *Collective Bargaining Agreement* with the Company Trade Union to protect the rights and interests of employees, establish harmonious labor relations and facilitate economic development. Under the agreement, the two parties may negotiate on topics such as employee leave, vacation, work safety and health, special protection for female employees and underage labor, vocational skills training, prevention and handling of labor disputes, and democratic management of employees.

360
Number of employees joining in Trade Union

15%
Proportion of the number of employees joining in Trade Union

Listener Program

ATRenew has set up a Listener Program to receive and resolve employees' difficulties that are submitted anonymously. During the reporting period, a total of 582 issues were received, achieving a resolution rate of 100%. In this program, all requests are compiled into briefings every two months for review and improvement.

100%
Resolution rate of 582 issues collected from the Listener Program

Operation updates

- **Form of announcement:** send poster in all-member group for maximum coverage
- **Project scoring mechanism:** open the scoring system to all staff for more feedback
- **Project operation review:** bi-monthly briefing to review and optimize the Listener Program
- **Sorting past issues:** mainly self-operated business / operation centers / PJT Marketplace
- **Email responses:** sent respectively by business lines

Staff Activities and Team Building

ATRenew organized a variety of employee activities, including Growth Day, Industry-Research Day, team building, Children's Day, Halloween, Christmas, New Year's Day, Spring Festival and Women's Day. They are great for improved team cohesion and increased staff communication.

12
Schools Supported

82
Number of Devices Reported "Lost" or "Stolen" were Turned to the Police

06.

Collective Actions

As a leader and pioneer in pre-owned consumer products recycling and the transaction services industry, ATRenew interacts with stakeholders in a responsible manner, growing together with partners as part of a larger ecosystem. We develop management rules and assessment criteria and deliver diverse training to empower our platform merchants. We are aware of the importance of sustainability and social responsibility, and committed to bringing concrete actions to help shape a responsible ecosystem and generate social and environmental value.

Responsible Ecosystem

ATRenew has long been committed to a concerted journey with its partners. A management system for new and existing suppliers has been put in place here, including access procedures, evaluation criteria and detailed procurement policies. The aim is for legal, rational and efficient procurement, as well as sound, fair and transparent partnership. Our polices such as the *Procurement Policy of AiHuiShou*, the *AiHuiShou Anti-Commercial Bribery Agreement*, the *AiHuiShou Commercial Confidentiality Agreement*, and the *Health, Safety, Security and Environmental Requirements on Contractors*, represent higher sustainability and social responsibility requirements under a robust supplier management system, as part of our efforts to contribute to a responsible ecosystem.

Sustainable Procurement

ATRenew procures products and services required to support the operations of itself and its affiliates. When reviewing new suppliers, we require the provision of business licenses, tax registration certificates, account opening certificates and bank information, as well as the signing of confidentiality and anti-corruption agreements. Candidates are also asked to provide due diligence reports issued by our designated 3rd party service providers, to ensure that all of our suppliers are legally compliant.

The Company also pledges to responsible management and the protection of natural resources and biodiversity. Following the sustainable procurement principle, we preferentially purchase sustainable products, and encourage our affiliates and companies under our joint control to identify, select and buy products with lower environmental and social impacts. Suppliers are also subject to our comprehensive appraisal in sustainability performance in accordance with procurement policies.

During the procurement process, we take into account both public interests and business growth, as well as how to optimize environmental impacts, social impacts and cost performance. In other words, we consider the following factors where appropriate:

- Use minimal raw materials for production
- Replace single-use items with reusable or recyclable items or avoid using disposable items
- Impose minimal impact on environment throughout the life cycle of products or services
- Avoid or limit the use of packaging
- Reduce energy/water consumption
- Reduce or avoid the use of toxic substances
- Consider waste disposal (high recyclability)

A supplier who meets the following criteria is preferred:

It has a policy setting out its sustainability values and commitments	It has a sustainability certificate or award	Its sustainability management system or quality management system takes environmental and social factors into account	It complies with the Company's supplier code of conduct and all applicable environmental and social regulations

Supplier Management

Aside from pricing considerations, the Company selects and evaluates suppliers based on multiple factors. These include but are not limited to the following:

Pricing

Proposal correspondence with procurement demands	Competitiveness, completeness and transparency of quotations	Supplier sustainability	Payment methods, after-sales services, value-added services, etc.

