



# 2022

## | Leqee Sustainability Report & ESG Report

# CONTENTS

Message from the CEO	01	<b>Topic 1</b> Conveying Warmth of Leqee, Building A Better Society Together	19
Get to Know Leqee	02		
Leqee's ESG System	13	<b>Topic 2</b> Green and Low-carbon Development for A Sustainable Future	29

01

## Strengthening Corporate Governance for A Better Future

Risk management	39
Business ethics	41
Protection of intellectual property rights	42

02

## Improving the E-commerce Ecosystem

Responsible marketing	45
High-quality customer services	48
Data security and privacy protection	51



Table of Key Quantitative Performance Indicators	73
Table of Benchmarking Indexes	77
Instructions for Report Preparation	79

03

### Breaking Boundaries and Upgrading to Co- create Industry Value

Long-term development driven by digital intelligence	55
Deep engagement in digital retail	57
Promote the industry-university-research integration	60

04

### Team Efforts, Long-term Accumulation

Employee employment and diversity	65
Employees' rights and benefits	66
Employee training and development	69
Employee health and safety	72





## Message from the CEO

Founded in 2009, Leqee is dedicated to providing brands with digital and e-commerce services across the value chain and driving business development through the dual-driver pattern of “transaction field + content field”.

Having experienced the golden decade of e-commerce development, we’ve gained profound insights into China’s retail business and consumers. Through continuous iteration of professional capabilities and expansion of business boundaries, we have built six core business segments: shelf e-commerce, private domain e-commerce, content e-commerce, channel management, brand incubation, and digital intelligence solutions, to facilitate the e-commerce business from the front end to the back end based on the business needs of different stages of the brand.

“Integrity, responsibility, win-win cooperation and results orientation” are values of Leqee. Over the past 14 years, Leqee has been specialized in beauty & personal care, maternity & childcare, food, digital products, luxuries, health, pets, drinks and other key categories, spared no effort to facilitate the development of brand business and e-commerce ecosystem, and been recognized and certified by the government, platforms, brands, consumers, strategic partners and so on.

As an evolving digital intelligence service provider, Leqee has established an industry-leading product technology team to empower the entire business link with a full-process self-developed system and achieve “synchronous development of technology and business”. From brand strategy, audience insight, digital marketing, channel expansion, to store operation, consumer operation, intelligent customer services, warehousing logistics, and product technology solutions, Leqee has won the trust of more and more Fortune Global 500 companies and well-known brands with the whole value chain service model. Besides, it has cooperated with a number of brands for 8-10 years, and the depth and breadth of the cooperation between them is still expanding.



In recent years, in order to reshape the industry pattern and upgrade the brand strategy, Leqee has implemented the “all-platform, multi-category” strategy, successfully developed the business segments of content e-commerce and private domain solutions based on years of practical e-commerce experience, set up a team of live streaming commerce and content production talents, and built a brand livestreaming base of nearly 5,000 square meters, to fuel the new growth of brand business with efficient operation and outstanding contents.



Today, while committed to business development, Leqee also focuses on sustainable development. We firmly believe that ESG has become an important driver for the high-quality development of enterprises, and the e-commerce industry has gradually shifted from only focusing on GMV (Gross Merchandise Volume) indicators to a higher level of multiple strategic layout, such as green development, social responsibility, and corporate governance.

In the past year, Leqee strengthened green and low-carbon measures, reduced the consumption of water and electricity resources in the company's operation, warehousing and logistics links, used a large amount of environmentally friendly materials, worked together with cooperative brands to reduce the amount of commodity packaging materials, optimized the layout of warehouses in multiple places, and coordinated transportation routes in a digital and intelligent way to significantly reduce energy consumption.

Leqee showed the warmth an enterprise should have and fulfilled its social responsibility. Within the company, we focused on equal rights and employee care by creating a good working atmosphere, continuously improving the training and promotion mechanism, and increasing the investment in employee compensation and welfare. Outside the company, we launched practical industrial projects and donations for common prosperity, rural revitalization, helping left-behind children, caring for minority groups, supporting medical scientific research, and paying tribute to urban front-line workers, so as to make our contributions to the development of digital economy and the improvement of community life in underdeveloped areas.

Leqee laid a solid foundation for sustainable development through compliant business operations, firmly carried out internal audit work, and implemented integrity measures such as anti-corruption, anti-commercial bribery and reporting management under the leadership of the Party committee and the supervision of the discipline inspection commission. It adhered to responsible marketing in all sectors of business, and implemented compliance and red line management. As an online retail operator, Leqee attached great importance to network information security, and took a number of measures to strengthen the awareness, implement relevant measures, manage online system settings, and adhere to the "lifeline" of the enterprise.

Looking ahead, Leqee has higher requirements for itself, and will continue to play the following three "roles" well:

First, be a leading digital and e-commerce service provider for brands. Leqee will continue to improve its multi-dimensional professional service capabilities to bring more warmth, peace and pleasure to the digital retail and consumption experience, satisfying the demands of brand partners and consumers.

Second, be a good co-builder of e-commerce ecology. Leqee will follow national policies, market rules and platform regulations, strengthen the co-creation and linkage with all parties, strive to share ideas and practical experience, and work together with other parties to explore the forefront of ecology and industry.

Third, be a practitioner of sustainable development and ESG. Leqee will always adhere to self-examination in the three major areas of environment, society and governance, continue to improve the ESG system, explore relevant issues in depth, and implement various ESG practices.

Leqee is a member of the e-commerce ecosystem. In more than ten years of development, we have received precious support from society and the industry, and we look forward to giving back to society. Leqee will always adhere to its long-term strategy, and continue to work hard for its long-term, orderly, steady and professional development of e-commerce ecology!

**Liu Kai, CEO of Leqee**

# Get to Know Leqee

## Company profile

### About Leqee

Leqee Group (hereinafter referred to as Leqee, Group, Company, we) was founded in 2009, and has set up branches in Shanghai, Hangzhou, Beijing, Guangzhou, Hong Kong, Tokyo, Seoul, Dongguan, Yancheng, Haikou and other cities, with nearly 4,000 employees. Leqee is a full-value chain digital and e-commerce service platform for brands, providing full-link e-commerce solutions for numerous Fortune Global 500 companies and well-known brands at home and abroad, with the total amount of commodity transactions reaching RMB 20 billion annually, and more than 50 stores registering annual sales exceeding RMB100 million. The Company has experienced a golden decade of rapid growth in the e-commerce industry, accumulated rich experience and industrial insights in the field of fast-moving consumer goods, and boasts industry-leading multi-dimensional professional capabilities.

### Business layout

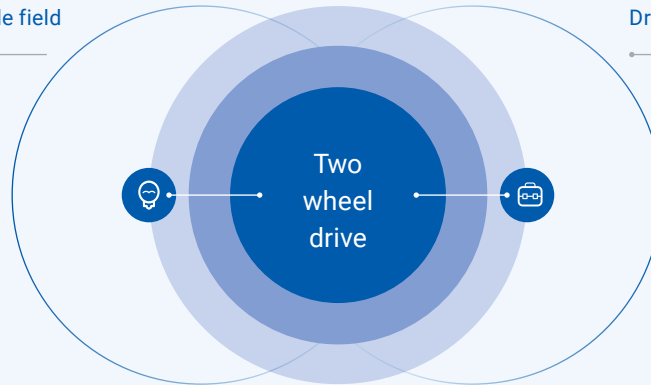
Since its establishment 14 years ago, Leqee Group has been deeply engaged in the fields of beauty & personal care, maternity & childcare, food, digital products, luxuries, pets, big health, drinks, etc. It operates official e-commerce flagship stores for brands on Tmall, JD, Douyin, Kuaishou and other platforms, and provides mini programs and official website development and operation services for certain brands. It has more than 150 partners and operates nearly 300 stores. Now, Leqee has built a business development model featuring transactions and content as growth drivers and formed six core business segments, namely shelf e-commerce, private domain e-commerce, content e-commerce, channel management, brand incubation, and digital intelligence solutions, covering front-end, mid-end, and back-end services, which can meet the business needs of brands at different stages and facilitate the growth of brands in China's digital retail market. In this way, a dual-driver business development pattern of "transaction field + content field" of Leqee is formed.



## Driven by high-efficient trade field

## Full value chain service upgrading

- Brand consultation and digital marketing
- Store operation and customer experience
- Channel expansion and warehousing logistics
- Technical and product solutions

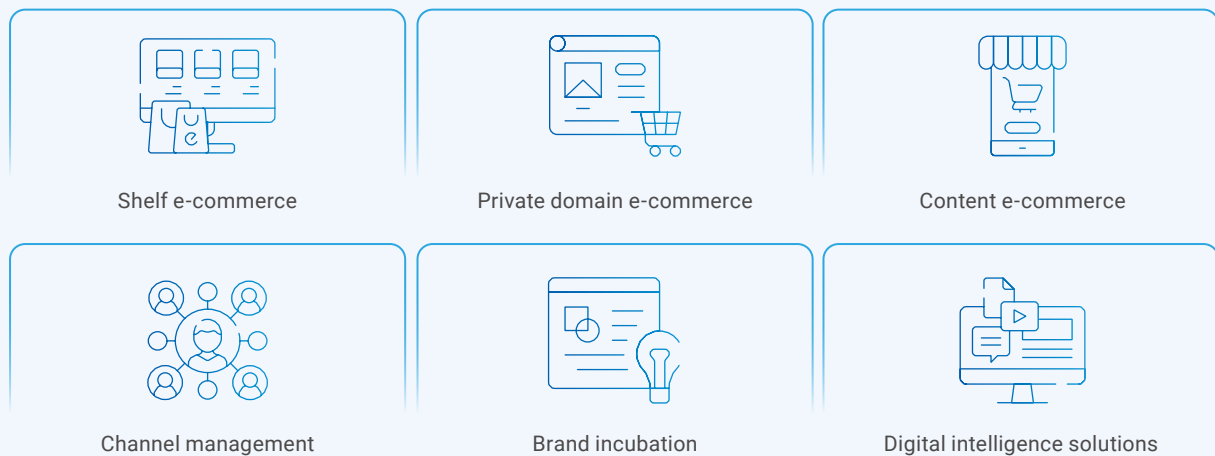


## Driven by contents and capabilities

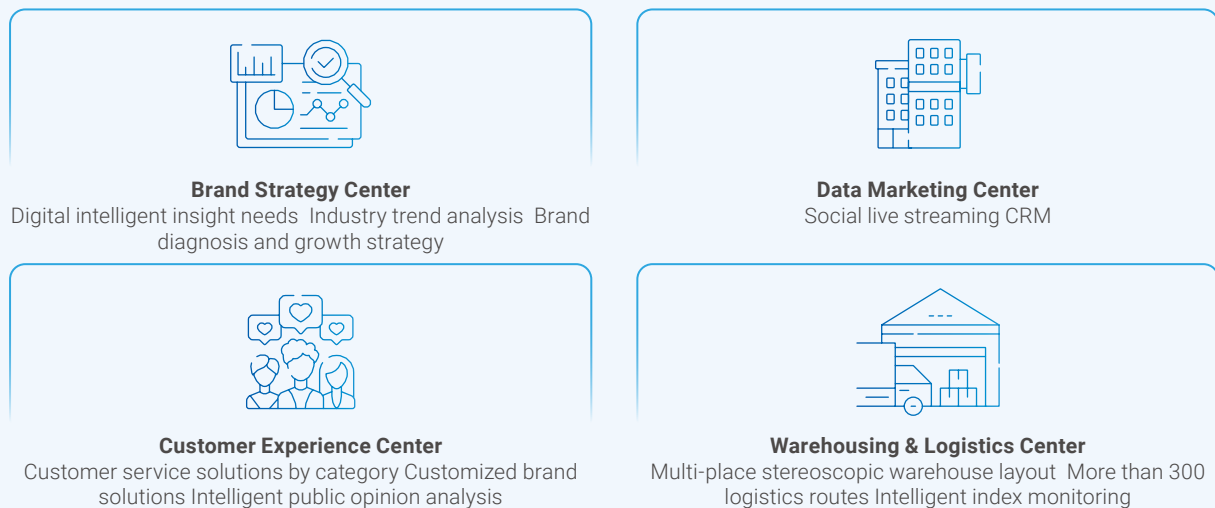
## Short video and live streaming

- AIGC capability
- Self-built professional team
- School-enterprise lab
- Self-built team + live streaming base
- Joint IP developed on CMC resources
- All-rounder matrix cooperation

## Six core business segments meet the business needs of brands at different stages and facilitate the growth of brands

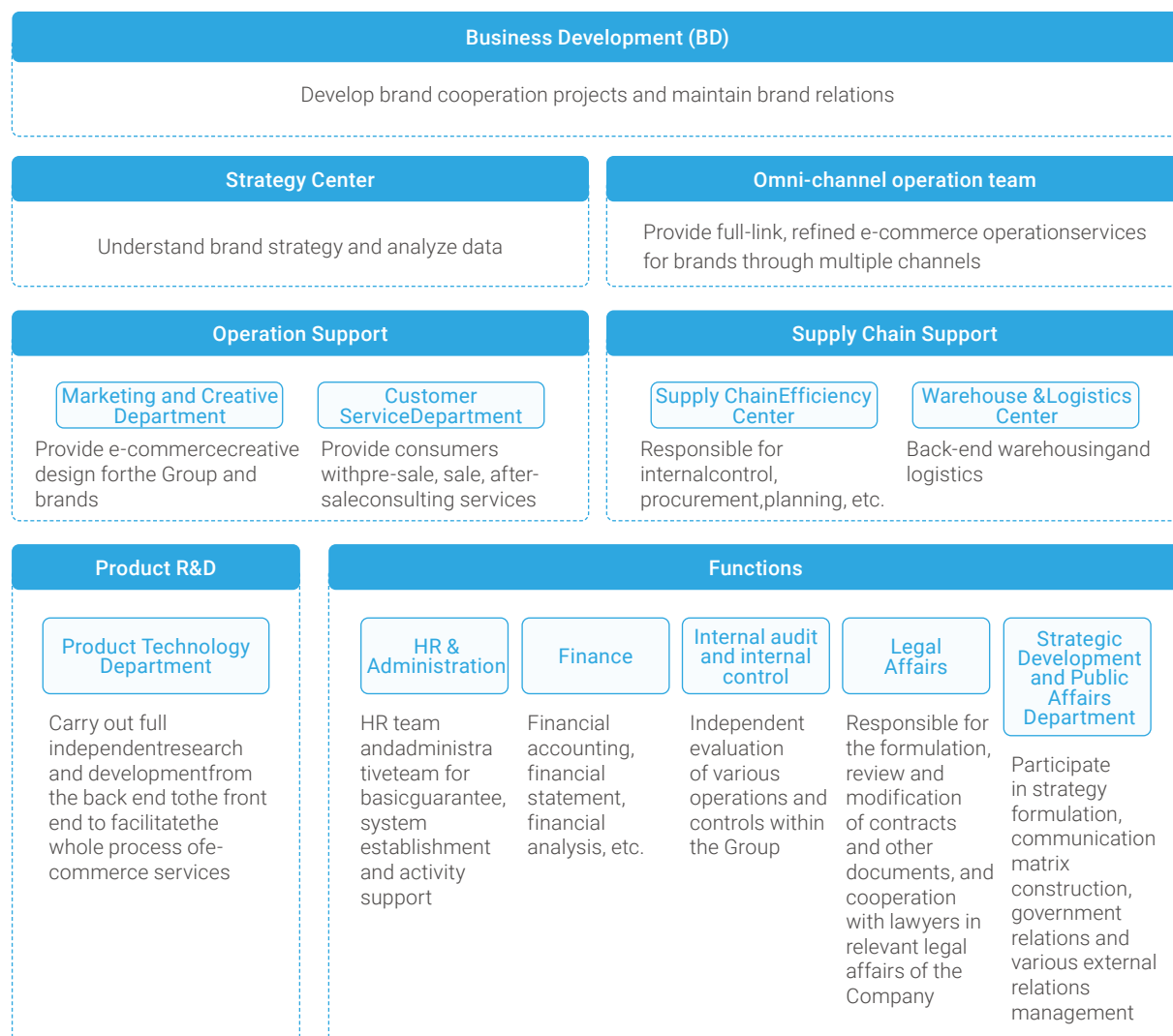


## Four service centers provide full-link support for businesses





## Organizational structure



## Leqee's culture

### Corporate culture, philosophy, values

On April 7, 2023, Leqee held an unveiling ceremony of new values. In order to better fulfill corporate values and provide employees with clearer planning of principles and behavioral guidance, the Company selected nearly 100 managers and core employees for interviews. Through one-on-one interviews, the Company got to know its employees' understanding of the new values and suggestions on publicity and implementation, as well as the understanding of partners at different levels and of different service lengths about Leqee's values, and collected values cases, so as to understand the difficulties employees faced and results they made in fulfilling the values, and help employees translate corporate values into practical actions and build a consensus on corporate culture. At the same time, the Company once again integrated new design elements into "qiqi", the Group's IP image, in a more lovely and intuitive way to promote and spread the corporate culture.

#### Culture/Values

Integrity, responsibility, win-win cooperation and results orientation

#### Vision

keep going, enjoy yourself



Unveiling Ceremony of Leqee Values



#### 小麒个人简历

中文名	乐小麒
英文名	qiqi
生日	4月23日 (也是世界读书日)
性别	无性别
性格	阳光、简单、诚实、活泼
技能优势	眼：独具慧眼，知人之明 口：口齿伶俐，对答如流 手：心灵手巧，身手敏捷 脑：冰雪聪明，最强大脑

Leqee's Cultural Promotion IP qiqi

## Cultural brand building

Leqee attached great importance to its cultural construction, and has ignited team vitality, aligned team goals in time, and ensured effective internal information exchange to make its cultural brand popular among the people and integrated into the work and life of employees through rich cultural publicity activities and comprehensive cultural communication. In terms of cultural construction, in 2022, the Company organized cultural and sports activities such as annual meetings, promotions and festival activities, and conducted the planning of 3-year, 5-year, 7-year and 10-year gift boxes and other cultural and creative products of Leqee to encourage employees understanding the corporate culture, build team cohesion and create a sense of belonging. In terms of cultural publicity and communication, internally, the Company promoted its culture through channels such as Leqee Information, cultural wall, DingTalk, oc, etc. Externally, the Company released the highlights of its cultural and creative products and promoted its culture through the public account of Leqee to demonstrate the qualities of its employees.



Leqee's Internal Publication for Cultural Communication

### Leqee's Annual Conference – Anniversary Ceremony

Leqee has the tradition of holding the annual conference to boost the morale of all employees at the end of the year, commend excellent employees, hold an anniversary ceremony, clarify the strategic development direction, enhance the self-identity of Leqee personnel, increase the employer's brand influence, and provide a stage for teams to demonstrate their qualities, facilitate future collaboration among departments, and strengthen the cohesion and solidarity of the organization. The 2023 Cloud Annual Conference had nearly 4,000 online viewers, and there were offline viewing sites in Hangzhou, Beijing, Shanghai, Guangzhou, Dongguan and various warehouses.





On April 7, 2023, the Group held the first Leqee Day activity to upgrade its culture, promoting the new values and the history of Leqee to every employee, and enhancing their understanding of Leqee, thus giving them a stronger sense of belonging and happiness. We want everyone to feel that Leqee Day belongs to every employee, every family member and every partner of Leqee. As an iconic activity of Leqee, Leqee Day allows more partners to know Leqee, and create a good atmosphere for all employees.

The Leqee Day activity consisted of Leqee Culture, Leqee Public Welfare, Leqee Fun, and Leqee Music Festival, which were highly recognized by its partners. Nearly 4,000 employees of the Group participated in this activity, and related activities were held in Shanghai, Beijing, Guangzhou, Yancheng, Haikou and Dongguan branches.



Leqee Day

The Company's anniversary culture includes three years of accumulation, five years of inheritance, seven years of navigation, and ten years of promotion. Leqee holds an anniversary ceremony at the end of each year, and those who have joined the company for 3, 5, 7, and 10 years will receive their own anniversary gift box and blessings. On the anniversary day, each employee will receive a customized electronic greeting card which wishes him/her a more wonderful journey in Leqee. Also, as the length of service increases, each employee will get a badge lanyard of a different color, to create a sense of belonging or ritual for his/her growth trajectory.