Based on the evaluation results, we rank our suppliers accordingly:

Level	Title
3	Strategic supplier
2	Preferred supplier
1	Approved supplier
0	Common supplier
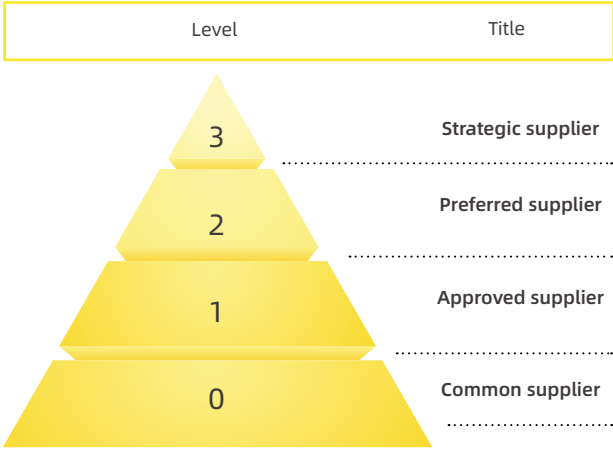
Below is our objective annual supplier assessment, evaluated quantitatively as per predetermined items and criteria. Corresponding suggestions are in accordance with the principles of objectivity and fairness.

Score	Rating	Suggestion
9 and above	Excellent	Level up
7-8	Good	Level retention
5-6	Satisfying	Level retention
0-4	Dissatisfying or Poor	Partnership suspension or termination

We have also included environmental and social terms in our agreements with suppliers, and set up a "supplier blacklist". In case of any circumstance shown in the figure below, our relevant departments will discuss whether the supplier concerned should be added to the "blacklist", and whether to suspend or terminate cooperation with the supplier.

Unfair competition	Service and quality deficiencies in health, safety and environment	Commercial bribery and unethical business practices	Dishonest	Provision of false information	Violation of confidentiality agreement

Social Responsibility of Supply Chain

ATRenew continues to create employment opportunities , establish a more inclusive and efficient management mechanism, pay greater attention to environmental protection, and promote green office and procurement, while encouraging our suppliers to do the same.

Create job opportunities, provide decent jobs, and establish a more inclusive and profitable management mechanism

Promote the hiring of the long-term unemployed and professional workers
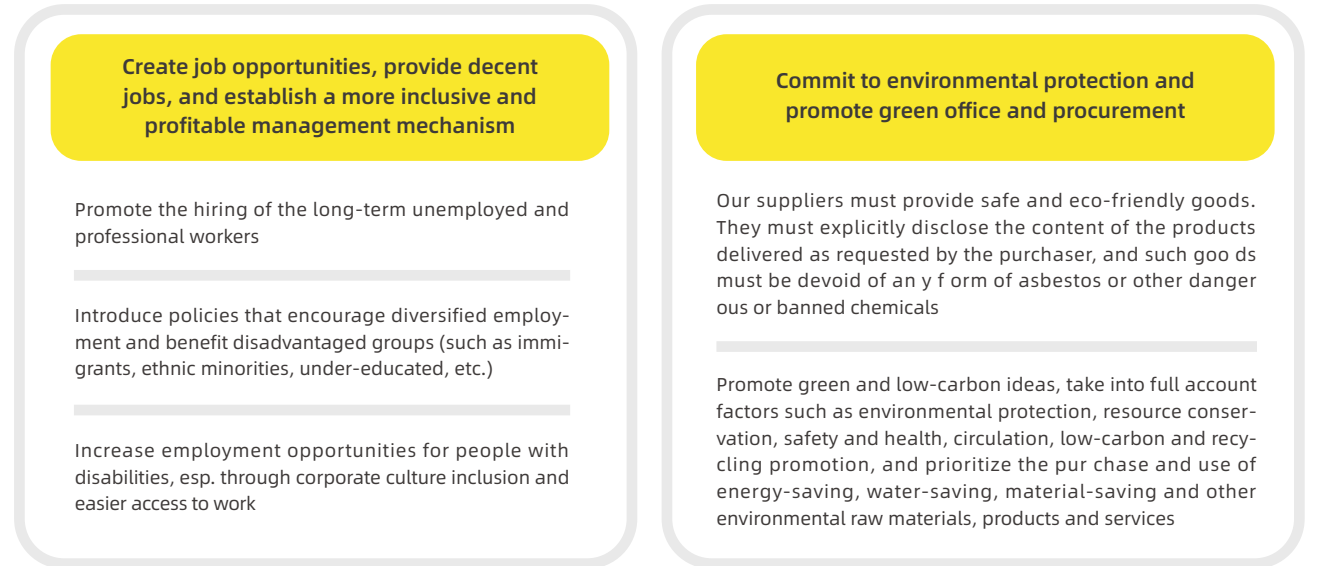
Introduce policies that encourage diversified employment and benefit disadvantaged groups (such as immigrants, ethnic minorities, under-educated, etc.)

Increase employment opportunities for people with disabilities, esp. through corporate culture inclusion and easier access to work

Commit to environmental protection and promote green office and procurement

Our suppliers must provide safe and eco-friendly goods. They must explicitly disclose the content of the products delivered as requested by the purchaser, and such goo ds must be devoid of an y f orm of asbestos or other danger ous or banned chemicals

Promote green and low-carbon ideas, take into full account factors such as environmental protection, resource conservation, safety and health, circulation, low-carbon and recycling promotion, and prioritize the pur chase and use of energy-saving, water-saving, material-saving and other environmental raw materials, products and services
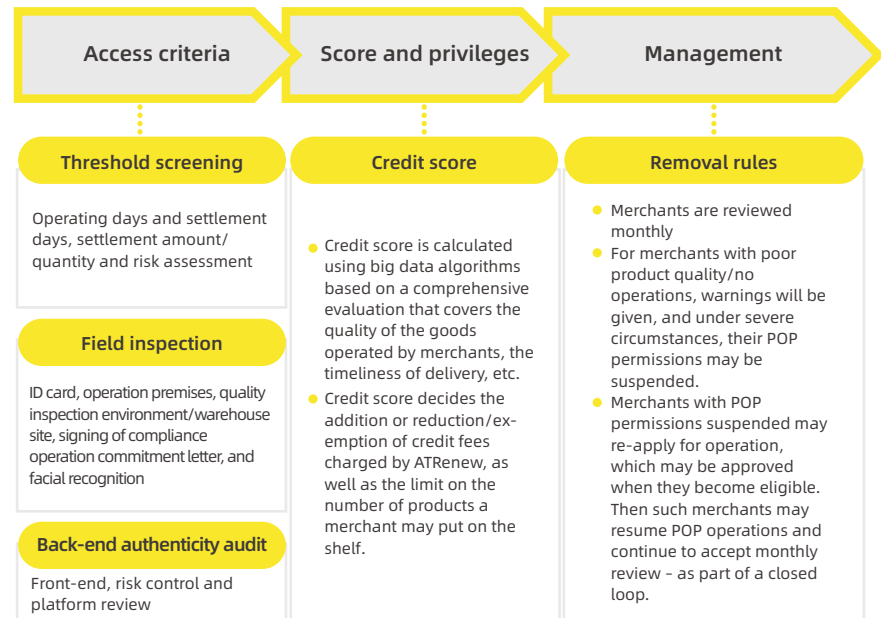
> ATRenew is committed to its CSR values in its everyday interactions with suppliers, so as to fulfill the goal of protecting the environment and promoting social harmony.

Responsible Merchant Management

ATRenew supports merchants in various aspects of operation on our platforms. For them, access and removal rules, and a system of grades and privileges, are put into place. Apart from comprehensive assessment, we also deliver basic, standard and up-to-date training to merchants under applicable management regulations.

ATRenew has established three-dimensional access criteria for POP merchants, including condition-based screening, first-line field inspection, and back-end authenticity audit. By adding a credit scoring mechanism and offering corresponding privileges, we are able to oversee merchant behaviors. Termination rules are also set to improve the efficiency, fairness and transparency of industry-wide merchant management.