Decorating the 3-year, 5-year, 7-year, 10-year gift box and badge with the image of qiqi



Anniversary wishes for Leqee employees

## Development path

### Ten years of development

**2009**

Leqee Group was founded



**2013**

Tapped into the cosmetics field and expanded the business presence of all FMCGs



**2015**

Kicked off professional digital marketing, content and fan operation, and Jupaidang marketing ISV



**2011**

Established partnership with more than 10 renowned brands



**2014**

Started to engage in cross-border e-commerce, won the honor of "Gold Taobao Partner" in the food industry



**2016**

Became the Tmall six-star service provider, the excellent partner of TMALL BEAUTY AWARDS, and the best cross-border operation service provider

## 2017

Won the title of data banking practice pioneer, Tmall operation service provider, FMCG Contribution Award, and Hangzhou High-tech Zone Gazelle Enterprise



## 2019

Started to implement the all-platform and multi-category development strategy



## 2021

Became a Douyin e-commerce brand service provider, Alimama gold omni-partner



## 2018

Awarded as a national high-tech enterprise, won the JD Best JDP Operation Jingmei Award



## 2020

Integrated multiple services, and created a brand digital and e-commerce service platform for the whole value chain



## 2022

Became a Douyin e-commerce silver brand service provider, excellent partner of Tencent Thousand Domain Program, won the ECI Awards, and ranked among the top 15 enterprises in Zhejiang Province in terms of software business income



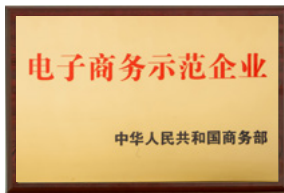
## Awards and recognition

Leqee has won the titles of National High-tech Enterprise, National E-commerce Model Enterprise, Top 10 E-commerce Service Providers in Zhejiang Province, and Enterprise with Outstanding Contributions in Binjiang District. It is not only an important member of the Internet Society of China, Zhejiang E-commerce Promotion Association and Live Broadcast Industry Association of Binjiang District, Hangzhou, but also an expert in e-commerce operations, digital marketing and product technology recognized by brands, multiple platforms, industries, and the government.

### Honors and Awards of Leqee

2023

National E-commerce  
Model Enterprise



2023

TikTok e-commerce gold  
brand service provider



2022

Tmall six-star service provider



2022

Douyin e-commerce silver brand service provider



2022

Excellent partner of Tencent Thousand Domain Program



2022

Alimama omni-channel six-star partner



2022

China Communications and Transportation Association  
Product application and innovation cases of urban logistics development in China



2022

Enterprise with excellent contributions in Binjiang District, Hangzhou



2022

ECI Awards



2021

National High-Tech Enterprise



2021

Top 10 e-commerce service providers of the Zhejiang E-commerce Promotion Association



2021

JD's Supermarket Partner Conference - Annual Store Growth Prize



2021

2021 excellent partner of TMALL BEAUTY AWARDS

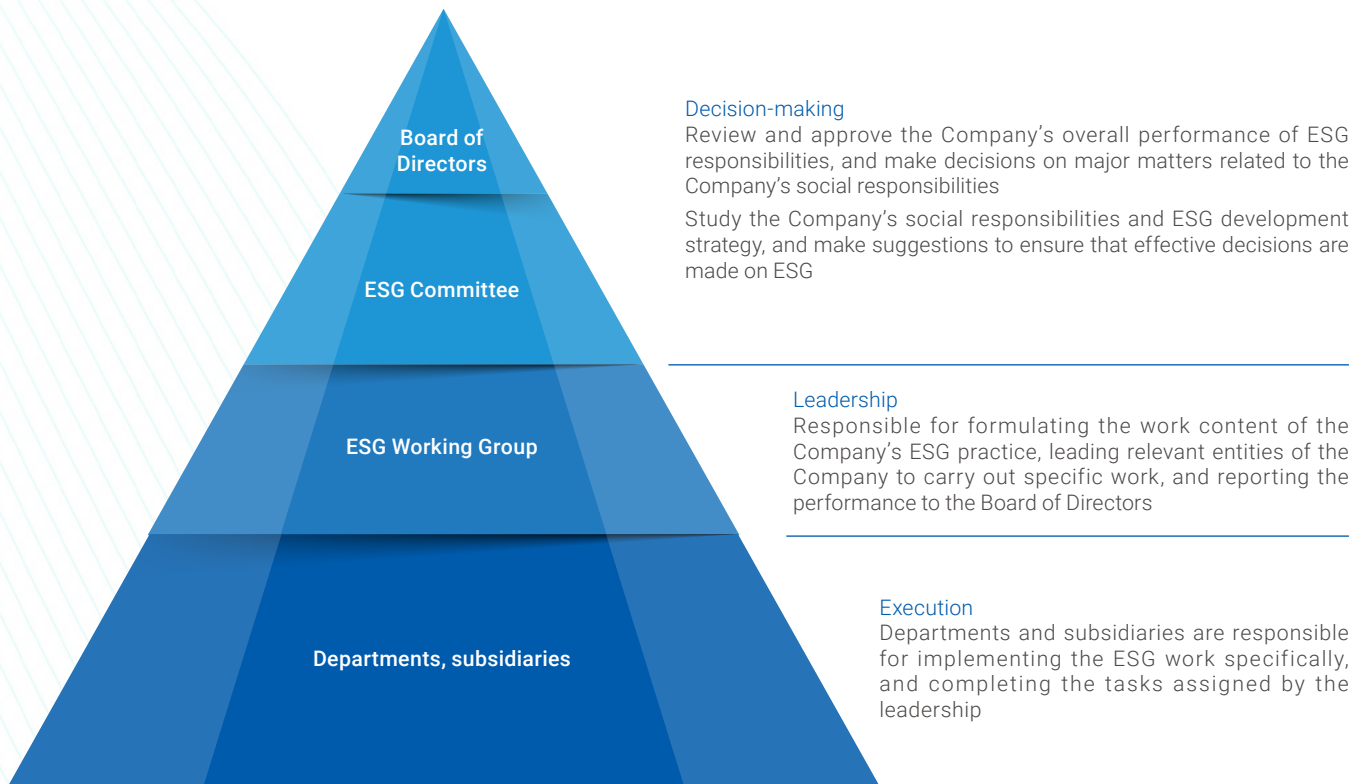


# Leqee's ESG System

## ESG management

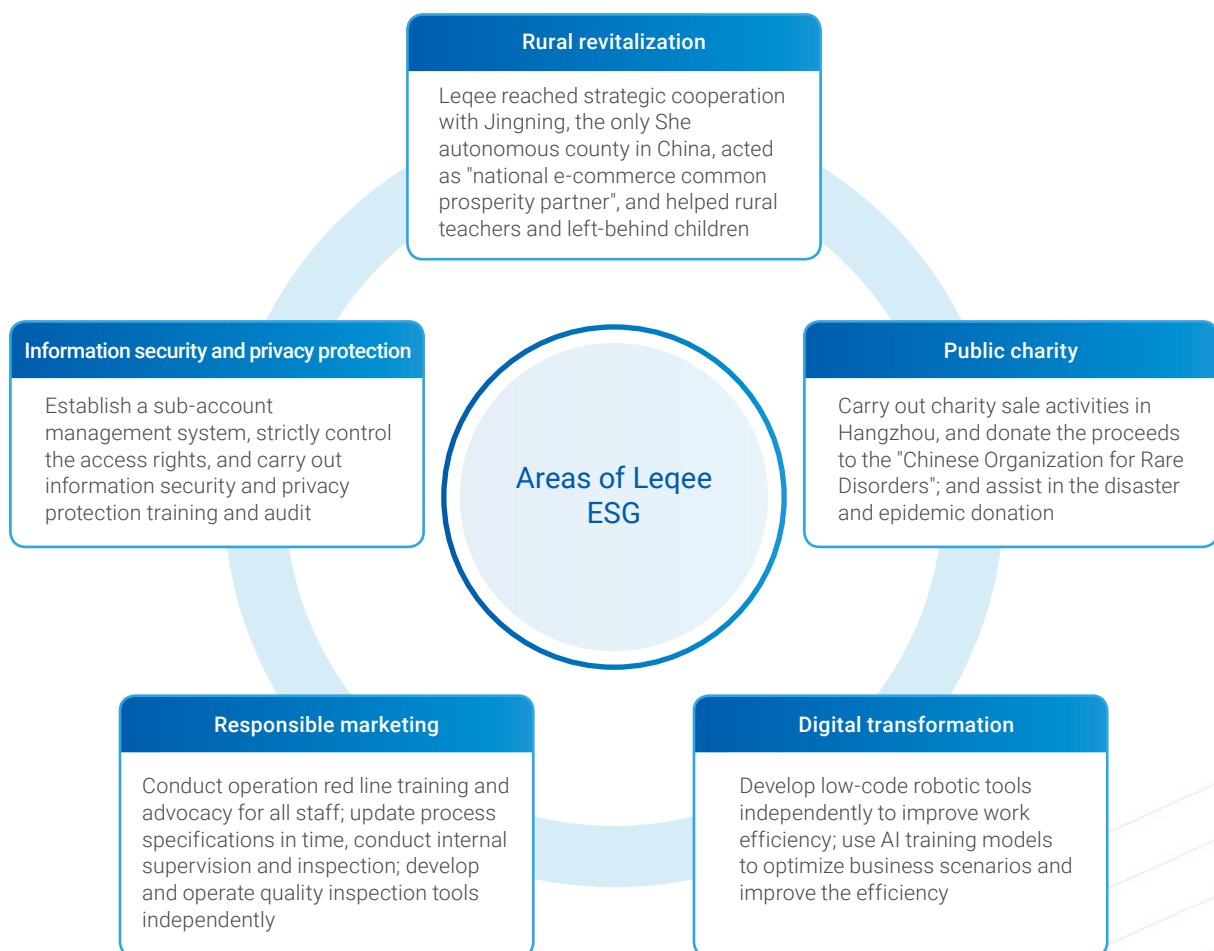
In 2022, the Company established an ESG committee and an ESG working group to improve its ESG management capabilities and ensure the effective implementation of ESG-related work. The ESG Committee consists of CEO, Party Secretary and CFO, CTO, CHO, CMO, and Vice President of Public Affairs, who are responsible for integrating ESG goals into the Company's strategic planning. Each department selects managers who are responsible for taking the lead in promoting ESG work to form the ESG working group. Departments and subsidiaries are responsible for implementing the ESG work, and completing the tasks assigned by the management.

### Leqee's ESG organizational structure





After 14 years of development, Leqee has won lots of support and assistance from the government and society, and has grown into a leading enterprise in the e-commerce industry in China. It has the determination and confidence to give back to society, and assume social responsibilities in common prosperity, public welfare and charity, energy conservation and carbon reduction.



## Stakeholders and substantive issues

### Stakeholder communication

The Company adhered to the concept of sustainable development, took ESG as the foundation and core of sustainable development, established a regular communication mechanism with six stakeholders, i.e., shareholders and investors, government and regulatory agencies, customers, employees, suppliers and partners, communities and the public, and actively responded to the demands of stakeholders.

### Expectations and Responses of Stakeholders



Shareholders and investors



Government and regulatory agencies



Customers (Consumers)

#### Issues of concern

- Corporate governance
- Comprehensive risk management
- Compliance management

- Comprehensive risk management
- Compliance management
- Business ethics
- Cultural construction

- Customer service optimization
- Data security and customer privacy protection

#### Communication and response

- Establishing a comprehensive internal risk control system
- Shareholder visits

- Risk red line management system
- Anti-corruption publicity and training
- Charity sales
- Improving the process of compliance business
- Cooperating with regulatory agencies for verification
- Upgrading core values
- Holding Leqee Day, annual conference and Leqee Fair

- Finetuning the automated customer services to identify business scenarios
- Data isolation and encryption system
- Sub-account management system



Customers (Brand owners)

- Responsible marketing
- Digital transformation

- Red line word inspection tool
- Developing proprietary low-code robotic tools to improve work efficiency
- Building a data processing system



Employees

- Employee rights and benefits
- Employee training and development

- Protecting the legal rights and interests of employees
- Transportation subsidies, flexible working hours, anniversary gift boxes
- Comprehensive business, compliance and soft power training
- Training and examination mechanism
- Employee competition mechanism



Suppliers and partners

- Supplier management
- Business ethics

- Standardizing the procurement system
- Signing an anti-bribery agreement
- Reviewing supplier qualification
- Conducting a questionnaire on the integrity of Leqee partners



Communities and the public

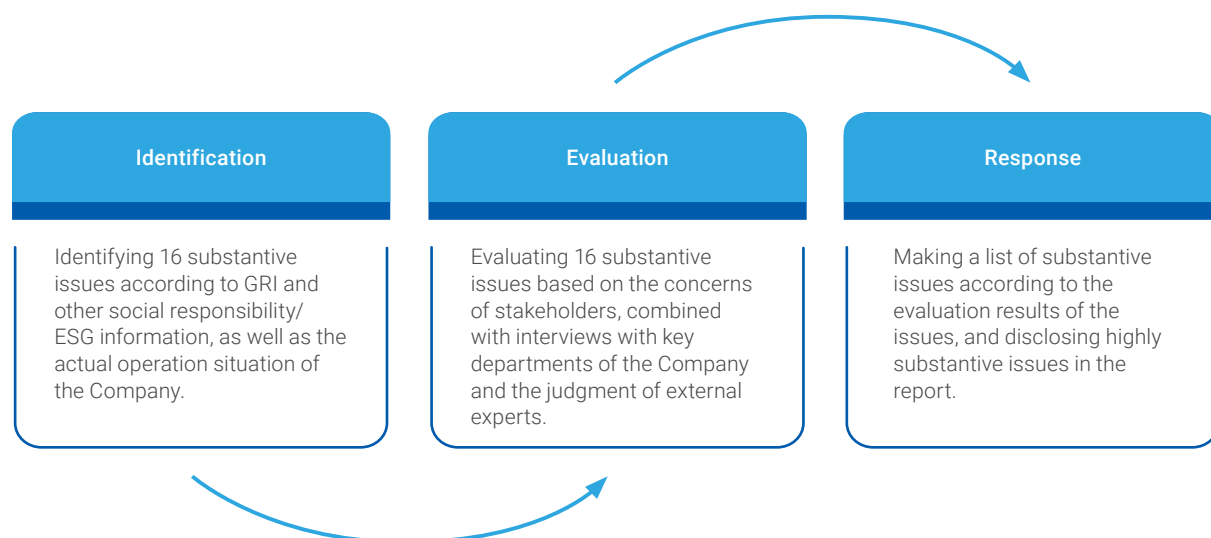
- Rural revitalization
- Public charity and volunteer service
- Low-carbon operation
- Intellectual property rights protection

- Acting as "National E-commerce Common Prosperity Partner"
- Charity sales
- Helping the patients with rare diseases
- Green warehousing and logistics
- Low-carbon eco-friendly packaging
- Publicizing and implementing the protection of intellectual property rights

## Identification and analysis of substantive issues

In order to make the report a better response to the demands and expectations of stakeholders, the Company identified, evaluated and responded to substantive issues based on mainstream social responsibility standards at home and abroad, development strategy of the Company, peer benchmarking, etc., then established 16 issues that were relevant to the Company and its stakeholders, and focused on disclosing and responding to highly substantive issues in the report.

### Analysis Process of Substantive Issues



### List of Substantive Issues

Substantive issues	Meaning	Chapter
Corporate governance	Establish an effective governance structure consisting of the general meeting of stockholders, the board of directors, the board of supervisors and the senior management, promote the diversification and independence of the board of directors, and ensure the standardized operation of the Company and scientific, standardized and transparent corporate governance.	Corporate governance
Customer service optimization	Improve customer services, customer complaints handling, customer education, including customer satisfaction, customer services and complaint related data disclosure.	High-quality customer services
Comprehensive risk management	Establish a sound comprehensive risk management system, improve ESG risk management and foster a good risk management culture, by implementing risk management in all links of business management and the operation process.	Corporate governance
Compliance management	Comply with economic, environmental and social laws and regulations in the process of operation and management.	Corporate governance



Substantive issues	Meaning	Chapter
Data security and privacy protection	Standardize data processing activities to ensure data security, including management methods, management actions, etc.	Data security and privacy protection
Responsible marketing	Ensure that the product information provided to customers/consumers is true and accurate, and that there is no conduct that misleads, exaggerates and defrauds customers/consumers in the marketing process.	Responsible marketing
Digital transformation	Empower products and services through big data, artificial intelligence, blockchain and other technologies, enhance operational efficiency and improve customer experience.	Long-term development driven by digital intelligence
Business ethics	Take measures to prevent commercial bribery, fraud, extortion, collusion and money laundering, formulate related policies and achieve certain results.	Business ethics
Cultural construction	Carry out cultural publicity activities, integrate the corporate culture into employees' lives, and form a corporate cultural image.	Leqee's culture
Employee rights and benefits	Establish management systems for employee compensation and benefits, social insurance, working hours, democratic communication among employees, and promotion of equality and diversity, formulate proper measures, and achieve certain results.	Employee rights and benefits
Employee training and development	Establish an employee training system, and draft the career development path, including disclosure of management methods and training-related data.	Employee training and development
Supplier management	Evaluate and screen the performance of suppliers in terms of environment, safety, labor and society, enhance procurement transparency, strengthen procurement process management, etc.	Strengthening supplier management
Common prosperity and rural revitalization	Help rural industries, support rural ecological conservation, promote the development of cultural tourism industry, provide talents, and improve medical and educational conditions, etc.	Serving the national strategy, focusing on common prosperity
Public charity and volunteer service	Carry out public welfare activities by donating property or providing services, including: (1) helping the poor and the needy; (2) assisting the elderly, orphans, the ill, the disabled, and providing special care; (3) alleviating losses incurred by natural disasters, accidents, public health incidents and other emergencies; (4) promoting the development of education, science, culture, health, sports and other causes; (5) preventing and alleviating pollution and other public hazards, protecting and improving the eco-environment.	Leveraging industrial advantages to facilitate public charity services
Low-carbon operation	Take appropriate measures and establish proper systems in green warehousing, green logistics, green packaging, and green office, including improving energy efficiency, reducing resource utilization, packaging reuse, reducing waste generation, and saving energy in storage warehouses.	Reducing resource consumption
Protection of intellectual property rights	Safeguard its own intellectual property rights, make reasonable use of external intellectual property rights, and conduct self-inspection and rectification in time to reduce or avoid infringement.	Protection of intellectual property rights



## Topic 1 | Conveying Warmth of Leqee, Building A Better Society Together

### Serving the national strategy, focusing on common prosperity

#### Leqee & local governments

According to relevant local policies, the Company actively explored the modes of government-enterprise cooperation, participated in various government activities, and won various awards and qualifications. While enhancing its influence and competitiveness, the Company kept exploring new business models, optimized the local business environment, and provided job opportunities to contribute to the local economic development.

#### Measures taken by Leqee for government-enterprise cooperation



##### Cooperating with local governments

- Carrying multi-dimensional cooperation with the People's Government of the High-tech Zone (Binjiang), Hangzhou and Changhe Sub-district, where the headquarters is located, to provide industrial support and professional services for the Internet Industrial Park Development Service Center.
- Cooperating with Changning District, Shanghai and Jiangsulu Sub-district to explore innovative business models together with the Changning District Commercial Committee.



##### Seeking business development together

- Actively expanding the business scope, and carrying out the Leqee Yancheng Innovation Center Project under the jurisdiction of the Yunnan High-tech Zone and the Big Data Industrial Park in Yancheng City.

#### Leqee Sponsors the Football Match of Binjiang Internet Town, Hangzhou

The Internet Industrial Park Development Service Center of Hangzhou High-tech Zone (Binjiang) is an entity directly under the District Party Committee and District Government. As one of the first high-tech characteristic towns, Binjiang Internet Town accommodates such industries as big data, artificial intelligence, cloud computing, and e-commerce, and has attracted more than 60 parks and 12,000 enterprises to get settled. Leqee is one of the eight vice chairman units of the Live Broadcast Industry Association of Binjiang District, Hangzhou, which is under the management of the Internet Industrial Park Development Service Center. Yu Jiahan, vice president of public affairs of the Group, serves as the vice chairman.

Leqee invested over RMB 200,000 to sponsor the "Binjiang Internet Town Football Match", helping employees working in the Internet Town to live a healthy and enriched life. On the morning of May 27, 2023, the 2nd Bstronginjiang Internet Town Cup Football Match sponsored by Leqee officially kicked off in the jubilant atmosphere of preparing for the Asian Games. As the title sponsor of the event, Leqee has also sent employees to participate in the match, and they won the first round of the group match.



协办互联网小镇足球赛

### Leqee Attends the New Power Brand Enterprise Industry Chain Matching-making Meeting

On April 20, 2023, Leqee was invited to the "New Power Brand Enterprise Industry Chain Matching-making Meeting" hosted by the Binjiang Bureau of Economy and Information Technology, Hangzhou. The solution experts of the Group shared with the participating enterprises and institutions the methods of Leqee to empower brand e-commerce construction with technologies and related cases, had in-depth exchanges with the representatives of the enterprises present, and discussed the future cooperation opportunities of different roles in the industry chain.



### Leqee Works with Changning District, Shanghai to Promote "May 5th Shopping Festival"

The 2022 International Consumer Season & May 5th Shopping Festival focused on "leading the fashion, defining the trend", planning the "international consumption season", "global debut season" and "city-level discount season". It is an important measure to further boost consumer confidence, tap consumption potentials, and better promote the sustained recovery and upgrading of consumption, demonstrating Shanghai's determination to take the lead in building an international consumption center city with global influence.

Leqee has been deeply engaged in the Shanghai market for more than ten years. It has witnessed the changes of the consumer market in Shanghai. With visionary planning, Leqee accurately grasped the new direction of Shanghai's consumption development for the brands and boosted the high-quality growth of brand business. At this shopping festival, Leqee collaborated with Changning District, Shanghai to support online "X" promotional consumption activities, gave full play to the platform and traffic advantages, and effectively promoted consumption growth by issuing consumption vouchers and cooperating with brands in live streaming. As one of the first ecological partners of Tmall Partner Innovation Lab, Leqee integrated its e-commerce service capabilities accumulated over the years with the Tmall Partner Innovation Lab to help brands use the big data of the Tmall platform to accurately boost the consumption growth of the Shanghai market, providing consumers with a digital full-link shopping experience, promoting the recovery of the Shanghai market and creating an encouraging vibe for consumption.



### External recognition for Leqee in government-enterprise cooperation

- Successively won the title of "Enterprise with Outstanding Contributions" of Hangzhou High-tech Zone (Binjiang) Government
- Recognized as National E-commerce Model Enterprises of the Ministry of Commerce
- Certified as "Provincial R&D Center" by the Department of Science and Technology of Zhejiang Province
- Member of the Internet Society of China
- Executive director unit of the Zhejiang Province E-commerce Promotion Association





## Leqee & Jingning She Autonomous County

E-commerce is a new way of rural revitalization, an important platform for “realizing digitalization in rural areas, and channeling agricultural products to cities”, and an important driver and breakthrough point for mountainous areas and ethnic minority areas to achieve leapfrog high-quality development. Jingning She Autonomous County is the only She autonomous county in China and the only ethnic autonomous county in East China. During his visit in Zhejiang Province, General Secretary Xi Jinping went to Jingning twice for investigation and guidance, and made important instructions such as “keeping up with the times” and “walking in the forefront of national ethnic autonomous counties”.



In 2022, in response to the call of national common prosperity and rural revitalization, Leqee leveraged its industrial advantages in the field of digital economy and e-commerce to build strategic cooperation with Jingning, the only She autonomous county in China, and became a “national e-commerce common prosperity partner” to help Jingning County, a mountainous area in Zhejiang Province, build the IP of She culture, cultivate new agricultural live streamers, and assist in the cultivation and promotion of high-quality agricultural products such as alpine vegetable “Jingning 600”. Leqee helped local people use the “new farm tool” of e-commerce to open up distribution channels, and draw the public attention to the ancient and mysterious traditional culture, customs and practices of the She nationality.

### ■ Main Actions of Leqee’s Rural Revitalization Project for Jingning She Nationality

#### E-commerce Common prosperity Training Camp

- Serve as “E-commerce Common Prosperity Instructor”
- E-commerce operation, marketing planning, live streaming, short videos and other full-link training
- Help cultivate characteristic live streamers of She nationality and new agricultural live streamers

#### Jingning She Cultural IP Upgrading

- Create Jingning series of short videos
- Focus on the culture, tourism resources, ecological products and industrial development of the She autonomous county
- Tell the story of the beautiful Jingning She autonomous county

#### Create a double-place ecological live streaming room

- Help local people develop “rural live-streaming”, and build live-streaming rooms of the industrial belt
- Create scene-based live-streaming rooms
- Teach local people professional skills of live streaming and provide them with live streaming devices



### Leqee Serves as a National E-commerce Common Prosperity Partner of Jingning

On June 30, 2022, the Department of Commerce of Zhejiang Province held the launching ceremony of the promotion and development of ecological industry e-commerce of 26 counties in mountainous areas and the high-quality development forum of e-commerce of She Autonomous County in Jingning, China, with the theme of "E-commerce for Industrial Prosperity and Leapfrog Development in Mountainous Areas". At the event, Leqee signed a strategic cooperation framework agreement with She Autonomous County of Jingning. During the term of the agreement, Leqee will work with the Live Broadcast Industry Association of Binjiang District, Hangzhou and Communication University of Zhejiang to promote the further development of national e-commerce.

At the event, Pan Jie, deputy director of the Development Service Center of Hangzhou High-tech Zone (Binjiang) Internet Industrial Park, Lyu Weiliang, chief technology officer of Leqee, and relevant professors of the Leqee Digital Economy Research Center, Communication University of Zhejiang were awarded the "First Batch of Experts of Jingning National E-commerce Common Prosperity Expert Service Group".



Signing Ceremony of the Rural E-Commerce Partner Project



Letter of Appointment Awarding Ceremony

Leqee actively explored the "Jingning model" of high-quality development in 26 counties in mountainous areas, which is conducive to promoting the implementation in various counties in mountainous areas, inspiring rural revitalization by virtue of industry advantages, and elevating the common prosperity undertaking to a new level.

Based in Binjiang District, Hangzhou City, Zhejiang Province, an economically developed area, Leqee has received a lot of support and assistance from the government and society in its development. Now the Company has the confidence and determination to give back to society. Adhering to the concept of "teaching people how to fish", Leqee provided human and material resources for the economically underdeveloped areas of 26 counties in the mountainous areas of Zhejiang Province. In 2022, Leqee, Communication University of Zhejiang and Live Broadcast Industry Association of Binjiang District, Hangzhou integrated industry practical experience, academic research results and resources of leading enterprises to facilitate the development of local e-commerce and increase farmers' income. The Company planned to boost the development of e-commerce in Jingning from the three dimensions of "people, products and scenes" in the next two years.



Leqee was awarded the certificate of "Public Welfare E-commerce Enterprise" issued by the Department of Commerce, Zhejiang Province

Boosting Jingning's E-commerce Development from the Dimensions of "People, Products, Scenes"



**People - Leqee's mentor team serves as "E-commerce Common Prosperity Instructors".** From October 27 to 30, 2022, the "Lishui Mountainous Area Live Streaming - Training Session for Live Streaming of She Nationality" was held in Jingning. The event was directed by the Department of Commerce, Zhejiang Province, hosted by the Lishui Municipal Bureau of Commerce, and organized by the Jingning She Autonomous County Bureau of Economy, Commerce and Technology, and Live Broadcast Industry Association of Binjiang District, Hangzhou. The content e-commerce department of Leqee served as the mentor of the Training Session for Live Streaming of She Nationality, and offered the course "Development Trend and Excellent Cases of Douyin E-Commerce" to more than 40 She live streamers and representatives of e-commerce enterprises from nine counties (districts) in Lishui.



**Products - The Leqee Digital Economy Research Center supports the IP planning and upgrading of Jingning.** During the double 11 shopping festival (late October), nearly 20 experts from the Leqee Digital Economy Research Center went to Jingning for the planning and creation of short videos with the guidance of the Party Committee of Leqee throughout this trip. A total of 11 original short videos were created, with the She live streamers as the stars, promoting the specialties of Daji Township Zizania aquatica, Huiming tea, Yingchuan sheet jelly, as well as the highlights of She culture, tourism resources, and industrial development, and telling the wonderful stories of Jingning. This series of works were sent to the short video competition "Common Prosperity Workshop" organized by the Department of Commerce, Zhejiang Province. At the competition, the New Model of Rural Common Prosperity Created by Live E-commerce "National Team" won the bronze award.



**Scenes - Leqee facilitates the development of "rural live-streaming".** In early 2023, Leqee was invited to the public welfare activity of "March 3" Live Streaming to Help Farmers in Jingning, China, and donated a new set of live streaming device to the CYL Committee of Jingning She Autonomous County, including double-screen all-in-one live streaming machine, HD cameras, wireless microphones, green screens, live streaming lighting kits, camera brackets, etc. This set of device is fully functional and easy to operate, and will play an important role in many scenarios such as eco-agricultural products live streaming, cultural tourism live streaming, and special industrial products live streaming in Jingning. Leqee hopes that Jingning can make good use of the "new farm tool" of e-commerce live streaming to compose a new chapter of high-quality development of the digital economy and e-commerce industry.



E-commerce is a new farm tool of farmers, and phoenix is an important totem of She culture. Leqee will unite various forces to offer guidance on achieving the common prosperity of Jingning, lead the "golden phoenix" out of the mountains, show the customs and ecological products of Jingning to the people of the whole province and even the whole country, and strive to achieve "industrial prosperity and leapfrog development in mountainous areas by developing e-commerce".

## Leqee Cup “Drawing a Picture Together for the First Anniversary of Efforts for Common Prosperity”

In order to further study and implement the guiding principles of General Secretary Xi Jinping's important exposition on common prosperity, lead practical changes with theoretical innovation, solidly promote high-quality development, build a demonstration area for common prosperity, and pave the way for a successful 20th National Congress of the CPC, in June 2022, Zhejiang Provincial Charity Federation worked with Leqee to carry out work collection activities of the “Leqee Cup”-“Drawing a Picture Together for the First Anniversary of Efforts for Common Prosperity”.

Through extensive dissemination and mobilization, hundreds of literary, art and photography works were collected from all over the country. After evaluation by national and provincial experts in related fields, 33 literary works, 45 photography works and 50 fine art works were shortlisted respectively. Among them, 20 fine art works and 20 photography works entered the public voting section, and finally, one first prize, three second prizes, six third prizes and 10 winning prizes were selected from each of the three categories.

Thanks to the Company's emphasis on organizational culture and encouragement of all-round development, employees from various departments actively contributed their creations. Lots of versatile employees of Leqee won awards at this event with their in-depth understanding of common prosperity and rural revitalization and creative works.



## Caring for minority groups, conducting charity sales

### Leqee & Chinese Organization for Rare Disorders

Rare diseases are diseases with a very low incidence. These diseases are often chronic, serious, and even life-threatening, and are one of the greatest challenges faced by human medicine. As of early 2023, there were 10,867 rare diseases in the world, and less than 10% of them could be effectively treated. Due to the rare disease policy barriers in various countries, rare disease drugs are only available in a few countries and regions. Patients in other regions, including China, are facing a dilemma of no cure. Therefore, helping the people with rare diseases is becoming a priority in global public health.

In 2022, Leqee became a “public welfare partner” of the Chinese Organization for Rare Disorders. Founded in 2013, the Chinese Organization for Rare Disorders (CORD, formerly the Center for the Development of Rare Diseases) is a non-profit organization specializing in rare diseases. It is committed to improving access to rare disease drugs for patients and helping people with rare diseases assimilate into society.



Leqee became a “public welfare partner” of the Chinese Organization for Rare Disorders



## Leqee Holds Charity Sales to Help People with Rare Diseases and Promote Scientific Research and Development

In August 2022, Leqee cooperated with the Chinese Organization for Rare Disorders to hold offline charity sales, and donated supplies from seven cooperative brands for the sales, including personal care, maternity & childcare, skincare, food and so on. In November of the same year, the Party Committee and relevant functional departments of the Group held a charity sale with integrity as the theme. All the goods sold at the charity sale were gifts handed in by Leqee's employees. Party members of the Company explained and guided at the stall as volunteers. Moved by the enthusiastic introduction of volunteers, visitors bought the goods one after another at the charity sale site. The proceeds from the charity sale were donated to the Chinese Organization for Rare Disorders to help the people with rare diseases in China and contribute to the public welfare cause of rare diseases.

In early 2023, Leqee donated RMB 60,000 of scientific research funds to the public welfare foundation under CORD, and called on its employees to donate at the first Leqee Day activity, so as to fund the medical technology research and development for rare diseases. In the future, the Group will continue to pay attention to and support the people with rare diseases.



Leqee made a donation to the foundation under the Chinese Organization for Rare Disorders





## Leveraging industrial advantages to facilitate public charity services

Leqee has grown into a leading enterprise among the national brand e-commerce service providers. Relying on the advantages of self-underwriting and logistics, Leqee assumed the social responsibility of a leading e-commerce service provider in public charity, and explored a new model of donations for disaster relief and minority groups. The Company gave full play to its industrial advantages and donated the supplies to the regions and groups in need in time through cooperative brands and charitable organizations. In 2022, Leqee became a member of the Zhejiang Provincial Charity Federation, and before that, Leqee had made charitable donations together with the Federation. In the future, we will continue to work with the Federation to carry out a series of charitable activities.

### Leqee Heads for Henan to Assist in Flood Mitigation

In July 2021, Henan was hit by severe floods. The people in the disaster areas were confronted with difficulties in living and raising funds. Leqee donated RMB 500,000 to the Zhejiang Provincial Charity Federation for the project of "Zhejiang Assisting Henan in Flood Mitigation".



### Leqee Ensures Special Delivery Amid Epidemic

During the COVID-19 pandemic in Shanghai in April 2022, Leqee worked with Huggies, Nestle, Gerber, Wyeth Overseas, Biostime and other major maternal and child brands it has cooperated with, as well as Tmall to actively allocate materials and manpower and use digital systems to ensure special delivery for Shanghai families. A total of 1,775 boxes of maternal and child products were delivered, including more than 10,000 tins/packets of milk powder and diapers.



### Run for Charity

In 2022, Leqee held the Double 11 kick-off meeting with the theme of "Running Together to Win". At the meeting, all employees were encouraged to move forward courageously through the activities of awarding flags to each team, taking an oath, and running for charity. After taking the oath, the Leqee staff were divided into eight groups to complete an 8-kilometer run around the beautiful Xianghu Lake. This activity was a demonstration of Leqee fulfilling the ESG concept. It provided employees with an opportunity to get close to nature by walking, and called for a low-carbon travel lifestyle.



In addition, this activity also contributed to the popularization of rare disease knowledge. There were mini games for team collaboration during the run. Each member made short videos for the Chinese Organization for Rare Disorders to raise awareness of and support for the people with rare diseases.

At the same time, as the "National E-commerce Common Prosperity Partner", Leqee also joined hands with the She Autonomous County of Jingning in this activity to enable more people to enjoy the customs of Jingning, and called on more people to contribute to the common prosperity of Jingning, with local agricultural products given out as the souvenirs of the activity.



## Leqee & Match Charity

Match Charity was established in Shanghai in 2017 and registered as "Match Youth Charity Development Center of Changning District, Shanghai", with the CYL Shanghai Changning District Committee as the competent business unit. As a public welfare connector, Match Charity brought more warmth and companionship to teachers and children in rural schools by providing them with materials and resources full of love from all walks of life. Leqee has carried out long-term public welfare cooperation with Match Charity, and cooperated with brand owners to make donations, and care for rural teachers and left-behind children. From the end of 2021 to the first half of 2023, Leqee donated tens of thousands of materials worth nearly RMB 3,000,000 in nearly 10 batches to rural schools across the country, benefiting tens of thousands of teachers and students.

### Leqee & a skincare brand in South Korea



At the end of 2021, Leqee worked with a skincare brand in South Korea to donate four batches of skincare products through Match Charity to more than 300 "Match Charity certified schools", benefiting nearly 10,000 teachers and students, with the worth of donation exceeding RMB 800,000.

### Leqee & a maternal and childcare brand in South Korea



At the end of 2021, Leqee worked with a maternal and childcare brand in South Korea to care for rural female teachers and children through Match Charity, with a total donation of about RMB 320,000.

### Leqee & Goongsecret and other skincare brands



Goongsecret is a well-known national brand in South Korea, specializing in professional skincare products for infants and sensitive skin. It has won the first prize of South Korean Infant skincare Products for four consecutive years from 2019 to 2022.

During the Mother's Day in 2022, Leqee and Goongsecret donated about 1,500 sets of products to 30 Match Charity certified schools, with the worth of donation reaching RMB500,000. In June, Leqee, together with another skincare brand in South Korea, donated facial cleansers with the worth of RMB 1.15 million to hundreds of rural schools.

## Leqee &amp; Burt's Bees

In March 2023, Leqee and Match Charity jointly launched the theme activity of Women's Day, and worked with Burt's Bees and other brands to donate a large number of daily necessities including skincare, bathing and sunscreen products to 100 rural primary and secondary schools in 18 provinces and autonomous regions, such as Anhui, Guizhou, Guangxi, Heilongjiang, Shaanxi, Xinjiang, Inner Mongolia and Yunnan. As a long-term partner of Match Charity and a caring enterprise that actively gives back to society, Leqee has always paid attention to and supported rural education.



Leqee worked with Match Charity to make donations to rural teachers and students





## Topic 2 | Green and Low-carbon Development for A Sustainable Future

### Reducing resource consumption

#### Green warehousing

Leqee built a green and environmentally friendly e-commerce logistics system, adhered to **green warehousing, green logistics, and green packaging**, and improved the connection and cooperation modes of multiple systems in various parts of the e-commerce link, realized an efficient transmission of tasks and instructions, and enabled sustainable development of the warehousing and logistics system with the technology of "digital intelligence".

In order to improve warehousing and transportation efficiency and reduce unnecessary energy consumption, the Company adopted a digital intelligent management model and took multiple measures to implement the low-carbon development strategy. Leqee used the Warehouse Management System (WMS), Order Management System (OMS) and other independently developed systems to support the warehousing and logistics work, which, on the one hand, optimized the national warehouse layout and improved the distribution efficiency, and on the other hand, optimized the storage structure of goods, and used big data analysis algorithms to generate the assembly and picking paths of order production batches.

Leqee promoted the measures of carbon and plastic reduction on the basis of ensuring the packaging quality, and gave priority to recyclable, degradable and environmentally certified packaging materials. Leqee recycled the cartons in the warehouse as far as possible or delivered goods in their original box. It gave priority to reusable general-purpose boxes, zipper boxes with no tape, new boxes that use less tape, and advocated the reduction of packaging, stuffing and plastic consumables. Meanwhile, it advocated more environmentally friendly packaging methods and marketing strategies.

At the 11th Annual Meeting of China Urban Logistics Development in 2022 - 2022 Urban Green Logistics Development Session, Liu Hebei, warehousing and logistics director of Leqee, delivered a keynote speech titled "Green Logistics Development Plan" and shared Leqee's green low-carbon concept and practical experience in warehousing and logistics.





### Standardized Warehouses that Focus on Energy Saving

Leqee used low-energy standard warehouses and implemented low-carbon warehousing. It had nine self-owned warehouses and 40 collaborative warehouses, among which Jiashan Warehouse met the certification requirements of the quality management system ISO 9001:2015, and the closed loop of the operation process such as high-quality and efficient multi-link operation met the quality management system certification requirements. Jiashan Warehouse, Jiaxing Warehouse and Wuhan Warehouse were equipped with lighting belts to make the most of natural light sources and reduce lighting energy consumption, and there was also automatic warehouse door curtain and other thermal insulation devices to reduce the heat exchange inside and outside the warehouse, as well as energy consumption of the air conditioning. For the storage of beauty products with constant temperature requirements, the building warehouse with relatively low height was selected, together with inverter air conditioners, to promote low-carbon operation.



Warehouse light belts



Constant-temperature warehouse

In addition to the low-energy warehouse, the digital intelligence logistics sorting system developed by Leqee also reduced resource consumption and saved labor costs by reducing repeated transportation. The warehouse was equipped with intelligent logistics sorting system, which could realize the assembly line process planning, automatic sorting, weighing, transporting to the packaging table, which reduce repeated transportation and transit. Jiashan Warehouse, Jiaxing Warehouse and Wuhan Warehouse were standardized warehouses, which realized the loading and unloading without forklifts, and replaced manual forklift operation with lifting platform transportation, thus reducing the energy consumption resulting from repeated manual operations.