Access criteria → **Score and privileges** → **Management**

Threshold screening

Operating days and settlement days, settlement amount/ quantity and risk assessment

Field inspection

ID card, operation premises, quality inspection environment/warehouse site, signing of compliance operation commitment letter, and facial recognition

Back-end authenticity audit

Front-end, risk control and platform review

Credit score

- Credit score is calculated using big data algorithms based on a comprehensive evaluation that covers the quality of the goods operated by merchants, the timeliness of delivery, etc.
- Credit score decides the addition or reduction/exemption of credit fees charged by ATRenew, as well as the limit on the number of products a merchant may put on the shelf.

Removal rules

- Merchants are reviewed monthly
- For merchants with poor product quality/no operations, warnings will be given, and under severe circumstances, their POP permissions may be suspended.
- Merchants with POP permissions suspended may re-apply for operation, which may be approved when they become eligible. Then such merchants may resume POP operations and continue to accept monthly review – as part of a closed loop.

ATRenew has a sound training and management program in place for its platform merchants. The specific procedure is shown in the figure below.

Merchant selection — The Training Department regularly reviews merchant data and checks the performance of new functions, together with persons responsible for back-end platform operations and merchant operations, and then selects the merchants that need training. **1**

Targeted training — Concerning the merchants showing a greatly increased return rate and other merchants in question, targeted training is delivered every month; for new products and functions, themed training will be organized nationwide. **2**

Training content — The Training Department develops overall training plans, schedules, materials, examination questions, etc. for trainees. **3**

Participation and examination — All merchants are required to sign in, join the training and examination. **4**

Reward and punishment — Merchants that have scored high in examination and have not participated in the training are rewarded and punished respectively. **5**

Outcome review — Merchants that have participated in the training and examination are subject to regular performance review. This is to ensure desirable training outcomes and form a closed loop. **6**

Training Program for POP Merchants

ATRenew aims to help POP retailers improve their professionalism, lower return rates, and increase the credit and confidence of selected merchants, thereby forming a virtuous loop.

During the reporting period, a total of five training programs were completed, covering 456 merchants. They were trained on platform rules, quality inspection standards, delivery specifications, merchant rights, after-sales requirements and so on. Major achievements include the following:

- After training, the return rate decreased by 0.39% on average, and lower than the overall return rate
- After training, an average of 45.84% of merchants improved their credit scores, significantly better than the platform average

Year-end Comprehensive Skill Competition and Training

ATRenew launched a competition to encourage employees to learn and improve their comprehensive competency. Sales consultant quiz, Paipai quality inspection standards, SOPs for resolving consignment model on at Paipai, and common scenario drills for sales consultants were included in the three-day training. In the end, all staff passed the examination, and were 100% satisfied with the training.


100%

Training satisfaction rate

Industry Involvement

ATRenew is the vice-chairman unit of *China Resale Goods Trading Association*, a council member of the *Shanghai Information Services Association* and a member of the *Shanghai Resource Recycling Association*. Harnessing our unique advantages and insights as an industry leader, we have been actively engaging in the exchanges and cooperation with the sector, groups and associations, including but not limited to data provision, practice sharing, standard drafting, findings and viewpoints presentation, personnel exchanges, etc.

Construction and Management for Internet Resale Goods Trading Platform

Changzhou Yueyi Network Information Technology Co., Ltd., a wholly-owned subsidiary of ATRenew, joined hands with *China Resale Goods Trade Association (CRGTA)* and other parties to draft the domestic trade industry standard *Specification of Construction and Management for Internet Second-Hand Goods Trading Platform* (SB/T 11229-2021). The document specified the requirements for the construction and management of online platforms for pre-owned goods trading.
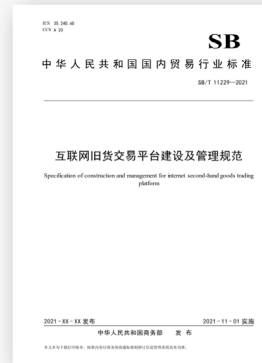
Second-hand Electronics Detection and Identification

Guided by CRGTA, Changzhou Yueyi Network Information Technology Co., Ltd., a wholly-owned subsidiary of ATRenew, participated in the drafting of four standards for second-hand electronics detection and identification together with other enterprises and industrial committees. The four group standards contain the basic requirements for testing, as well as instructions on how to set technical parameters and grades. All the standards were released and took effect in 2017.