Platform forklift

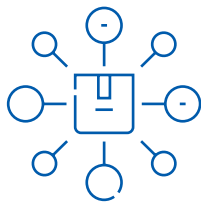


ISO9001 certificate of a warehouse of Leqee in East China

## Green logistics

In order to achieve energy saving and efficiency improvement in the logistics process, the **“self-developed logistics management system”** of Leqee alleviated the problem of high logistics costs and low collaborative efficiency between enterprises and logistics companies in the e-commerce supply chain, and realized the information exchange with logistics companies and the digital intelligent control of the entire logistics process.

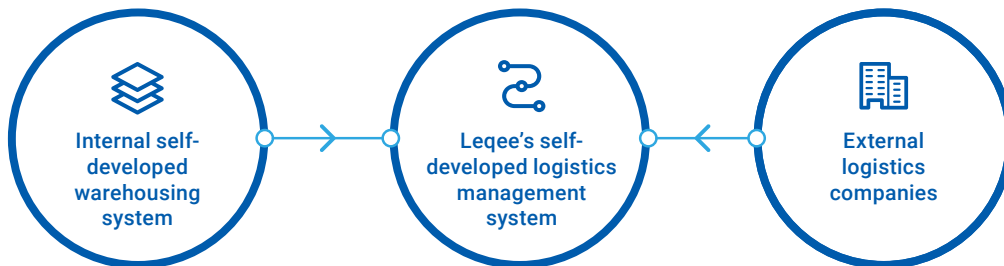
### Main functions and achievements of Leqee’s self-developed logistics management system



- Logistics delivery notes can be generated according to the requirements of different logistics companies;
- The optimal logistics transportation plan can be automatically determined from the complex combination with the intelligent algorithm of the system;
- The work order system can be accessed through multiple terminals, enabling multiple suppliers to operate on the same platform, thus ensuring the smooth exchange of information and reducing internal communication costs;
- By optimizing the logistics process technology and management methods, the overall ineffective circulation of logistics documents decreased by more than 93% in 2022, effectively controlling the waste of logistics resources and the amount of additional business information communication.



### Operation mechanism of Leqee’s self-developed logistics management system



- Data connection, higher labor efficiency
- Customized logistics delivery notes

- Fast connection of carriers
- Real-time access to transportation information
- Calculation of optimal logistics transportation plan



At the 11th Annual Meeting of China Urban Logistics Development in 2022, Leqee’s **Self-developed Logistics Management System** was rated as **“Product Application Innovation Case”**.

### Leqee's Automatic Sorting & Logistics System

Leqee designed an automatic sorting and logistics system from the assembly line to the last meter of the platform. At the end of the assembly line, the goods can be automatically sorted, weighed, and dragged to the platform, where they are transported by the lifting platform to the corresponding area. In the sorting process, the system calculates the optimal logistics transportation plan for the goods according to the order, thus reducing repeated transportation and transit.

The automatic sorting system not only improved labor efficiency, reduced labor costs, but also took the place of traditional forklift transportation and reduced the energy consumption resulting from repeated manual operations.

### Green packaging

The main packaging materials used by Leqee include consumables and auxiliary materials. Consumables consisted of cartons, gift boxes, color boxes, etc. Auxiliary materials included inflatable auxiliary materials, printed matters, roll film, plastic bag products, packing paper for stuffing, bubble envelope bags, air bubble film, packaging tape, sheet labels, etc. Cartons can be divided into the following categories, namely general-purpose boxes (recyclable/printless, rivetless), branded boxes (printed with brand logos), zipper boxes, etc.

Leqee adhered to the principle of green packaging, and took actions in three aspects: reduction of packaging materials, adoption of green packaging materials and optimization of packaging means.

#### In 2022



- Leqee consumed **4,302,604** general-purpose boxes and **1,992,768** zipper boxes.
- Among them, there were **312,384** carbon-neutral boxes, accounting for **15.7%** of the total number of zipper boxes.
- **3,536,259** packages were delivered with paper scraps instead of packaging fillers to reduce the generation of plastic waste.



#### ● Reduction of packaging materials

The Company advocated the principle of “making the best use of everything and saving costs as much as possible”, prioritizing the use of recyclable and environmentally friendly packaging materials. A packaging designer was specially assigned to customize the packaging portfolio based on product fragility and other factors, actively recommend more environmentally friendly packaging solutions for brands. Through multiple measures, the Company actively promoted the reduction and transformation of e-commerce packaging and avoid excessive packaging of goods. Environmental protection is no trivial matter. Leqee also reduced the size of tape and express bills, and launched a series of management measures, such as posting express bills directly on the original packaging box. Leqee reused the carton boxes generated at the warehouse logistics end. Waste cartons that could not be reused were recycled by third parties with legitimate recycling qualifications. Special boxes printed with the brand logo were recycled by the brand owner.

#### ● Adoption of green packaging materials

Leqee advocated the use of green packaging consumables instead of non-environmentally friendly packaging consumables, prioritizing the use of cartons made of recyclable materials and reusable general-purpose cartons. The Company recommended brands to work with environmentally certified suppliers to launch FSC-certified and carbon-neutral cartons. Additionally, Leqee used zipper boxes instead of ordinary cartons to avoid the use of tape and other auxiliary materials, introduced new type of boxes, reduced the use of tape, and prioritized the use of paper scraps instead of plastic fillings.

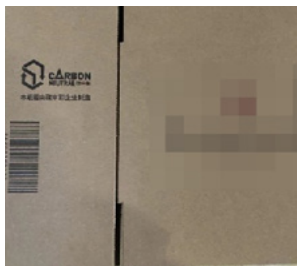
## Measures of Leqee to adopt green packaging materials



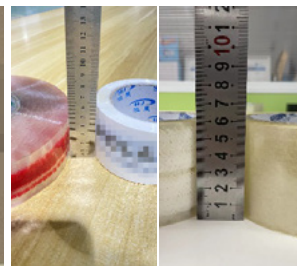
Use FSC-certified zipper boxes



Use new type of box to reduce the use of tape



Use carbon-neutral cartons



Work with brands to reduce the size of packaging tape

## ● Optimization of packaging means

Leqee constantly optimized the packaging plan, and customized the appropriate combination plan of packaging materials and fillings according to the fragility of goods, transportation distance and other factors. Leqee classified goods according to their nature, assessed the filling rate, and put forward higher requirements for the filling rate to ensure the intactness of fragile goods. For conventional goods, Leqee required that the strength of packaging materials should be reduced under the premise of ensuring no damage and the standard of filling rate assessment should be raised to reduce empty transport, more effectively achieving the goal of low-carbon and environmentally friendly packaging. Meanwhile, Leqee adjusted the packaging plan and the filling rate assessment standard in time according to the feedback from customers, and continued to make improvements.

### Customizing Environmentally Friendly Packaging Solutions for Brands

Leqee adjusted the packaging strategy according to the needs of the brand, optimized the material and strength according to the products, adjusted the size and appearance according to the orders, and improved the box type and auxiliary materials according to the environmental protection needs. Taking beauty products as an example, consumers used to find lipstick or skincare products in oversized, layered packages. With the increasing public awareness of environmental protection, excessive packaging does not necessarily mean a sense of grandeur or ceremony; more consumers prefer low-carbon, convenient and lightweight packaging. Nowadays, when customizing warehousing and logistics solutions for high-end beauty customers, Leqee prioritizes more environmentally friendly cartons and more suitable packaging sizes to avoid excessive packaging, while promoting the size reduction of tape and express bills.



Environmental Friendly Package Solution of a High-end Beauty Brand Served by Leqee

## Green office

Leqee advocated green office and adopted several energy-saving and environmental protection management measures, such as posting tips, requiring the control of air conditioning temperature (not lower than 26 in summer, not higher than 22 in winter), arranging security personnel to patrol the office from 8 p.m. to 8 a.m. the next day and turn off non-essential electrical equipment like air conditioners and lights in the area where no one is working.



Low-carbon Office Slogan Advocated by Leqee



In addition to building a green office, Leqee also actively encouraged employees to adopt a low-carbon lifestyle so as to protect our planet.



Low-carbon Knowledge Quiz at Leqee Day



Experience of Human Power Generation Bicycle at Leqee Day

## Strengthening supplier management

Leqee was committed to building a sustainable supply chain management model by establishing the *Supplier Management and Procurement System* to clarify relevant standards and principles of responsible procurement and strengthening the selection and access management of suppliers. The main suppliers of Leqee involved the following six categories: consumables (cartons, zipper boxes, inflatable auxiliary materials, filled plastics, colored tape, sheet labels, etc.), equipment (computers, forklifts, pallets, photography lighting, etc.), logistics (UPS and other logistics companies), warehousing (collaborative warehouse), services (warehousing & labor service, outsourcing customer service, etc.).

### Leqee Supplier Management System



#### Supplier access

- Detailed qualification information collection and review standards have been established for different categories of suppliers
- The review standards include supplier registration information, basic information questionnaire and qualification questionnaire



#### Supplier assessment

- Use a monthly KPI assessment system, report the assessment results in five levels: A, B, C, D, E, and allocate orders according to the assessment results.
- The assessment covers four dimensions: quality evaluation, delivery evaluation, service evaluation and value-added service.



#### Supplier execution

- Priority is given to local procurement, and more than 90% of consumables and auxiliary materials should be purchased locally. For example, cartons should be purchased within 200 kilometers.

Leqee set up a detailed list for supplier access qualification information collection and review standards, and collected qualification certificates in the bidding process to ensure the legal compliance of suppliers and avoid negative environmental information, forced labor, neglect of occupational health and other labor issues in the supply chain. For example, the waste paper recycling plant should meet relevant environmental protection procedures, and the labor service company should have legal employment qualifications.

In the process of supplier selection, Leqee considered low-carbon environmental protection, and gave priority to suppliers who had passed FSC or CFCC environmental certification. Especially, in the selection of consumables, Leqee required suppliers to provide the Quality Assurance Commitment, ISO quality management system certification, environmental impact assessment report, environmental management system certification and other environmental-related qualifications.

In terms of supplier assessment, Leqee employed a monthly KPI assessment system to assess suppliers and their products from four dimensions of quality, delivery, services and added value to ensure the sustainable development of the supply chain.

### Prioritizing Certified Environmental Suppliers

Environmental certification is one of the important criteria for Leqee to select suppliers. During the selection of suppliers, Leqee fully considered the importance of environmentally certified suppliers to the sustainable development of the supply chain. The Company recognized their efforts in environmental protection and efficiency, and would preferentially select FSC or CFCC-certified suppliers.

At present, among the partners of Leqee, there are two carton suppliers with the qualification of carbon neutrality, and some paper suppliers have passed the FSC forest certification. Leqee gave priority to cooperating with raw paper manufacturers in purchasing packaging materials and recycling waste paper, with a view to reducing the upstream transportation and processing links of the supply chain and ensuring all the waste was recycled.



Leqee's carton supplier obtained the FSC certification



Leqee's carton supplier obtained the ISO14001 certification



Leqee's carton supplier obtained the certificate of carbon neutrality

## Advocating green consumption

As a full-value-chain digital and e-commerce service platform for brands, Leqee not only put forward green and low-carbon requirements for suppliers and itself, but also actively guided consumers to lead a low-carbon lifestyle and understand the impact of climate change. Leqee brought more choices to consumers who practiced the concept of low-carbon life. It actively cooperated with brands to launch environmentally friendly actions such as empty bottle recycling and idle bottle recycling, recommended the use of lightweight green packaging, reduced the use of plastic materials, and championed green, sustainable and environmentally responsible consumption.

### Empty Bottle Recycling Program

In recent years, the green consumption mode of empty bottle recycling has become increasingly popular. This way of recycling can help the brand reduce the number of packaging consumables used, reduce the carbon footprint of products, and reflect the sustainable development concept of the brand. Together with a natural plant skincare brand and well-known beauty brands such as Caudalie, Leqee launched the "Empty Bottle Recycling Program" to publicize the mechanism and incentives of the activity to consumers. In this way, the green consumption concept was extensively disseminated and fulfilled.

In the "Empty Bottle Recycling Program" launched by Leqee and a natural plant skincare brand, in order to reward regular customers for re-purchase and stockpiling, customers could get a 100ml sample with four full-size empty bottles, a 15ml sample of acne cleansing gel with three empty bottles, a 30ml sample of facial cleanser with two empty bottles, and 200 points with one empty bottle, which offered consumers green and environmentally friendly consumption choices while recycling plastic products.

In the "Empty Bottle Recycling Program" in cooperation with Caudalie, consumers could get a trial pack by providing empty bottles for recycling.

In addition to beauty brands, Leqee also carried out empty bottle recycling programs together with maternal and childcare brands. Leqee helped Pigeon carry out a PPSU feeding bottle recycling program, where unused feeding bottles could be exchanged for coupons and lucky draw opportunities for multi-color warm small trays made from recycled feeding bottles.



Pigeon - PPSU Feeding Bottle Recycling Program

### Leqee Works with a Natural Plant Skincare Brand to Create a Marketing Model Themed "Protecting the Earth"

Leqee assisted a natural plant skincare brand in carrying out marketing activities with the theme of "protecting the earth". For example, they launched the tree planting activity on March 12, Tree Planting Day, where consumers could get planting points by purchasing any full-size product, and X points could be exchanged for planting one tree; they launched the activity where consumers could get ozone layer protection related drawings by purchasing any full-size products and D11 full-size product repurchase coupons by purchasing trial packs on September 16, International Day for the Preservation of the Ozone Layer; and on October 16, World Food Day, April 22, World Earth Day, and May 22, International Day for Biodiversity Diversity, consumers could get hand-painted cards, recycled paper and other gifts with the theme of the holiday by purchasing any full-size products.

The brand has adhered to the green public welfare cause, and practiced the concept of environmental protection. Leqee helped it form a green point consumption model, thus increasing consumers' favorable impression of the brand. Also, the platform launched the guide for green consumers, funneling more traffic and venue resources to green categories. Therefore, the brand was favored by consumers because of its environmentally friendly label.



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## Strengthening Corporate Governance for A Better Future

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*Risk management*

*Business ethics*

*Protection of intellectual property rights*





# Risk management

The Company continuously improved its corporate governance structure, established a sound, clear and effective corporate governance structure composed of the board of directors, the board of supervisors and the management, and formed a modern corporate governance mechanism with well-defined powers and responsibilities, standardized operation, mutual coordination, and checks and balances.

## Risk management

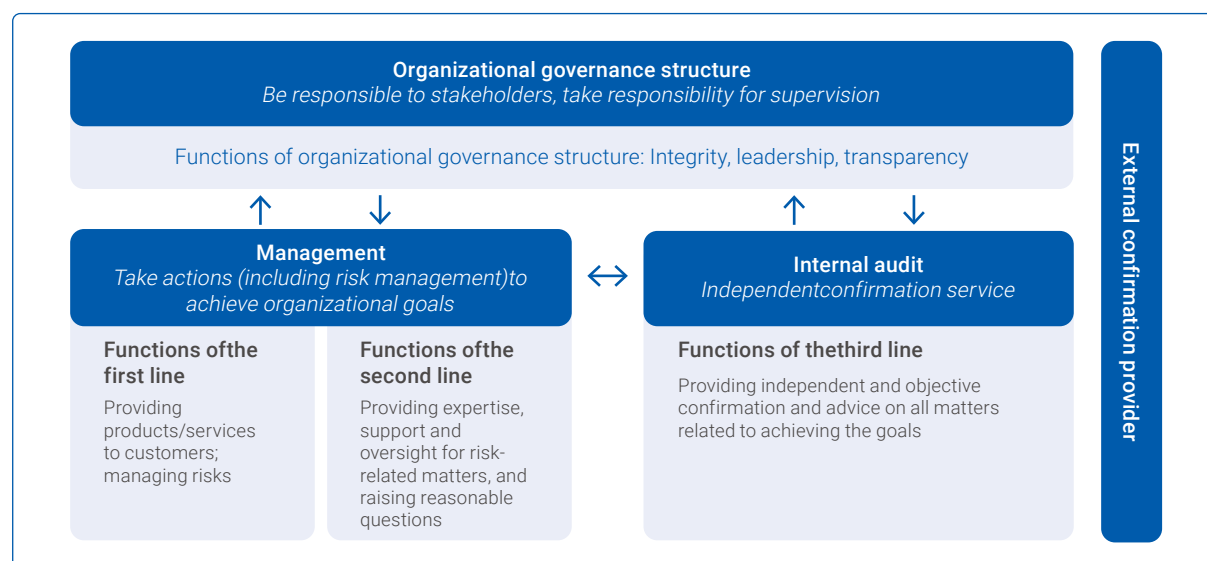
The Company established a complete organizational structure and a comprehensive risk management system, and set up corresponding management positions, operation specifications, procedures and review mechanisms in each department for legal risks, marketing risks, warehousing risks, reputation risks, climate change risks and other types of risks that might arise in the business process, aiming to enhance the red line awareness and professionalism of all business lines and functional departments.

The Company issued more than 20 management systems and specifications, such as *Contract and Seal Management System*, *Procurement Management Process*, *B2C Operation Red Line Mechanism*, and *Leqee Goods Insurance Code*, and linked the red line requirements of risk management with employees' performance assessment, urging employees to keep in mind the operation standards and information confidentiality requirements, and minimizing the waste of resources and economic losses caused by personal omissions.

The Company established a three-line risk management system in terms of the risk management personnel structure. The first line was responsible for providing products and services to customers, leading and directing various businesses, using various resources to achieve organizational goals, and assuming the responsibility for risk management. The second line was responsible for assisting in risk management, such as providing professional support for compliance with laws and regulations, acceptable professional ethical conduct, internal control, information and technology security, business sustainability, and quality assurance. The third line was responsible for providing independent and objective confirmation and advice on the appropriateness and effectiveness of organizational governance and risk management.

### Leqee Risk Management Organizational Structure

#### IIA Three-line model



Legend



Reporting,  
taking responsibility



Authorization, guidance, resources  
providing and oversight



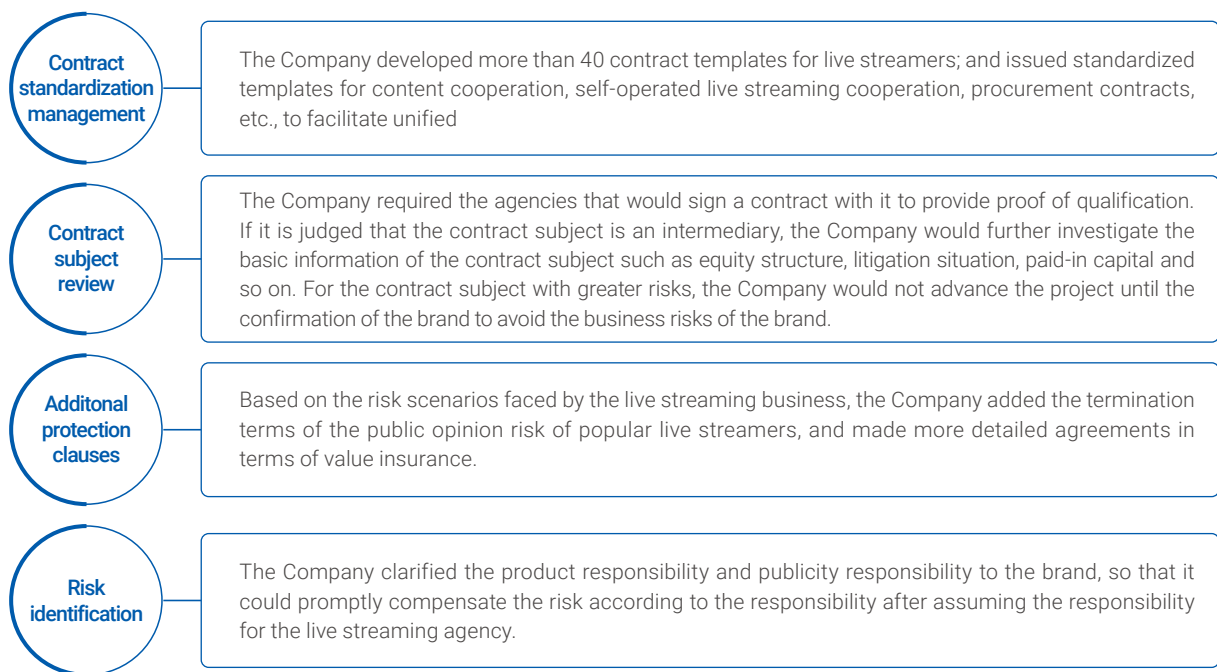
Keeping consistent, communication,  
coordination and mutual cooperation

## Leqee Risk Management Process



In order to control the risk of the whole chain during business development, the Company sorted out relevant laws and regulations, audited the qualification of suppliers, and defined the division of product responsibilities. For the risks in different types of business, the Company compiled the business red line rules and operation manuals, required business personnel to unify the implementation standards, clearly defined business management standards, responsible persons and execution cycles, and established internal supervision and punishment mechanisms for business operations.

## Leqee's Efforts in Risk Management in 2022



In terms of warehousing risk management, in 2022, the Company further standardized the warehousing inventory approval process, and used the OC system to update the parcel warehousing logistics information in real time, achieving online transparency, and reducing the damages and losses caused by improper management, rule-breaking operation and other errors in work.



Leqee OC System Warehousing Module



In terms of reputation risk management, the Company established a mechanism for public relations management of brand reputation risks. In order to effectively deal with public opinion events, judicial litigation, imposture and other incidents that may affect the reputation of the Group, we established a news spokesperson system. After the reporting of risk events upon system monitoring, the management committee would launch the first defense and contact the cooperative brand to monitor the public opinion in real time, and adjust strategies to control the spread of false public opinion.

The Company conducted special audits for store operation, warehouse allocation services, asset management, infrastructure projects, financial revenue and expenditure, and budget control, etc. In 2022, the Company found 103 problems through audit, completed 123 audit recommendations for correction, and the completion rate of correction reached 94%.

#### Identify Operational Risks in a Changing Climate

In order to avoid the deterioration or damage of goods during transportation and storage, the Company actively explored ways of low-carbon and energy-saving storage on the premise of ensuring the quality of goods. In July 2022, under the extreme weather of continuous high temperature, a large number of wine products containing cream stored in the normal temperature warehouse were likely to deteriorate, the Company communicated with brands, dealers and other parties about the storage conditions of the goods, assessed the risk of deterioration, and finally confirmed that the goods did not need to be transferred to the constant temperature warehouse, but stored in the ordinary warehouse of luxuries to avoid direct sunlight and ensure ventilation conditions. This method has not only avoided the waste of energy consumption of the constant temperature warehouse, but also the economic loss caused by the deterioration of goods in time.

## Business ethics

The Company formulated a business ethics system including the *Anti-corruption Charter*, *Gift Management System* and *Reporting Management System*, etc. All cooperating suppliers were required to sign the *Supplier Anti-bribery Agreement*. At the same time, the Company set up reporting channels for employees, providing reporting email addresses, reporting addresses and other reporting portals on the official website, official WeChat account, order management system and other platforms. The *Reporting Management System* included measures to protect the anonymity of whistle-blowers and provisions on rewards for whistle-blowers.

### Official reporting channels of Leqee

 **E-mail:** [compliance@leqee.com](mailto:compliance@leqee.com)

 **Website:** <https://jubao.leqee.com>

 **WeChat account:** Leqee Group

 **Official website:** [www.leqee.com](http://www.leqee.com)



### Key Measures of Leqee in Business Ethics

- In order to strengthen integrity management, the Company launched an integrity reporting platform to impose business ethics constraints on its suppliers, brands, other partners and their employees, and its own employees.
- The Company established the *Gift Management System* to use the suppliers' gifts submitted by employees for charity sales. All the proceeds of the charity sales were donated to the Chinese Organization for Rare Disorders in 2022. In the future, the Company will make donations to different groups according to actual needs.
- The Company required all suppliers to sign the *Supplier Anti-bribery Agreement* to ensure the standardization and integrity of all business activities and avoid violations of laws and discipline.
- In 2022, the Company launched the *Leqee Partner Integrity Survey Questionnaire* to conduct an anonymous survey on anti-corruption among suppliers, and most of the feedback it received was positive, providing guidance to strengthen business ethics management in the future.





Leqee's integrity reporting platform

Partner integrity questionnaire

Leqee signed the Anti-commercial Bribery Agreement with its suppliers

## Protection of intellectual property rights

The Company attached great importance to the protection of its intellectual property rights. From 2016 to the end of 2022, the Company registered a total of 52 computer software copyrights, and three patents are currently in the application process. As a subsidiary of Leqee, Shanghai Dingzan Information Technology Co., Ltd. is engaged in the operation of private domain mini programs and other businesses, and it registered nine computer software copyrights in 2022. In addition, Leqee applied for software copyrights for its self-developed logistics and distribution information management software, warehouse commodity information management application software, and WeChatMall backend management system software.

### Computer Software Copyrights Registered by Leqee



In addition to protecting its own intellectual property rights, the Company also helped its employees to cultivate an awareness of protecting the intellectual property rights of the Company and the brands, and provided proper solutions for possible intellectual property rights infringement.

### Leqee's Efforts to Publicize and Implement the Intellectual Property Rights Protection



#### Case 1

Requests for materials and data from those who have left the company or external personnel who get along with the company's employees should be refused politely and explanations should be made.



#### Case 2

If the brand asks for business data of other stores of the company, the team should refuse it politely and make explanations.



#### Case 3

If the manager or business development team uses brand data and company data for proposal materials, it must be confirmed that the data is for display only and must not be circulated or retained in any form such as photo.



#### Case 4

If a colleague from 2B business of the same brand asks for business information of a 2C store, the information cannot be provided in principle. If you are not sure whether the information can be provided or not, you should report to the superior.



#### Case 5

The warehouse of the brand has not yet been connected to Leqee, so during the trial operation, orders need to be exported and provided to the brand for delivery. In such cases, no customer information should be disclosed in principle. If there are special circumstances, confirm with the senior management.

# 02

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## Improving the E-commerce Ecosystem

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*Responsible marketing*

*High-quality customer services*

*Data security and privacy protection*



1. The first step is to identify the problem. In this case, the problem is that the company is not meeting its sales targets.

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DATA-03

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DATA-03

2014年12月20日，中国铁路总公司（以下简称“总公司”）成立，成为负责中国铁路运营的主体。总公司成立后，原铁道部的行政职能被剥离，由国务院直接管理。总公司成立后，原铁道部的行政职能被剥离，由国务院直接管理。总公司成立后，原铁道部的行政职能被剥离，由国务院直接管理。

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## Responsible marketing

The marketing red line is the lifeline of a company's operation. Details in the operation, even a word, a price, a picture, etc., may affect a company's business reputation. The Company prevented marketing problems through awareness building, process specifications, and auxiliary means. In terms of responsible marketing, the Company focused on the review of brand publicity information, compliance with specific laws and regulations for different products, follow-up of platform operating rules, standardization of live stream scripts and copyright awareness, and tried to address every problem. The Company developed a marketing red line accident reporting, review, optimization, and punishment process, linked the red line accident with employee performance, and created an atmosphere where everyone is cautious of the red line of responsible marketing.

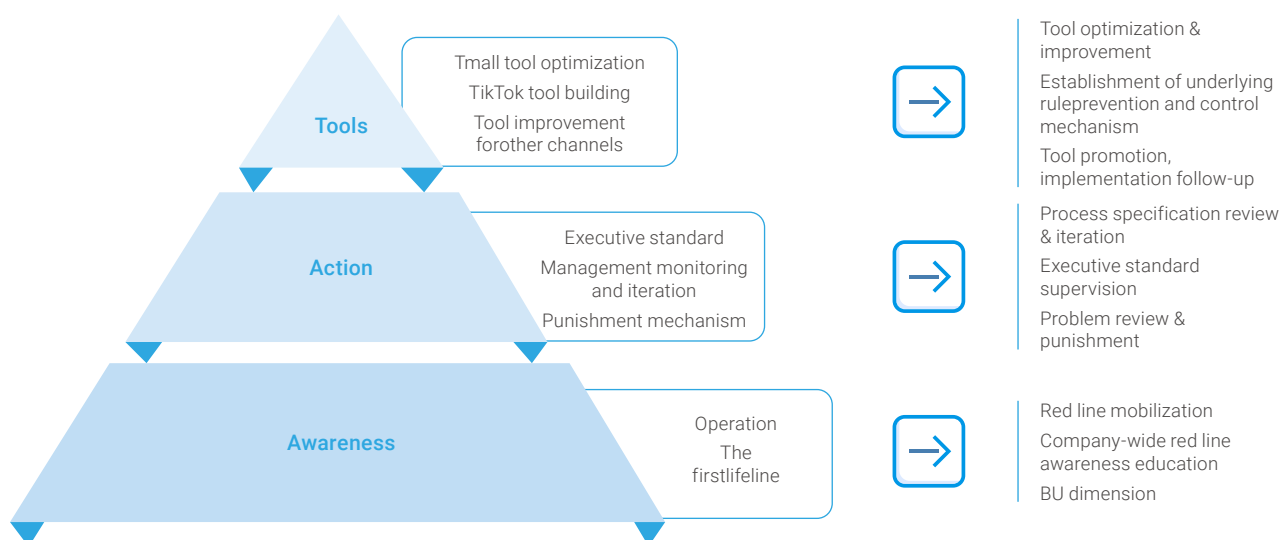
When formulating marketing prices, marketing rules and marketing copy, Leqee adhered to the standards of accuracy, authenticity and legality. It strictly followed the *Advertising Law of the People's Republic of China*, the *Anti-unfair Competition Law of the People's Republic of China*, the *Law of the People's Republic of China on Protection of Consumer Rights and Interests*, the *Measures for the Administration of Internet Advertising*, the *Interim Provisions on Regulating Promotional Activities*, and the *Provisions on Clear Price Marking and Prohibition of Price Fraud*. Also, it complied with the *Regulations on the Supervision and Administration of Cosmetics*, the *Standards for Cosmetic Efficacy Claim Evaluation*, the *Regulations on the Implementation of the Food Safety Law*, and the *Measures for the Investigation and Punishment of Illegal Acts Concerning Online Food Safety* during the marketing of specific products such as maternal and child products, food, and skincare products.

In terms of staff structure, the Company set up the position of industrial and commercial specialists. When receiving complaints from industrial and commercial departments or professional anti-counterfeiters, the Company conducted self-inspection and rectification promptly in the pre-set procedure, and ensured that its marketing complied with laws and regulations and met the requirements of the platform through the three defense lines of customer services, operation and internal audit.

In terms of responsible marketing training, the Company established a comprehensive customer service, operation and new employee red line training system, and developed a quick EP quality inspection tool for internal correction and self-inspection in time, enhancing the awareness of responsible marketing of all staff, and improving customer services on the basis of compliance.

The Company strictly reviewed the copy and information provided by the brands, ensured relevant qualification has been obtained when using words indicating limit, efficacy and ingredients, and ensured that the marketing price was true and inclusive, and marketing rules were described in detail. Meanwhile, the Company carried out marketing legally and lawfully while protecting the rights and interests of consumers. For organizational structure, the Company regularly conducted quality inspection with EP quality inspection tools; the middle-office factory played the role of supervisor, following up on the confirmation of quality inspection results, connecting horizontal departments, and reporting abnormal situations promptly, so that all problems could be solved as quickly as possible. The Company carried out red line management from three aspects: awareness, actions and tools. All business lines carried out red line awareness training for all staff based on business characteristics, updated process specifications in time according to platform requirements, and conducted internal supervision, as well as review and punishment for red line accidents.

### Leqee's Red Line Management Mechanism





The Company independently developed the red line identification EP quality inspection tool. In 2022, the Company optimized the EP quality inspection tool, improving its underlying rule prevention and control mechanism, so that it could automatically check the efficacy words and sensitive words in the publicity pictures, titles, features, product parameters, details and other documents, issue a reminder in case of abnormality, and assist in manual checking.

Price	Inventory	Others
1. Price-at-hand quality control 2. Coupon quality control 3. Dianpubao quality control 4. Promotional product declaration quality control	1. Reduced stock quality control 2. Limited purchase quality control 3. Promotions on sale inventory quality control 4. Promotion selection inventory quality control	1. Advertisement law quality control 2. Non-compliance / complaint quality control 3. Promotion registration quality control 4. Merchant code error 5. Home page product withdrawn

The system automatically screened out words that are banned by the advertising law

The system automatically reviewed improper efficacy words

## Leqee's Measures for Responsible Marketing

### EP quality inspection tool

The quality inspection tool updated the marketing rules in a timely manner, and issued operational risk warnings regularly every day, including purchase price, coupons, discounts, inventory, purchase restrictions, product codes, and prohibited words, so as to avoid losses caused by operational errors and the impact on brand reputation.

The Company evaluated the feasibility and risks during the activity planning, manually intervened in the rule setting and page inspection during the activity preparation, and performed cross check of stores when necessary.

### Supervision and quality inspection

### Red line awareness

The Company conducted red line and system training and assessment for new employees, arranged red line examination for all staff of the B2C department every quarter, and continuously improved the red line awareness of all positions of operation.

When new projects were introduced, the Company conducted internal education on process specifications and the red line, and carried out training on the feasibility and standardization of marketing operations.

As for live streaming business, the Company formulated an emergency plan for live streaming accidents and established a review mechanism to review problem and improve strategies after each live streaming activity. The live streaming team learned the new regulations and rules of the platform through daily meetings, and updated the banned words on the platform in a timely manner. There were field directors and assistants at the live streaming site to remind the live streamer of any problem incurred. In case of any problems, the staff would contact the platform to remedy it immediately, thus avoiding causing loss and inconvenience to consumers.



Leqee's Security Red Line Training System

## Responsible Marketing Compliance Training

In recent years, the legal awareness of consumers has been increasing, and local regulatory departments have continuously strengthened the investigation and punishment of violations of laws and regulations in publicity activities such as live streaming, and the challenges faced by enterprises in publicity compliance have been increasingly prominent. The business personnel of the Company had a certain understanding of the risks in advertising, but the understanding of underlying principles and related risks in complex business forms should be enhanced.

On September 7 and September 14, 2022, the Company conducted compliance training on live streaming standards and platform publicity. The Legal Department of Leqee explained the general rules and key points of publicity to the business personnel, such as the specifications of the efficacy of food and cosmetics, rules of activity promotion, specifications of price labeling, and copyrights of background music.

Each training lasted about two hours, and over 300 people participated in the two training sessions. The training analyzed the principles stipulated by laws and regulations and the rights and interests protected by laws and regulations. By sharing the collected administrative punishment cases, the training strengthened the employees' understanding of laws and regulations, analyzed the reasons for punishment, standardized the compliance management requirements of the Company, effectively enhanced the relevant legal awareness of business personnel, and reduced the legal risks related to publicity.



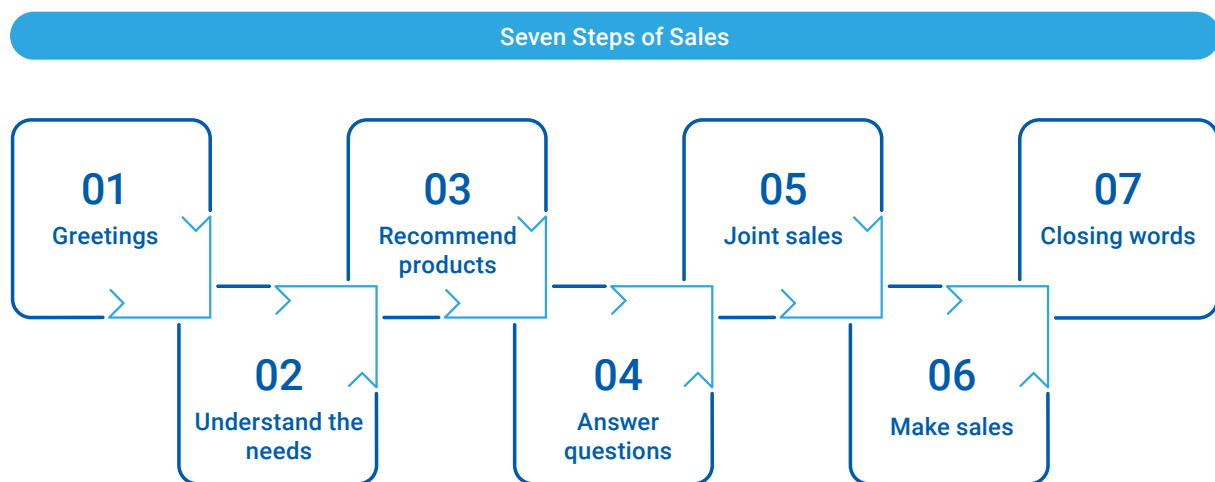
## High-quality customer services

### Providing quality customer service experience for consumers

Leqee adhered to the principle of customer first. As an important communication window between the brand and consumers, the customer service staff not only represents the image of the store, but also serves as the shields for the protection of consumer rights and interests. Leqee strictly abides by laws and regulations such as the *Law on the Protection of Consumer Rights and Interests*, the *Food Safety Law*, the *Advertising Law*, the *Personal Information Protection Law*, the *Drug Administration Law*, and the *Interim Provisions on Regulating Promotional Activities*, and strictly controls the quality of customer services in all aspects to build a bridge of interaction between the brand and consumers. In 2022, Leqee had no illegal incidents reported in terms of marketing, product and service labeling.

The Company has built a complete customer service operation management system and improved customer services by standardizing the after-sales process, establishing a smooth internal cooperation mechanism, and systematically carrying out customer service training. The Company improved the efficiency of customer management in top-level design, formulated pre-sales and after-sales SOP (Standard Operation Procedure), set up *CAC Abnormal After-sales Standard and Abnormal Public Opinion Warning Mechanism*, formulated an abnormal feedback mechanism table, and carried out relevant training for new employees. Meanwhile, the Company used the technical support of digital tools to pre-judge customer emotions through keyword recognition, introduced automatic customer services for general problems, customized scripts according to product categories and customer needs, shortened the response time of customer service staff, improved labor efficiency, and constantly optimized consumers' shopping experience.

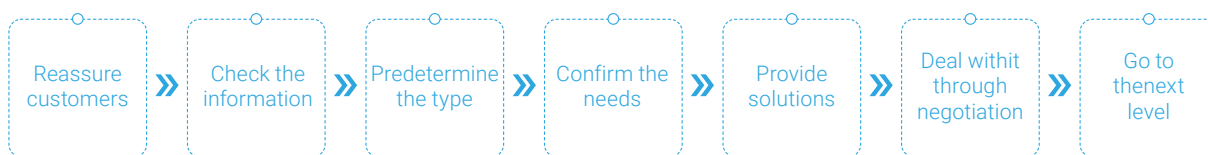
### Standardizing the pre-sales process



Pre-sales work is an important part of customer service. Leqee established the CAC (Client Advisor Center) research institute, and established a standardized process - seven steps before sales to instruct customer service staff on carrying out pre-sales introductions and Q&A.

The Company attached great importance to the after-sales service work that may lead to various business risks, and formulated process specifications and procedures for the customer after-sales reception process and customer complaint handling process.

## Customer After-sales Reception Process



The Company formulated the **After-sales Handling SOP**, specifying the handling essentials, handling standards and matters needing attention for 16 types of after-sales customer complaints that may appear in the customer service process, such as express delivery, return or exchange, operation, complaint and anti-fraud, and improving the customer service quality and efficiency through standardized handling processes.

During the 618 Promotion, the Company effectively improved the first contact resolution rate. The solution rate of the customer service Dianxiaomi operated by Leqee was 8% higher than the industry average, demonstrating the sound pressure resistance of the customer service system empowered by Leqee's pre-sales and after-sales SOP.

## Technology empowerment

Leqee built the CAC data system to enable its customer service management and build a high-quality customer service team. Leqee applied automatic customer services according to different product categories and customer needs to improve its customer service response efficiency. The CAC data system directly reflects the number of customers received, response time, satisfaction ratio and other key indicators of customer service quality.



Customer service indicators collected by the CAC data system

## Abnormal public opinion identification

The Company established an abnormal public opinion early warning mechanism. Customer service staff served consumers directly and assumed the responsibility of conveying consumers' voice and protecting their rights and interests. In 2022, Leqee established the **CAC Abnormal After-sales Standards and Abnormal Public Opinion Early Warning Mechanism**, clarified 11 types of after-sales abnormal scenarios, and judged the abnormal level from five dimensions: indicator impact, cost impact, negative impact, handling time and operation red line. This mechanism effectively helped the Company identify abnormal public opinion in a timely manner. The customer service staff actively and reasonably provided solutions where coupons could not be used, something was wrong with the activity rules, and goods were misdelivered or missed, to protect consumers' rights and interests, and maintain their own image.