- *Acquisition of Used Mobile Phone – Detection and Identification*
- *Sales of Used Mobile Phone – Detection and Identification*
- *Acquisition and Sale of Used Tablet PC – Detection and Identification*
- *Acquisition and Sale of Used Laptops – Detection and Identification*

Social Welfare

As an innovator and leader in the global second-hand recycling industry, ATRenew's operations root in its supply chain capacity. The Company adheres to a technology-driven path, and leverages its capabilities to empower the entire sector. We assume our social and environmental responsibilities, pursue social and environmental value, and act as a role model that combines social, environmental and commercial value.

COVID-19 Responses and Donations

RMB549,661

Total donations for the pandemic-impacted region, including both CEO's personal donations and external donations

In the first quarter of 2020, the COVID-19 pandemic outbreak in China and across the world was an unprecedented challenge. All ATRenew employees united as one and fought against the pandemic. As of February 28, 2020, our donations for the pandemic-impacted region, including our CEO's personal donations and external donations, totaled RMB549,661. In addition, the Company promptly purchased materials that were under short supply and shipped them to a newly-built hospital in Daye City, the Second People's Hospital and the Jinniu Hospital in Jinniu Town of Hubei Province.

The anti-pandemic donations included

- **120,000** disposable medical masks
- **2,000** barrels of 84 disinfectants
- **15** boxes of medical gloves
- **200** pairs of protective goggles
- **1,000** disposable quarantine gowns
- **200** boxes of instant noodles
- **90** boxes of corn oil

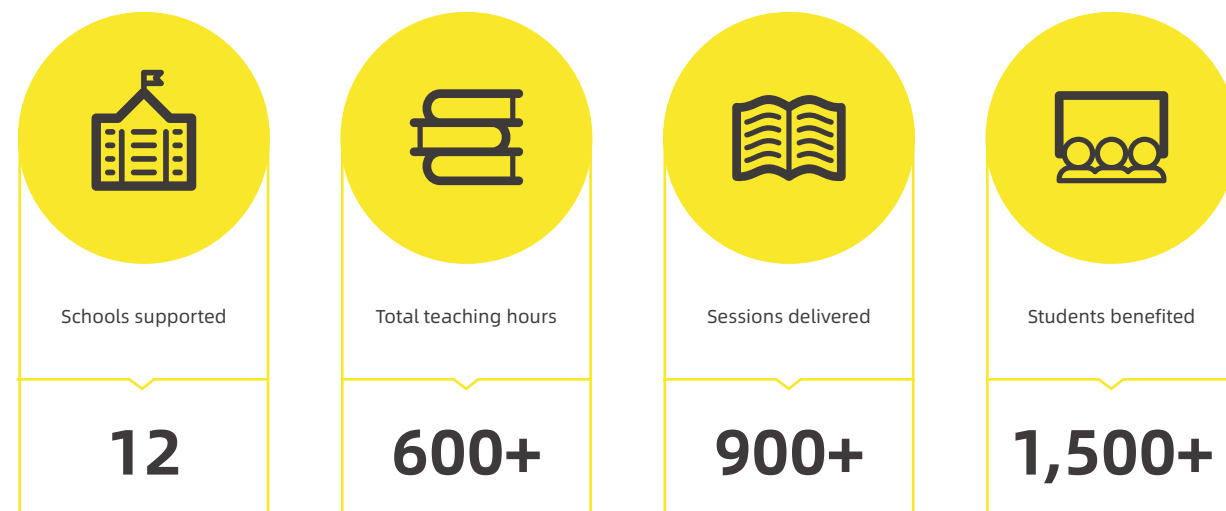# HuiShouAi (回收爱), Digital Education Aid Program for Rural Children

Our charity program HuiShouAi, established in 2018, is intended to contribute to the sustainable development of the society.