In order to give timely feedback on risk scenarios, the Company formulated the **Public Opinion Risk Feedback Mechanism** according to the types of problems on the customer service side, clarifying the requirement of providing feedback in 15 minutes and solutions in 30 minutes to meet the reasonable demands of consumers as far as possible.



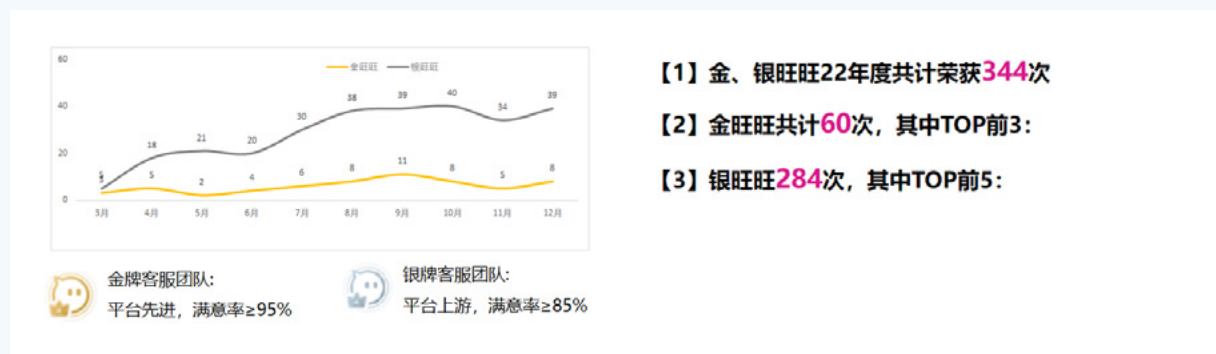
## Providing quality customer service support for the brands

Committed to being a service provider recognized by the brands, Leqee adhered to the values of "integrity, dedication, win-win cooperation, and results orientation". The Company formulated the Customer Service Management Standards to clarify the standards of business line managers and personnel above this level in customer services, and strive to list the common key points of practical operations. Besides, the Company developed a complaint resolution process for the brands to clarify the handling link, promote a more orderly business operation, and bring the brands a better cooperation experience.

### Customer Complaint Handling Process



### Tmall stores Number of Gold and Silver Wangang stores in 2022



Number of Tmall Jinwangwang and Yinwangwang Stores, Store-wide Satisfaction, Average Manual Response of Leqee in 2022

## Data security and privacy protection

In order to ensure its data security and protect its consumers' legitimate rights and interests, the Company strictly abode by the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Protection of Consumer Rights and Interests* and other laws and regulations, and formulated the *Leqee Data Security Management System*, *Leqee Data Asset Classification and Grading Guide* and *Leqee Information Security Management Manual* to stipulate the account levels and permissions for obtaining customer data. As early as in 2018, Leqee obtained the ISO27001 information security management system certification.

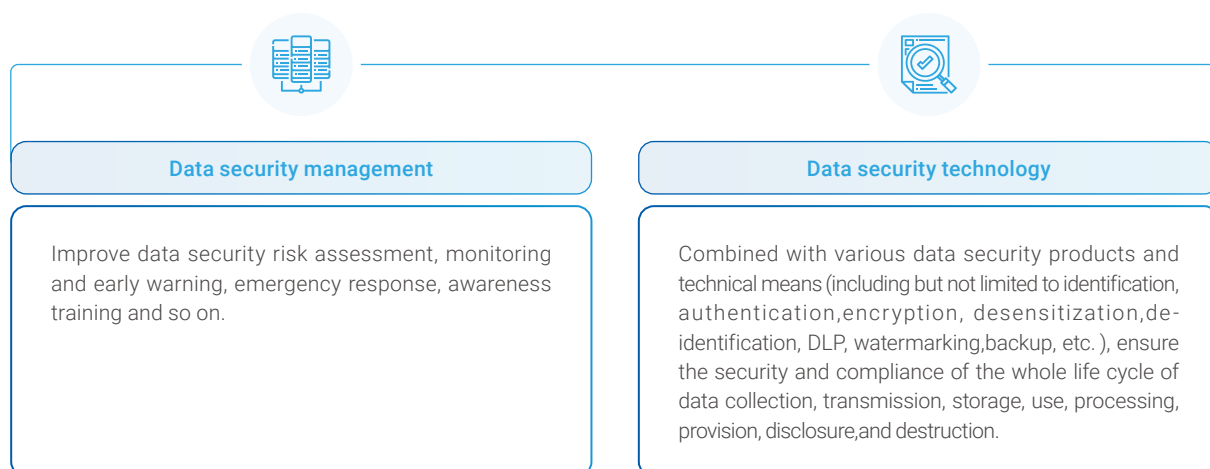


Information system security level protection filing for  
Leqee's OMS system



Information system security level protection filing for  
Leqee's Gravity X system

With data security and availability as the core, and data classification and grading as the basis, the Company conducted classified protection for data and focused on protecting core and important data. The CTO served as the head of data security, and the data security organization consisted of four layers: the leading group, management team, support team, employees and partners. In 2022, the company took measures in information security management and technology to ensure the security and compliance of the whole life cycle of data collection, transmission, storage, use, processing, provision, disclosure and destruction.



The Company established an information security red line management system in the red line management system, including account management, e-mail norms, desensitization awareness, high-risk software, business parameter data violation penalties, etc. According to the information security red line, all content submitted to the brand, the platform and shared within the Company should be desensitized.

In 2022, the Company further strengthened the platform account permission management, and assigned fixed role permissions by clarifying the corresponding relationship among personnel, accounts and positions. The Company strictly limited access permissions of temporary customer service staff. If the temporary customer service staff needed access permissions, they should apply for a customer service sub-account in strict accordance with the procedure, and it could be opened only after the approval of the main account and the super administrator account of the store, otherwise it was considered a violation of the Company's information security management rules.

In addition, Leqee required all new employees to sign the *Confidentiality, Non-competition and Intellectual Property Ownership Agreement*. Employees had the legal responsibility to keep confidential the information of the brand and consumers, and shall not copy, retain or provide customer information to anyone else without authorization.



Account permission application process



Leqee held events to celebrate the National Cybersecurity Publicity Week to cultivate the team's awareness of information security



Leqee obtained the ISO27001 information security management system certification



Leqee obtained the certification of national information security level protection (Level 3), the highest national certification for non-bank institutions



As of 2022, the Company had conducted **191** information security audits to ensure code information security, information data isolation between project teams, and a solid defense line for customer privacy protection.

In 2022, the Company conducted **nine** training sessions related to information security and privacy protection, including the training for all employees to enhance their awareness of information security, and the training for technical developers on network security operation and maintenance, software development process management norms, network security vulnerability testing methods and data security management system, and organized an emergency plan training and drill.

# 03

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## Breaking Boundaries and Upgrading to Co- create Industry Value

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*Long-term development driven by digital intelligence*

*Deep engagement in digital retail*

*Promote the industry-university-research integration*





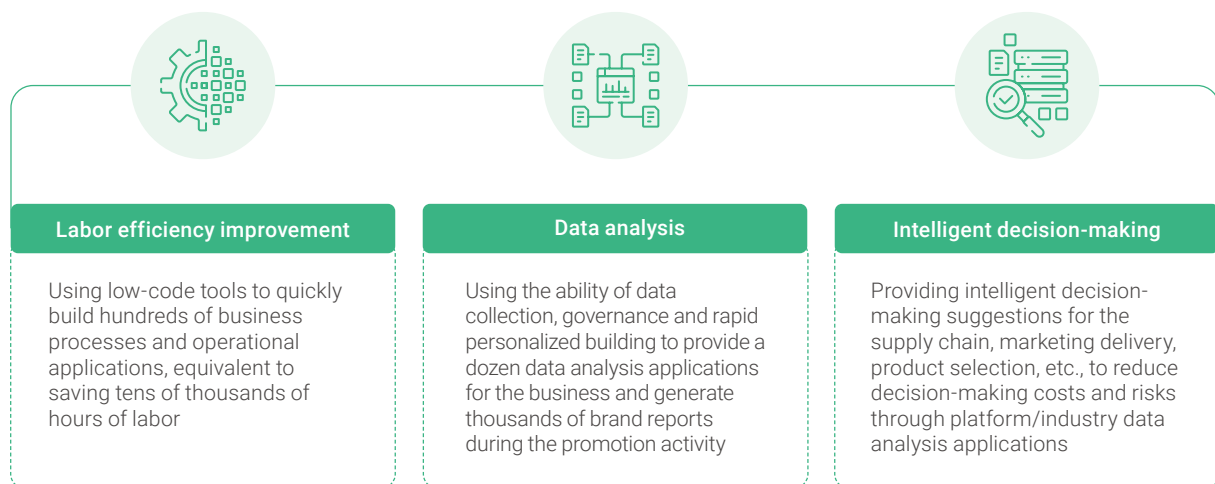


## Long-term development driven by digital intelligence

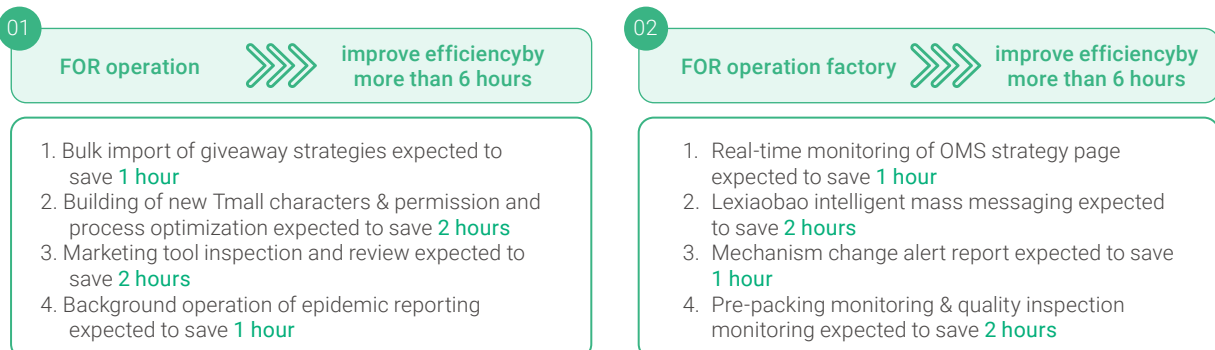
Technological innovation is not only the basis of business model innovation in the e-commerce field, but also a new exploration of business form reconstruction and factor resource reorganization of the e-commerce industry. Leqee made strengthening the application of technological innovation a top priority for its high-quality development, and adhered to the technology-driven development and digital intelligence management. Through the development and iteration of innovative intelligent tools, the Company provided value-added services, including digital marketing and technical services, to help the brands create a new path for sustainable growth. With its digital operation capabilities, Leqee led the digital transformation of the e-commerce industry and redefined brand e-commerce services in the era of digital economy.

In 2022, Leqee focused on data middle-office building and data governance around data connection and operation collaboration scenarios, promoted cross-platform and cross-tool linkage of process actions, promoted the use of low-code robotics, and achieved significant empowerment of self-developed product systems for business operations, which were mainly reflected in the following three aspects: labor efficiency improvement, data analysis, and intelligent decision-making.

Leqee occupied a leading position in the scale of technical talent team building and R&D investment. In order to improve the work enthusiasm and effectiveness of R&D personnel, the Company formulated the **R&D Personnel Performance Management System** to measure work performance using a combination of quantitative and qualitative indicators, so as to ensure justice and fairness, link the assessment results with bonuses, and propose rewards for R&D personnel with outstanding work performance.



### Low-code tools save manpower and improve work efficiency



## Technological Innovation Award Obtained by Leqee in 2022

Award	Issued by
National High-tech Enterprise	Office of the Leading Group for National High-tech Enterprise Accreditation Management
Top 15 Companies in Software Revenue in Zhejiang Province Top 100 Key Companies in Electronic Information Industry in Zhejiang Province	Department of Economy and Information Technology, Zhejiang Province
2 Ali Dianxiaomi Silver Awards, 3 Bronze Awards, 1 Individual Special Award of Trainer	Ali Dianxiaomi Double 11 Award List 2022
Provincial High-tech Enterprise Research & Development Center	Department of Science and Technology, Zhejiang Province
Martech Innovation – 2 Bronze Awards in Products and Services	2022 ECI Awards

## Human-Machine Collaboration for Intelligent Customer Service

Dianxiaomi is an AI service robot developed by Alibaba for merchants. Leqee adhered to the principle of strategy first and AI empowerment during the operation of Dianxiaomi, provided personalized intelligent customer service solutions for brand customers through human-machine collaboration, created consumer value with AI precision services, and optimized e-commerce operation of the brand.

### Giving full play to the decision-making ability of people

- All employees hold "Alibaba AI Trainer Certification"
- Proposing a precise combination of strategies based on rich industry experience, selling products more proactively and answering questions more accurately



### Empowering customer services with technology

- Having strong technical and resource support, and facilitating efficient business operation with a series of self-developed systems
- Providing automatic customer service, making labels according to the cases of Leqee, and using AI technology to train robots to customize replies

The Company insisted on deep co-creation with the platform and the brand, put forward its own opinions and suggestions for AI Q&A response ability, service diagnosis, etc., based on its experience in beauty, food, personal care, maternity & childcare, luxury, digital products and other fields accumulated over the years, to help further improve and upgrade the platform AI products and related tools, so as to better meet the needs of merchants and consumers.



Automatic Customer Service Risk Monitoring Screen

In the future, Leqee will continue to invest in technology in the supply chain, data, private domain and other areas to meet the market environment of global e-commerce operations. At the same time, it will also focus on exploring the fields of AIGC, data governance, and low-code automation according to the current popular trend, and make innovations and improvements in the areas that lack e-commerce digital intelligence under the premise of compliance and security.



## Deep engagement in digital retail

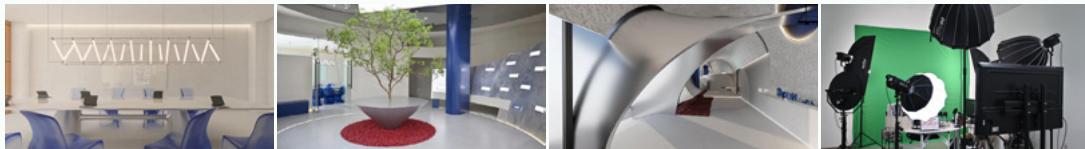
Leqee was committed to providing core technical support in e-commerce operation scenarios, technical solutions for live e-commerce, and platform tools and products from the perspective of operators. The Company contributed its industry views to the e-commerce ecosystem when participating in industry summits and salons many times to improve its partners' understanding of the digital retail ecosystem and accelerate the collaborative efficiency within the ecosystem. In 2022, the Company participated in compiling the *China Internet Development Report 2022* and the industry white paper *Tmall DTC Enterprise Management Guide*, actively shared industry experience and promoted value co-creation.

### Offline Live Streaming Visual Center of Leqee

Leqee created a benchmark offline live streaming venue in the industry, and built a live streaming visual center of about 5,000 square meters that accommodated more than 30 brand customized live streaming rooms, including creative area, dressing room, lounge, tea room, photography studio of 4A standard above, and covering visual display, photo shooting, creative video, live streaming operation and so on.

In order to better serve the business of Tiktok, Kuaishou, Xiaohongshu and other content e-commerce platforms, Leqee set up Qixin Technology, a wholly-owned independent subsidiary, in 2020. Qixin's live streaming team provided one-stop service solutions such as product selection, venue construction, live streaming room operation, live streamer cooperation, and live streamer training to seek new growth for brands, and built an official center on the content platform for the brand by keyword optimization, content matching, brand visual decoration, and official blue V account operation.

In recent years, Leqee content e-commerce division has cooperated with more than 30 brands under well-known domestic and foreign groups such as Estee Lauder, LVMH, and KAO Group. During the 2022 Tiktok 618 Promotion, the total volume of self-broadcast commodity transactions for brands increased by 460% year-on-year, the number of cooperative brands increased by 60% year-on-year, the exposure times of original short videos exceeded 180 million, and the total duration of self-broadcast exceeded 5,000 hours.



Leqee's offline live-streaming room



In 2022, Qixin Technology, a subsidiary of Leqee, won the Co-Engine Awards initiated by Ocean Engine for many times for its outstanding performance in beauty, personal care and mother and baby products, and won the Co-Engine Awards, Annual Innovation Breakthrough Award and Annual Node Marketing Case Award together with La Mer and Dove.

During the 618 Promotion in 2022, Qixin helped a world-renowned pet product brand win the "Cross-border Pet Food **No. 1** at TikTok Good Things Festival", and achieved a month-on-month GMV growth of **438%** in the first month of cooperation with Chinese beauty brand.

In August 2022, Tiktok e-commerce launched the "Spotlight Plan-DP Case Observation Room". Qixin Technology helped Pigeon rank **TOP1** in the brand self-broadcasting of baby products during the TikTok 618 Promotion, and be selected as the cost reduction and efficiency improvement case in the maternity & childcare industry of the "Spotlight Plan-DP Case Observation Room".





### Working with Tmall Partner Innovation Lab to Upgrade Digital Management

The Tmall Partner Innovation Lab was established by the Department of Brand Strategy, Tmall. As an open innovation platform serving ecological partners, Tmall Partner Innovation Lab has become a booster for ecological partners to help multi-format business brands gain high-quality and healthy growth in the digital era.

In 2022, Leqee worked with Tmall Partner Innovation Lab to help one of the first group of "digital accelerator partners" of Tmall Partner Innovation Lab, and used its own consumer operation and productization capabilities to create the algorithm model of "AIPL Exchange Rate Card" together with the lab based on rich digital practical experience, combined with the basic modules, and provide customized business strategies for the industry and brands. Leqee Group was awarded the title of "Pioneer Partner of Digital Business Practice" for its innovative Toolkits and scenario solutions. In the future, Leqee will have a deeper perception, achieve digital upgrading, gather all forces to make explorations, and create long-term value together with Tmall Partner Innovation Lab.

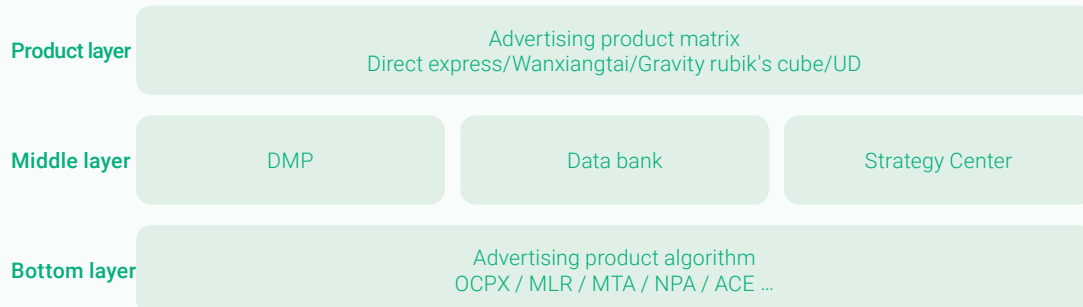


Leqee obtained the title of "Pioneer Partner of Digital Business Practice"

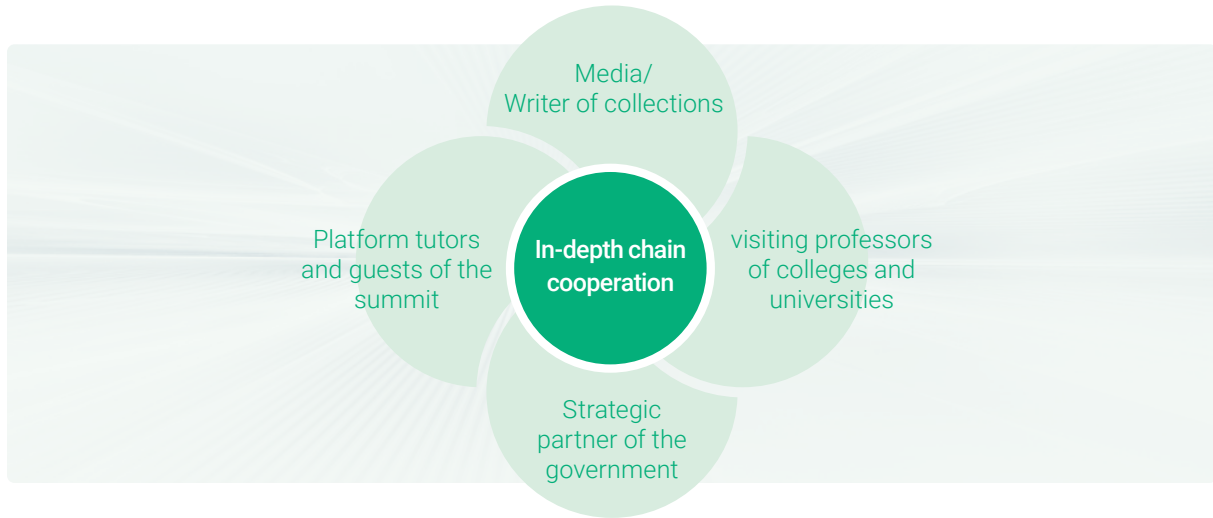
### Alimama Put into Operation

As the head partner of Alibaba's digital marketing technology platform Alimama, Leqee played a key role in ecological expansion in the secondary communication of the advertising system and the feedback level of product application. Leqee served as the "translator" and "setter" of Alimama's advertising system. It could combine the key strategies and product matching of the advertising matrix with the actual business, and improve the communication efficiency of advertising investment through Leqee's system and brand trust in operation.

Meanwhile, as a deep user of the products, Leqee had more personal experience and feedback on the optimization points of the products in the process of practice, which could help the advertised products continue to iteratively adapt to the market demand, and improve the combination of brand owners and Alimama marketing products at another level. Leqee focused on the delivery strategy and commodity strategy, interpreted the bidding principle of different product layers, optimized the search engine based on consumer behavior, and cultivated the ability of product presentation to specific groups, helping the platform deliver product information more efficiently and accurately.



## The Role of Leqee in the Industry Chain



Leqee was the lecturer of Tmall Brand Ecology Class



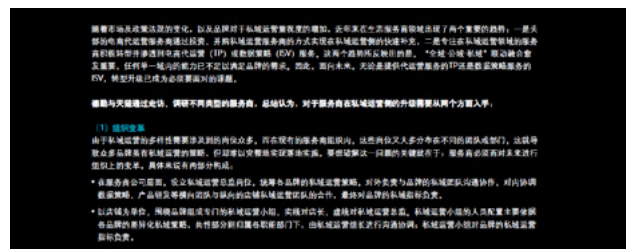
Leqee was the instructor of Alimama Rock Radio



Leqee attended and addressed the LSK2021 Luxury Summit



Leqee participated in compiling the China Internet Development Report 2022



As the only maternal & child case, Leqee service case was included in the Tmall & Deloitte Private Domain White Paper

## Upstream and downstream exchanges and co-creation of the industry chain

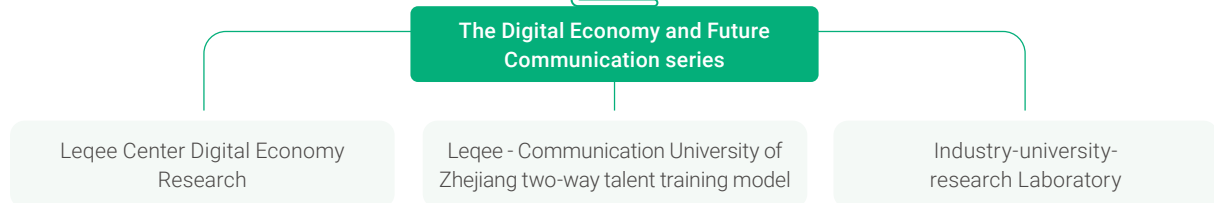
As the vice president unit of the Live Broadcast Industry Association of Binjiang District, Hangzhou, Leqee has been actively promoting industrial integration under the guidance of the Internet Industrial Park Development Service Center in Hangzhou High-tech Zone (Binjiang), and deeply explored the complementary advantages of the upstream and downstream of the industry chain and exchanges and cooperation with industry leaders such as Qianxun, Chenfan, Junmeng, Jiaoge Pengyou, and Chuxin Culture, to contribute to the development of the digital economy of Hangzhou and even the country.

## Promote the industry-university-research integration

As a brand e-commerce service provider, Leqee became an important bridge linking e-commerce platforms and brand customers. With the continuous iteration and innovation of the current mode of information dissemination and interaction, e-commerce extended from shelf e-commerce to content e-commerce. Due to the transformation of e-commerce model, there were new demands for new talents and business model innovation of e-commerce. The company actively explored the cutting-edge mode of school-enterprise cooperation, carried out industry-university-research cooperation with the Communication University of Zhejiang and other universities, and conducted a series of research and practical project cooperation in the fields of digital economy, common prosperity, interest e-commerce, short video creation, and talent training, etc.

On September 21, 2022, Leqee and the Communication University of Zhejiang held a strategic cooperation signing and donation ceremony in Hangzhou, and the "Leqee Center Digital Economy Research" was officially established. Leqee and the Communication University of Zhejiang would adopt the model of industry-education integration - two-way empowerment to cultivate applied talents of the e-commerce industry. The leader of the Communication University of Zhejiang awarded the appointment letter of visiting professor to Mr. Li Ruigang, chairman of Leqee, and awarded the "Entrepreneurship Tutor" appointment letter to several senior experts in Leqee's content e-commerce, marketing, strategy consulting, e-commerce operation and other business sectors, aiming to realize the deep integration of universities, enterprises and industries, explore the compound talent training model of digital economy, and provide cutting-edge digital and e-commerce solutions for the society.

### Industry-University-Research Integration "3+1 Model"



### School-enterprise Cooperation Projects Carried out by Leqee in 2022



Leqee and the Communication University of Zhejiang jointly built the "Industry-University-Research Practice Base", established a regular training mechanism, set up a professional team of teachers and held theme lectures, salon activities, special training, etc. concerning e-commerce live streaming, short video creation, management leadership, college students vocational education and so on.



Leqee deepened links with universities, and focused on creating "social value" in common prosperity and supporting farmers through e-commerce. Leqee, Communication University of Zhejiang and Live Broadcast Industry Association of Binjiang District, Hangzhou jointly formed an industry-university-research matrix to integrate their industry practical experience, academic research results and leading enterprise resources, to provide systematic solutions to the digital economic less-developed areas in 26 counties in mountainous areas of Zhejiang Province, and promote the development of local e-commerce.



Yang Rongyao, vice president of the Communication University of Zhejiang, awarded the appointment letter of visiting professor to Chairman Li Ruigang



Leqee's experts in various fields were awarded the appointment letter of "Entrepreneurship Tutor"



Leqee CEO Liu Kai signed a donation agreement with the Communication University of Zhejiang



Leqee CFO Jiang Lili and university leaders jointly unveiled the "Leqee Center for Digital Economy Research"

At the event, Leqee CEO Liu Kai signed a donation agreement with the Communication University of Zhejiang. The donated funds will be managed by the university foundation to support the academic research, book series publishing, laboratory co-construction, project execution and talent training of the "Leqee Center for Digital Economy Research". The "Leqee Center for Digital Economy Research" aims to analyze and judge the development status and trend of digital economy and interest e-commerce as well as other major topics in the field of network communication, and display the relevant research results through the release of indexes, publications, forums and other means, thus to lead the related research direction at home, and become a domestic mainstream and influential professional think tank.







Leqee's lecturer gives a lecture to students majoring in Internet and New Media at the Communication University of Zhejiang



Two-way Co-building Training Meeting of Leqee and the Communication University of Zhejiang



Two-way Empowerment of Leqee and the Communication University of Zhejiang

# 04

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## Team Efforts, Long-term Accumulation

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*Employee employment and diversity*

*Employees' rights and benefits*

*Employee training and development*

*Employee health and safety*







## Employee employment and diversity

In order to help its employees better understand its management regulations and integrate into the big family of Leqee more quickly, the Company updated and improved the *Employee Handbook* in 2022. The Company protected the legitimate rights and interests of employees, strictly abode by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and other laws and regulations, attached importance to the legality and diversity of employment, and was committed to creating a diverse and inclusive work environment.

The Company required in the *Employee Handbook* that employees should respect the culture and customs of different regions and nationalities, and should not discriminate against others on the basis of family background, religion, gender, disability, etc. Relevant supervision procedures should be advanced. For employees who maliciously slander or insult other employees, the contract shall be terminated and the employee shall never be employed at worst, depending on the seriousness of the circumstances, so as to prevent the occurrence of incidents that damage the diverse work environment.

In terms of employee recruitment and employment, the Company attached importance to talent attraction and standardized employment, and standardized the use of third-party services. Those employed by the Company included regular employees, third-party outsourcing employees, interns and part-time employees (live streamers). In 2022, the Company recruited a total of 2,465 employees, of which about 70% were regular employees and about 30% were third-party outsourcing employees. The Company recruited employees mainly through social recruitment and campus recruitment. Social recruitment channels were mainly online platforms, accounting for about 70%.

The Company fully considered the legality of employment and set up a secondary employment audit mechanism to conduct a secondary audit on the age and identity documents of employees, including interns during the handling of entry procedures so as to avoid child labor and forced labor. The Company also provided employment opportunities for people with disabilities, giving them humanistic care and encouraging them to develop their working competence. In 2022, the Company employed 16 employees with disabilities.

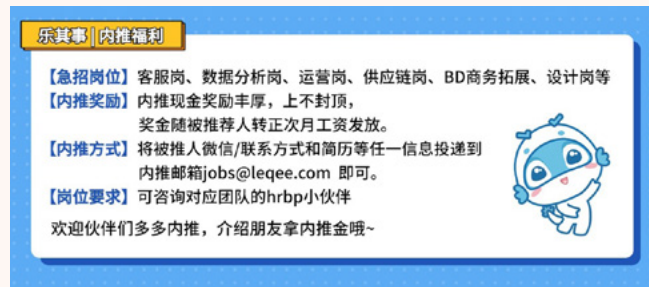
### Staff Recruitment of Leqee in 2022

Number of recruitment	About 2,465 people were recruited in 2022, and about 70% were recruited through social recruitment channels.
Recruitment channel	Mainly based on the network platform.
Employment type	Including regular workers, third-party service workers and temporary workers.
Labor service agreement	Leqee signed service outsourcing contracts with external suppliers, and required third-party companies to ensure that their service personnel enjoy the same rights and interests as regular employees (five social insurances and housing fund) and welfare security, and signed internship agreements with college students to consolidate the basis of labor security.
Employment review	The system checked the age of employees (including interns) when collecting the entry information. Leqee handled the entry procedures on site, and conducted a secondary examination of identity documents to avoid child labor and forced labor.
Employment diversity	16 disabled employees and 126 minority employees were employed.
Recruitment	Leqee worked with the Communication University of Zhejiang and other universities to explore in-depth industry-university-research cooperation, and study the model of social responsibility practice and e-commerce talent training.



### Encouraging Internal Referrals, Implementing Points and Cash Incentives

The Company encouraged internal referrals. If the recommended person successfully entered the interview stage and became a regular worker, they could enjoy both points and cash rewards respectively. If the referee entered the interview stage, the referrer could use the points awarded to redeem gifts on the internal points mall. When the referee became a regular worker, the referrer could receive cash rewards ranging from RMB1,000 yuan to RMB10,000 yuan depending on the referrer's position.



**乐其事 | 内推福利**

**【急招岗位】** 客服岗、数据分析岗、运营岗、供应链岗、BD商务拓展、设计岗等

**【内推奖励】** 内推现金奖励丰厚，上不封顶，奖金随被推荐人转正次月工资发放。

**【内推方式】** 将被推人微信/联系方式和简历等任一信息投递到内推邮箱jobs@leqee.com 即可。

**【岗位要求】** 可咨询对应团队的hrbp小伙伴

欢迎伙伴们多多内推，介绍朋友拿内推金哦~

Internal Referral Reward Mechanism

## Employees' rights and benefits

### Employees' rights and benefits

Leqee complied with the *Labor Law of the People's Republic of China*, adhered to the basic principle of people first, protected the legitimate rights and interests of employees, and formulated the *Employee Handbook*. Leqee adopted an 8-hour workday system. Regular workers and third-party service personnel (excluding interns and temporary workers) enjoyed five insurances and housing fund as well as annual physical examination. Employees were entitled to national statutory holidays, marriage leave, maternity leave, sick leave, paternity leave, parental leave and other paid holidays. For employees who had worked in the company for more than three consecutive years, Leqee provided an additional 1-5 days of annual leave per year.

We provided our employees with a compensation package that was competitive in the industry. The contractual pay consisted of fixed salary and floating salary. The Company issued year-end bonuses according to its profits and employees' actual work performance at the end of each year. In addition, the Company reviewed or adjusted the compensation of employees annually according to the business development and personal performance.

The Company also set up other special rewards according to the contributions of employees in different aspects, such as the Bole Award, Promotion Incentive Bonus, and Excellent Employee Bonus Incentive.

Leqee attached great importance to the protection of employees' rights and interests. In the *Employee Handbook*, Leqee clearly defined the relevant provisions on the handling of incidents that harm employees' interests, such as discrimination, coercion, violence and defamation, and prohibited discrimination or differential treatment for various reasons that are not related to the interests of the Company. In order to protect the rights and interests of the dismissed employees, Leqee provided compensation for unqualified employees under the bottom-out system according to the *Employee Handbook*, or provided them with opportunities of transferring to other positions or working in a sister enterprise.

In terms of employee communication, the Company carried out two employee symposiums every year, and listened to the feedback of employee representatives for the core personnel of the department who had joined the company for at least two years based on the registration through the mini apps.



## Employee benefits

On the basis of protecting the legal rights and interests of employees, the Company assisted qualified employees in applying for rental subsidies and living subsidies in the location of the company, and provided additional meal allowances, transportation subsidies, shuttle buses, anniversary celebrations, holiday gift packages, nursing rooms, etc., so as to actively improve their living conditions. Additionally, with the support of the Housing and Urban-rural Development Bureau of Binjiang District, Hangzhou, the location of the headquarters, the Company successfully applied for more than a dozen talent apartments, and allocated them to employees in need according to the corresponding mechanism. The rental price was much lower than the market price. It was a practical measure to improve the living conditions of employees.



Gift Packages for Employees



On the occasion of the Mid-Autumn Festival, the Company distributed themed gift packages to its employees, which not only represented our hope for a better life, but also fit in with the Mid-Autumn Festival tradition and the corporate culture of Leqee. We hope all Leqee staff will get better and better and work hard.

### Organization Efforts During the Promotion

The Double 11 Promotion is one of the most important projects of Leqee every year, and it has gradually become a company activity with Leqee characteristics. Brand representatives came to Leqee and worked hard with Leqee employees for the Double 11 Promotion. Nearly 4,000 Leqee staff from all over the country made a remote connection to cheer for it, witnessing the official launch of the Double 11 Promotion. At the same time, we held a variety of staff activities in offices. We started the warm-up one month in advance to stimulate employees' vitality and enthusiasm, such as red envelopes sent by qiqi, band performance, street dance battle and so on. Also, we set up all-weather energy supply stations to provide all kinds of meals for the staff in the sprint.

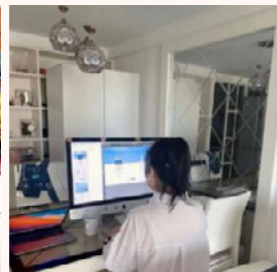


During the 618 Promotion, the Company provided all kinds of meals for the staff in full sprint, and provided meal tasting in advance to ensure that better quality meals were delivered to the staff.



### Care for Employees during the Epidemic

During the Covid-19 pandemic, Leqee held a fitness live streaming activity to care for the physical and mental health of its employees. At the same time, Leqee worked hard to allocate various resources, and sent vegetables, rice, oil and eggs, to the residences of hundreds of employees in the Shanghai branch, covering all regions of Shanghai.



## Employee training and development

Leqee paid attention to the training and development opportunities of its employees, and expected its employees to grow together with the Company. The Company was committed to providing training and development opportunities for employees to help them maximize their business potential and management ability. It also advocated the establishment of a learning and sharing mechanism for accumulation of organizational wisdom. Employees could apply for training resources according to their own work and personal growth needs, including but not limited to the Company's online learning platform and offline training courses.

### Establishing a training mechanism to cultivate outstanding talents

#### Leqee's Employee Training System

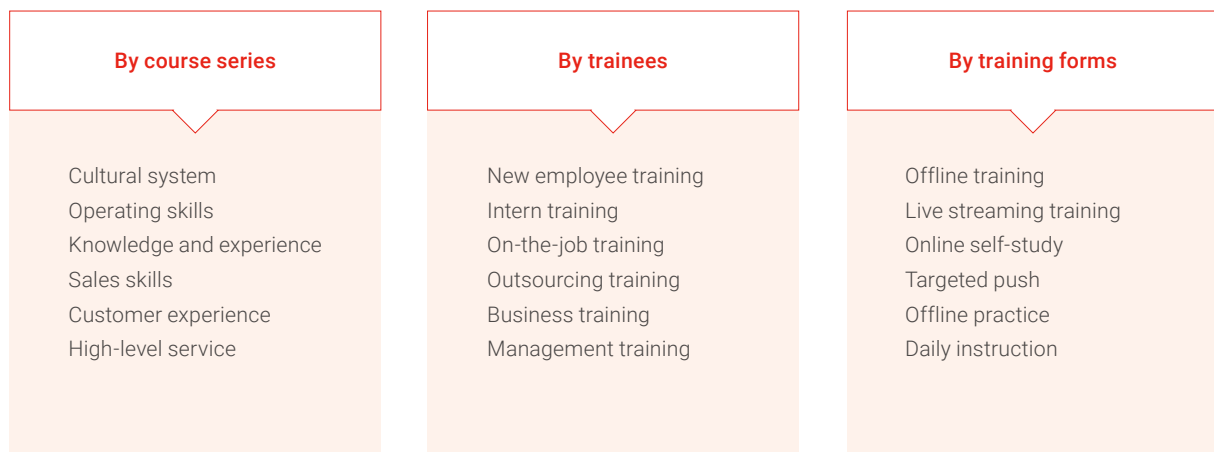
Red line risk training		<p>Include red line training, publicity and compliance training for new employees.</p> <p>Carry out special training and supporting assessment every quarter, and foster red line awareness in a targeted manner at different nodes, involving Tmall, JD, TikTok, mini apps and other channels, with more than 1,400 people trained in the whole year.</p>
New customer service staff training	Within a week	Be required to participate in the unified 2.5-day general training (corporate values, cultural system, service awareness, work process, daily routine, teamwork and other courses) arranged by the middle office, and be assigned to the personnel responsible for new employees and masters by the trainer after the training and assessment.
	Before becoming a regular worker	<p>1. Middle-office online course: The business staff cooperate with the middle-office trainer to promote the self-study of new employees through the OC knowledge base, and the middle-office trainer follows up on the assessment of online self-study.</p> <p>2. Business guidance and training: The master or supervisor of new employees clarifies the product knowledge, industry knowledge, store activities, verbal tricks, practical operation of the system, etc.</p> <p>3. Middle-office offline training: After the reception of new employees, the quality inspection personnel participate in daily monitoring and raise the individual and common problems of new employees. Individual problems should be solved under the direction of the master or supervisor of new employees, and common problems should be solved through offline training of the middle office.</p>
	After becoming a regular worker	Participate in online and offline training in accordance with the current on-the-job training pace.
On-the-job training		According to different positions and levels, provide supporting teaching resources, independently develop a complete system of "training, learning, examination and assessment", and offer 100 courses throughout the year, with more than 500 people trained in total.
Soft training of the management		Senior leaders provide training for subordinates, which integrates internal and external typical cases, and promotes the health of the echelon. 17 courses are held throughout the year, and more than 150 people receive the training in total.



The Company encouraged employees to grasp the development trend of the industry, and paid for employees to sign up for industry salons and actively participate in industry summits and lectures. The Company supported its employees to improve their academic qualifications, and provided vacation support for employees obtaining the qualification certificate as appropriate.

In order to ensure the effective connection of new employees, the Company established a sound training system, carried out and recorded online training courses according to the characteristics of each business line, and regularly provided offline training on business, general knowledge and red lines. Taking customer service line as an example, the customer service team manager of the Company could check the progress of various training sessions of the customer service team in real time through various training boards, such as new employee training board, new employee training data, teaching feedback, ratings and excellence rate; on-the-job training board, including the recent progress of on-the-job customer service training, such as training courses, training content, training instructors, assessment forms, the number of persons reaching the standards, etc.; and promotion training board, including promotion training, promotion guidance, promotion platform rules, etc.