The Digital Education Aid Program for Rural Children was jointly initiated by ATRenew and the charity organization Pad for Hope. It aims to help children in rural villages broaden their horizons through online education, so that they could compete fairly with the children living in cities. Through our program, we recycle and repurpose idle items, extending their service life and delivering them to those who truly need them. Meanwhile, through our offline stores, we also recycle and donate used clothes and toys.

Thanks to targeted poverty alleviation and individual donations, millions of children in mountainous villages have been living a better life. However, the lack of educational resources has isolated them from the rest of the world. We believe that enriching and diversifying art education and tapping into the potential of children living in rural regions is the key to caring for their growth.

As of December 31, 2020, the Digital Education Aid Program for Rural Children had funded a total of 12 schools, where 936 sessions – equivalent to 640 hours – were given to 1,560 students. In each school, at least 20 extended courses are delivered per semester. Apart from modern-skill courses such as music, art and technology, psychological counseling, students are also guided by volunteers from all walks of life to appreciate the wonderful world.

12	**600+**	**900+**	**1,500+**
Schools supported	Total teaching hours	Sessions delivered	Students benefited

Although the pandemic limited offline public welfare events in 2020, online courses continued. A total of 396 sessions – equivalent to 264 hours – of online instruction were completed as part of the program. In 2021, 10 more schools are expected to join the program.

Art, Culture and Science

Music Class

- Together with the ERC Chinese Top Ten program and celebrities, we traveled to Sichuan and opened a voluntary music class there. Meanwhile, we also witnessed the everyday life of children in rural areas.
- In addition to fundamental education, we invited students to get close to arts, hoping to improve thier comprehensive competency.

Picture Book Program

- We brought idle iPads to villages, opening a window for rural children to connect with the outside world.
- Children in mountainous villages equally have musical and artistic gifts, which should not be overlooked, but rather discovered and developed.

HuiShouAi x The Palace Museum

- In collaboration with the Beijing Palace Museum, we enlivened cultural relics of the Forbidden City by reproducing them as animations, to present historical stories and Chinese traditional culture.
- These animation characters were also made into scrapbooks and distributed to kids, to expand the coverage of our cultural inheritance program.

**HuiShouAi x National Geographic Summer Camp**

- The program introduced young people to the world of science and technology. We intended to awaken children's desire for scientific and technical knowledge by presenting the construction and function of drones and displaying images shot by drones.
- Technology was used to help children see a bigger world and communicate with the outside world.

Product Information Query in Assistance of Police Investigation

During the recycling process of used 3C products, ATRenew has added a cooling-off interval between the product receipt and quality inspection stage. All devices that have been turned to "lost mode" or with a replaced product serial number are reported to cybersecurity administrations and returned to their owners in a timely manner.

All devices in lost mode or have the serial number replaced will not be processed, but instead, submitted for investigation. Two ways of identification are active identification (when a mobile phone is in lost mode) and passive identification (when a mobile phone matches the information provided by the police). The Company will, by inquiring the serial number of each phone, transfer the devices that cannot be found via formal channels or that have been reported for loss to the police.

Number of devices that were turned on lost mode and replaced with serial number and returned during the reporting period

15,456   3,228
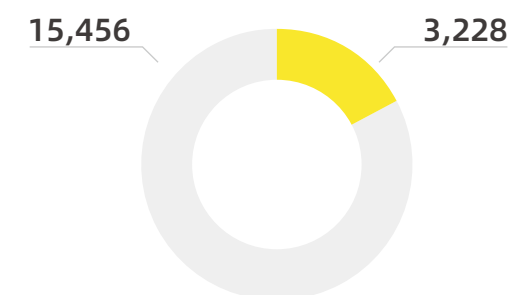
- Phones that were turned on lost mode
- Phones that were replaced with serial number

During the reporting period, a total of 18,684 mobile phones that were turned on lost mode or with a replaced serial number were returned to merchants, accounting for 0.812 ‰ of the 23 million total devices received and processed by ATRenew. Specifically, 3,228 had "lost mode" turned on and 15,456 had serial number replaced.

During the reporting period, the company turned 82 reported "lost" or "stolen" devices to the police.

Redmi Note 7 Pro	On November 9, 2020, Manager Mr. Yu presented the Notice of Police Evidence Collection to apply for recovery of the device.	On November 18, 2020, the device was handed over to the police.
Apple Airpods - 2nd Generation	On October 29, 2020, Manager Mr. Zheng provided the Public Security Incident Registration Form to ATRenew to apply for recovery of the device.	On November 4, 2020, the device was recovered.
Lenovo IdeaPad 100S (14")	On December 4, 2020, Manager Mr. Lang provided the Public Security Incident Registration Form to apply for recovery of the device.	On January 7, 2021, the device was handed over to the police.

Empowering Small and Micro Businesses in Support of Rural Revitalization

By way of improving rural living and promoting rural revitalization, the Company continues to empower small and micro businesses, as well as those in underdeveloped areas, and supports college students to start businesses and increase income.

	Background	Support from ATRenew	Current Situation
Merchants in underdeveloped areas	Zhu, a customer from a county in Wenzhou, Zhejiang, used to repair and recycle mobile phones, with monthly sales of around RMB20,000 only.	In the second half of 2020, a supervisor found the customer when seeking market expansion, and through standard training, preferential sales policy, and updating of platform rules, the supervisor helped the customer smoothly open up a shipping channel.	The customer now delivers monthly sales of RMB400,000.
College students engaged in start-ups	Wang, a customer from Sichuan, started his own business as a college student, and was a backpacker before 2018.	In 2018, the customer learned about the Paijitang Marketplace as introduced by a supervisor and soon earned his first pot of gold.	The start-up is constantly expanding, and has provided jobs for 30 people.
Small and micro businesses	Lin, a customer from Lianyungang, had a small booth running before 2018, with profit of RMB7,000-8,000.	In 2018, when seeking new markets, a supervisor introduced the PJT Marketplace to the customer, who then started operating on the platform.	Now the customer has established a company and is managing a team of around 10 members.

Appendix 1: Key Performance

2020 Environmental Key Performance

Indicators[1,2]	2020	Unit
Indirect energy use		
Total electricity consumption	4,280,524	kWh
Electricity use – Offices and operation centers	2,242,765	kWh
Electricity use – Self-operated stores	1,455,225	kWh
Electricity use – Jointly-operated partner stores	582,534	kWh
Greenhouse gas emissions		
Total emissions	5,917.44	Tonnes of carbon dioxide equivalent
Scope 1[3]	0.00	Tonnes of carbon dioxide equivalent
Scope 2[4]	2,503.60	Tonnes of carbon dioxide equivalent
Scope 3 – Downstream leased assets[5]	396.57	Tonnes of carbon dioxide equivalent
Scope 3 – Business travel[6]	271.68	Tonnes of carbon dioxide equivalent
Scope 3 – Upstream and downstream transportation and distribution[7]	2,745.59	Tonnes of carbon dioxide equivalent
Emission intensity (Scope 1 + 2)	0.515	Tonnes of carbon dioxide equivalent/ RMB million
Water Resources		
Total water consumption[8]	9,591.75	Tonnes
Water use – Urban utilities	9,495.00	Tonnes
Water use – Bottled water	96.75	Tonnes
Water consumption intensity	1.97	Tonnes/ RMB million
Integrated sewage discharge	7,596.00	Tonnes
Sewage discharge intensity	1.56	Tonnes/ RMB million
Waste		
Total non-hazardous waste	8.14	Tonnes
Total recyclables	184.98	Tonnes
Packaging consumables		
Total packaging materials[9]	398.38	Tonnes

Notes：

1. Environmental data was collected from January 1, 2020 to December 31, 2020, covering the Company's 5 offices located in Shanghai and Beijing, 7 operation centers (Shanghai, Changzhou, Chengdu, Wuhan, Tianjin, Shenzhen and Hong Kong), and self-operated stores and jointly-operated partner stores across China.
2. The intensity of environmental data is calculated using the total amount in 2020 divided by the Company's revenue for that year in RMB million.
3. Greenhouse gas emissions (Scope 1) come from the direct use of fuels such as gasoline, diesel and natural gas. Since the Company's operation does not entail the direct use of fuels, the greenhouse gas emissions (Scope 1) are zero.
4. Greenhouse gas emissions (Scope 2) are from purchased electricity. The calculation of greenhouse gas emissions refers to *The Enterprise Greenhouse Gas Emissions Accounting and Reporting Guidelines – Other Industries (Trial)* by the National Development and Reform Commission of the People's Republic of China and *The CLP Sustainability Report 2020* by CLP Holdings Limited.
5. Greenhouse gas emissions (Scope 3 - Downstream leased assets) are mostly from the purchased electricity used in jointly-operated partner stores.
6. Greenhouse gas emissions (Scope 3 - Business travel) mainly include the emissions from air travel by ATRenew employees for business purposes. The calculation refers to the ICAO Carbon Emissions Calculator provided by the *International Civil Aviation Organization (ICAO)*.
7. Greenhouse gas emissions (Scope 3 - Upstream and downstream transportation and distribution) are mainly attributed to JD Logistics and SF Express. The calculation refers to the Technical Guidance for Calculating Scope 3 Emissions *(version 1.0)* by the Greenhouse Gas Protocol, with calculation coefficients provided by logistics companies.
8. The calculation of total water consumption covers the urban utility water and bottled water used by offices and 7 operation centers of the Company.
9. Packaging consumables are cardboard boxes used in the process of product transportation and packaging.

2020 Social Key Performance

Indicators	2020	Unit
Employment		
Total employees	2,388	Person
Senior management	37	Person
Female senior management	7	Person
Middle management (e.g., department managers)	298	Person
Regular employees	2,053	Person
Male employees	71.28	%
Female employees	28.72	%
Employees aged 30 and below	62.35	%
Employees aged 31-49	37.48	%
Employees aged 50 and above	0.17	%
Employees with disabilities	16	Person
Number of employees joining in Trade Union	360	Person
Employees joining in Trade Union	15	%
Total new recruits[10]	310	Person
New male recruits	186	Person
New female recruits	124	Person
Health and safety		
Work accidents	8	Accident
Work-related fatalities	0	Person
Lost working days due to work injury	540	Days
Lost working hours due to work injury	4,320	Hours
Absence[11]	3.06	%
Staff training (C2B)		
Total training hours for 2020	10,899.7	Hours
Employees trained for 2020	24,507	Person-times
Average training hours per capita for 2020	0.44	Hours
Employees participating in training as a percentage of total employees	83.00	%
Staff training (B2B)		
Average training hours per sales employee	30.87	Hours
Sales employees trained	9,864	Person-times
Staff training (Operation centers)		
Average training hours per capita	20.49	Hours
Employees trained	809	Person-times
Staff training (ATRenew)		
Average training hours per capita	10	Hours
Employees receiving regular performance and career development reviews as a percentage of total employees	95.60	%
Satisfaction		
Employee satisfaction (Company employees)	4.42	/5
Employee satisfaction (first-line employees)	4.12	/5

Notes:
10. The calculation of total new recruits covers regular employees only, as of December 31 of the reporting year.
11. Absence rate is the number of absent days divided by the number of scheduled working days during the reporting period.

2020 Supplier Management Key Performance

Indicators	Data	Unit
Paipai Marketplace		
Total merchants trained	2,100	Merchant
Average training hours per merchant	2.5	Hours
Total sellers registered	2,399	Seller
New sellers	674	Seller
PJT Marketplace		
Total merchants trained	3,016	Merchant
Average training hours per merchant	6.5	Hours
Total buyers registered	92,515	Buyer
Total sellers registered	111,925	Seller
New buyers	38,522	Buyer
New sellers	51,237	Seller

Appendix 2: GRI Standards and Content Index

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102-18	Governance structure	Corporate Governance - Governance Structure	P11
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To Give a Second Life to All Idle Goods

万物新生
ATRENEW

爱回收　　拍机堂　　拍拍　　AHS DEVICE