### Leqee's Customer Service Training System



The Company focused on step training and development of talents. In order to screen and reserve sustainable backbone force and increase talent retention, the Company developed the Falcon Program. In addition to training and empowering junior specialists, the Company needed to carry out corresponding connection training for middle-level employees, so as to ensure a good role transition of employees in small team management and business connection, and targeted guidance on their growth. In 2022, nine courses were offered in the Falcon Program, and dozens of mid-level employees participated in this special training.

In 2022, Leqee carried out 170 customer service training sessions in total, involving more than 100 classes, covering more than 3,000 trainees in total, with more than 20 training hours per capita. 14 batches of unified examinations were organized, with a comprehensive pass rate (including reexamination) of 99% above and an average course satisfaction rate of 95% above. In addition, Leqee provided customer service training online, with no limit to the number of training sessions, covering all kinds of general courses which were pushed to customer service team members in a targeted manner according to different positions and levels. The Company also conducted a full staff evaluation based on 1,800 exam questions, and synchronized key content in real time to promote the output of comprehensive abilities.



Leqee's Open Courses of Customer Service Training



Leqee's Customer Service Assessment Standards



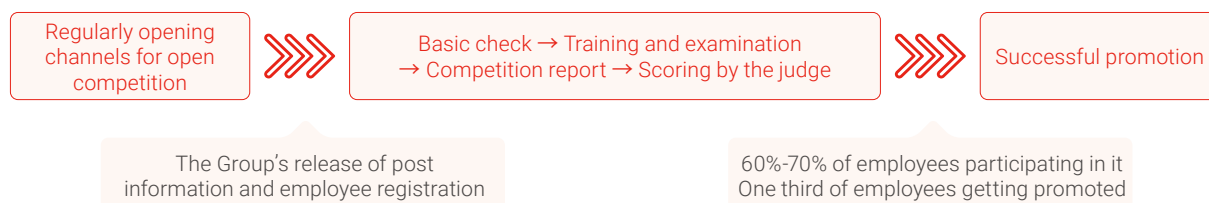
Open Course of Technical Training for Business Personnel

## Establishing a competitive mechanism, broadening the channels for employee promotion

The Company encouraged its employees to decide their own career development path, and provided opportunities for employees with a performance level of B and above in the past year and an intention of job transfer to another position. After the employee filed an application and obtained approval from the direct supervisor, he or she would be interviewed by the business leader of the position to be transferred and the HR personnel, and complete the job transfer procedure after the interview.

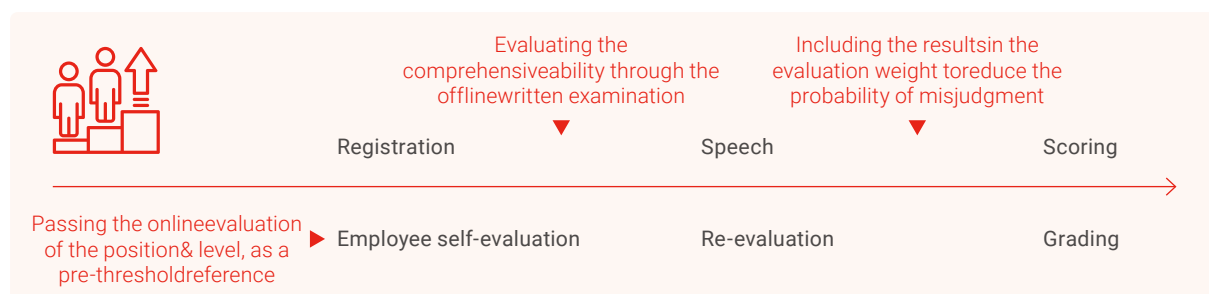
The Company focused on talent identification and selection, broadened the channels for employee promotion, and established a competition mechanism to allow hard-working, excellent and outstanding employees to stand out and get opportunities for job promotion and salary increase. The Company regularly carried out open competitions every year. After the employees made a registration by themselves, their professional ethics, work performance, personal work ability, comprehensive ability, title, interests, etc. would be examined by the relevant talent identification program, and they could get promoted if passing the examination. 60-70% of employees participated in the competitive recruitment mechanism every year, and one-third of employees were promoted.

### Leqee's Employee Promotion System








In 2022, the Company formally implemented the training and evaluation system, and combined the evaluation with the promotion mechanism. Internal lecturers in each department compiled teaching materials and courseware, recorded open classes, and organized employees to participate in online evaluation and offline written examination. The written examination results were included as a reference in the evaluation process of the competition report.

### Leqee's Training, Examination & Promotion System



Comprehensive Ability Evaluation by Offline Written Examination

## Legee's Initiatives to Ensure Health and Safety of Its Employees in 2022

 <b>Physical examination of employees</b>	<ul style="list-style-type: none"> <li>• Provide free medical examination for each employee through professional medical institutions every year</li> </ul>
 <b>Consultation service by doctors</b>	<ul style="list-style-type: none"> <li>• Invite doctors to provide free consultation services for employees during the promotion period or special holidays</li> </ul>
 <b>Health training</b>	<ul style="list-style-type: none"> <li>• Organize thematic training sessions on health and first aid, and explain professional first aid knowledge</li> </ul>
 <b>Drug support</b>	<ul style="list-style-type: none"> <li>• The office reception is provided with a variety of emergency drugs for employees free of charge</li> <li>• Provide staff with masks, drugs, antigens and other support materials during the Covid-19 pandemic</li> </ul>
 <b>Environmental governance</b>	<ul style="list-style-type: none"> <li>• Carry out two air cleaning actions after the renovation. Remove the formaldehyde of walls, top surfaces, floors, furniture, etc. After the test report is normal in a week, keep it ventilated for a month, and then get settled.</li> </ul>



Lequee  
杭州职训线下活动

# 乐其女神节 福利享不停

1 线上活动

1 领取将赠送“女神节”的2名资源中度用户，任意品牌专业电吹风，对于一位是品牌商，对于另一位是用户，所以品牌商上送品牌商，用户上送用户。

线上赠送：3月7日14:00，QQ大群会发送我的二维码，请大家留意。

2 赠送当天，能迅速将资源中度用户，我们是送资源中度用户一起参加资源中度用户。

3 活动地点

杭州职训线下活动

4 线上活动

1 乐其女神节“38”的女神。（1838、1838、2380）赠送乐其女神节。

2 乐其女神节

3 乐其女神节

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# 乐其D11急救中心

地址: 3222 12800 12300 12300  
12300 12300 12300 12300

电话: 400-000-0000

急救热线: 120-120-120

## ◎ 留班医生 ◎



**杨子庆**  
主治医师  
急诊科



**李治**  
主治医师  
急诊科

## ◎ 留班医生留班方式 ◎

1. 120-120-120  
2. 120-120-120

## ◎ 120-120-120 方式 ◎

120-120-120



72

# Table of Key Quantitative Performance Indicators

## Environmental performance

Performance Indicators Related to Environment

Topic	Disclosure	Unit	2022
Greenhouse gas management	Scope 2: GHG emissions <sup>1</sup>	Tons of carbon dioxide	2,683.32
	Scope 1: GHG emissions <sup>2</sup>	Tons of carbon dioxide	0
	GHG emissions per unit area <sup>3</sup>	Tons of carbon dioxide per square meter	0.022
Water resource management	Water consumption <sup>4</sup>	Cubic meter	203,681.77
	Water consumption intensity <sup>4</sup>	Cubic meter/Square meter	2.03
Energy management	Amount of electricity purchased	Megawatt hour	4,705.10
	Electricity consumption per unit area	Megawatt hour/Square meter	0.039
Waste management	Amount of non-hazardous waste by source: waste paper <sup>5</sup>	Ton	1,317

Note 1: [Statistical coverage] Scope 2: total GHG emissions refer to the indirect GHG emissions generated by the Company's purchased electricity. The statistical coverage is the scope of financial consolidated statements, including two levels of office and warehousing. [Source of factors] Among the power grid emission factors in Scope 2, the power grid emission factor in 2022 is 0.5703 tCO<sub>2</sub>/MWh, according to the *Notice on the Management of Greenhouse Gas Emission Reporting of Power Generation Enterprises from 2023 to 2025* issued by the Ministry of Ecology and Environment.

Note 2: [Statistical coverage] The office and warehousing levels involve neither the use of gasoline, diesel, natural gas and other energy sources, nor greenhouse gas emissions in Scope 1.

Note 3: [Statistical coverage] The statistical coverage of area includes office area and warehousing area. It is that of the consolidated financial statements, including the following offices: Hangzhou office, Shanghai office, Beijing office, Guangzhou office. The statistical coverage of warehousing area includes self-owned warehouses and collaborative warehouses.

Note 4: [Statistical coverage] The statistical coverage of water consumption includes that of office and warehouses. The statistical coverage of water consumption at the office level of the Company: Hangzhou office, Shanghai office and Guangzhou office. Beijing office has no water metering equipment. The statistical coverage of water consumption of warehouses includes self-owned warehouses and collaborative warehouses.

Note 5: [Statistical coverage] The statistical coverage of wastes involves wastes generated in the operating process of self-owned warehouses and collaborative warehouses.



## Employees' employment performance

### Performance Indicators Related to Employment

Topic	Disclosure	Unit	2020	2021	2022
Employee equality and diversity	Total employees	Person	3,000+	3,600+	3,600+
	Labor contract signing rate	%	100	100	100
	Share of female employees	%	64.7	66.0	65.1
	Share of male employees	%	35.3	34.0	34.9
	Number of employees over the age of 50	Person	1	3	2
	Share of employees between 30 and 50 years old	%	10.0	14.0	15.0
	Share of employees under the age of 30	%	89.8	85.9	84.9
	Number of senior management staff	Person	4	13	12
	Share of middle management staff	%	7.1	9.5	8.8
	Share of basic-level staff	%	92.7	90.1	90.9
	Number of minority employees	Person	89	121	126
	Number of employees with disabilities	Person	0	15	16
	Share of employees with a master's degree or above	%	4.6	4.4	3.6
	Share of employees with a bachelor's degree or below	%	95.4	95.6	96.4
	Share of new graduates recruited	%	13.3	13.5	8.8
	Share of male employees in management	%	29.4	39.5	34.2
	Share of female employees in management	%	70.6	60.5	65.8

Topic	Disclosure	Unit	2020	2021	2022
Rights and benefits of employees	Number of employee deaths due to work-related injuries	Person	0	0	0
	Frequency of work injuries	Injury	0	0	1
	Working days lost due to work-related injuries	Day	0	0	0
	Employee physical examination coverage	%	100	100	100
	Social security coverage	%	100	100	100
	Number of incidents resulting in penalties due to violations of occupational health and safety laws and regulations	Incident	0	0	0
	Number of violations in the areas of employee hiring and firing, pay and benefits, working hours and holidays, equal opportunity, anti-discrimination, etc.	Incident	0	0	0

## Employee training performance

### Performance Indicators Related to Employee Training

Topic	Disclosure	Unit	2020	2021	2022
Employee training and development	Proportion of employees receiving regular performance and career development assessment	%	100	100	100
	Employee training coverage <sup>1</sup>	%	85.02	94.99	97.99
	Proportion of female employees receiving training	%	63.01	58.00	55.98
	Proportion of male employees receiving training	%	36.99	42.00	44.02
	Average number of training hours for employees <sup>2</sup>	Hour	18.00	22.00	26.40
	Average number of training hours for female employees	Hour	18.00	22.00	26.40
	Average number of training hours for male employees	Hour	18.00	22.00	26.40
	Average number of training hours for middle management staff	Hour	4.50	17.00	18.00
	Average number of training hours for basic-level staff	Hour	20.10	19.80	23.00

Note 1: The employee training coverage rate is calculated as follows: Training coverage rate of employees of each category = Number of employees of this category receiving training/Number of employees of this category.

Note 2: The average number of training hours for employees is calculated as follows: Average number of training hours for employees of each category = Total number of training hours for employees of this category/Number of employees of this category.

## Customer service performance

### Performance Indicators Related to Customer Services

Topic	Disclosure	Unit	2020	2021	2022
customer relationship management	Complaint handling rate	%	100	100	100
	Number of customer inquiries	10,000 inquiries	9,202	11,765	9,221
	Customer satisfaction	%	76	76	83
	Total number of violations in marketing (including advertising, promotion and sponsorship)	Count	0	0	0
	Number of violations in product and service labeling	Count	0	0	0
	Total number of violations of regulations and voluntary guidelines regarding product and service information and labeling	Count	0	0	0
Data security and privacy protection	Number of substantiated complaints concerning violations of customer privacy and loss of customer data	Count	0	0	0
	Total number of violations of customer privacy	Count	0	0	0

## Anti-corruption performance

### Performance Indicators Related to Anti-corruption

Topic	Disclosure	Unit	2020	2021	2022
Anti-corruption and anti-bribery	Number of corruption cases brought and concluded against the issuer or its employees during the reporting period	Count	0	0	0
	Number of anti-corruption training sessions	Time	0	0	1
	Number of employees participating in anti-corruption training	Person	0	0	2,000
	Total number of anti-corruption training hours for employees	Hour	0	0	2,000

## Social welfare performance

### Performance Indicators Related to Social Welfare

Topic	Disclosure	Unit	2020	2021	2022
Community communication and development	Number of employees participating in volunteering services <sup>1</sup>	Person time	--	--	100
	Total hours of volunteering services that employees participate in	Hour	--	--	2,400
	Amount of charitable donation <sup>2</sup>	10,000 yuan (CNY)	--	160	180

Note 1: Employee volunteering services include voluntary activities such as charity sales.

Note 2: Charitable donations include the public welfare investment in the She ethnic minority group in Jingning, the donations of Match Charity, donations of Chinese Organization for Rare Disorders, donations for disaster relief, etc.

# Table of Benchmarking Indexes

## GRI Standards (2021) Content Index

Statement of Use	[Organization name] has reported the information cited in this GRI content index for the period [start and end dates of the reporting period] with reference to the GRI Standards.		
GRI 1 Used	GRI 1: Foundation 2021		
GRI Standards	Disclosure		Chapter
GRI 2: General Disclosure 2021	2-1	Organizational details	Get to Know Leqee
	2-2	Entities included in the organization's sustainability reporting	Instructions for Report Preparation
	2-3	Reporting period, frequency and contact point	Instructions for Report Preparation
	2-6	Activities, value chain and other business relationships	Get to Know Leqee
	2-7	Employees	Employee employment and diversity Employees' rights and benefits
	2-8	Workers other than employees	Employee employment and diversity
	2-9	Governance structure and composition	ESG concept and strategy Corporate governance
	2-10	Nomination and selection of the top governance body	Stakeholders and material topics
	2-11	Chairman of the top governance body	Corporate governance
	2-12	Role of the top governance body in overseeing the management of impacts	Corporate governance
	2-13	Delegation of responsibility for managing impacts	Corporate governance
	2-14	Role of the top governance body in sustainability reporting	ESG concept and strategy
	2-16	Communication of critical concerns	Corporate governance
	2-19	Remuneration policies	Employees' rights and benefits
	2-22	Statement on sustainable development strategy	Message from the Chairman
	2-24	Embedding policy commitments	Serving the national strategy, focusing on common prosperity
	2-27	Compliance with laws and regulations	Responsible marketing
	2-29	Approach to stakeholder engagement	Stakeholder communication
GRI 3 Material Topics 2021	3-1	Process to determine material topics	Stakeholders and material topics
	3-2	List of material topics	Stakeholders and material topics
	3-3	Management of material topics	Stakeholders and material topics
GRI 201: Economic Performance 2016	201-2	Financial impacts and other risks and opportunities brought by climate change	Corporate governance
	201-3	Defined benefit plan obligations and other retirement plans	Employees' rights and benefits
GRI 203: Indirect Economic Impact 2016	203-1	Infrastructure investment and supporting services	Reducing resource consumption
GRI 205: Anti-corruption 2016	205-2	Communication and training on anti-corruption policies and procedures	Business ethics
	205-3	Confirmed incidents of corruption and actions taken	Table of Key Quantitative Performance Indicators
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Reducing resource consumption
	301-3	Reclaimed products and their packaging materials	Reducing resource consumption



GRI Standards	Disclosure		Chapter
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Table of Key Quantitative Performance Indicators
	302-3	Energy intensity	Table of Key Quantitative Performance Indicators
	302-4	Reduction of energy consumption	Reducing resource consumption
	302-5	Reductions in energy requirements of products and services	Reducing resource consumption
GRI 303: Water and effluents 2018	303-5	Water consumption	Table of Key Quantitative Performance Indicators
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Table of Key Quantitative Performance Indicators
	305-2	Energy indirect (Scope 2) GHG emissions	Table of Key Quantitative Performance Indicators
	305-4	GHG emissions intensity	Table of Key Quantitative Performance Indicators
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Reducing resource consumption Strengthening supplier management
	306-2	Management of significant waste-related impacts	Reducing resource consumption
	306-3	Waste generated	Table of Key Quantitative Performance Indicators
GRI 308: Supplier Environmental Assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	Strengthening supplier management
GRI 401: Employment 2016	401-1	New employee hiring rate and employee turnover	Table of Key Quantitative Performance Indicators
	401-2	Benefits offered to full-time employees (excluding temporary or part-time employees)	Employees' rights and benefits
GRI 403: Occupational Health and Safety 2018	403-6	Promotion of worker health	Employee health and safety
	403-9	Work-related injuries	Table of Key Quantitative Performance Indicators
GRI 404: Training and Education 2016	404-1	404-1 Average hours of training per year per employee	Table of Key Quantitative Performance Indicators
	404-2	404-2 Programs for upgrading employee skills and transition assistance programs	Employee training and development
	404-3	404-3 Percentage of employees receiving regular performance and career development reviews	Table of Key Quantitative Performance Indicators
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Table of Key Quantitative Performance Indicators
GRI 406: Anti-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Table of Key Quantitative Performance Indicators
GRI 408: Child labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Employees' rights and benefits
GRI 409: Forced or compulsory labor (2016)	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Employees' rights and benefits
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Strengthening supplier management
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labelling	Responsible marketing
	417-2	Incidents of non-compliance concerning product and service information and labeling	Table of Key Quantitative Performance Indicators
	417-3	Incidents of non-compliance concerning marketing communications	Table of Key Quantitative Performance Indicators
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and loss of customer data	Data security and privacy protection

# Instructions for Report Preparation

This is the first Sustainability Report & ESG Report of Lemai Information Technology (Hangzhou) Co., Ltd., which aims to disclose to stakeholders the company's philosophy, management methods, practices and achievements on sustainable development and ESG issues in its operations.

## Scope

This report covers sustainability and ESG information of Lemai Information Technology (Hangzhou) Co., Ltd. (the parent company of Leqee) and all its subsidiaries.

## Reporting period

The reporting period is from January 1, 2022 to December 31, 2022. As this is the Company's first sustainability and ESG report, some of the data are appropriately dated forward. Meanwhile, from the perspective of timeliness, this report includes a small number of new items in 2023, and the time is stated accordingly.

## Basis of compilation

This report was prepared with reference to the Global Reporting Initiative (GRI) Sustainability Standards 2021.

## Data specification

The data and cases in the report are derived from official records of the Group's actual operations.

The financial data in the report are in RMB. If the financial data is inconsistent with the Group's annual financial report, the annual financial report shall prevail.

## Access to the report

This report is released in electronic format and can be viewed online or downloaded from the Company's official website (<https://www.leqee.com/>).

## Principles for preparation

### Importance

The Company identifies material topics related to operations that are of concern to investors and other stakeholders as the focus of this report. The reporting of material topics in this report focuses on the characteristics of the industry and the region where the Company develops its business. For the detailed analysis process and results of material topics, please refer to the section of **Stakeholders and Material Topics** in this report. Also, the report highlights environmental, social and corporate governance issues that may have important implications for stakeholders.

### Balance

This report reflects objective facts and discloses both positive and negative information about the Company impartially. The Company searched the objects within the scope of this report through Shanghai Qingyue Credit Database, and did not find any negative events that should be disclosed but not disclosed during the reporting period.

### Quantification and consistency

This report discloses key quantitative performance indicators, and historical data whenever possible. This report ensures that the statistical and disclosure methods of the same indicators are consistent across different reporting periods. If the statistical and disclosure methods are changed, it will be clarified in the notes to the report, so that the stakeholders conduct a meaningful analysis to assess the development trend of the Company's ESG performance.

### Timeliness

This is an annual report, covering the period from January 1, 2022 to December 31, 2022.

### Accuracy

This report is as accurate as possible. As for the measurement of quantitative information, the data specification, calculation basis and assumptions are explained to ensure that the calculation error range will not mislead the information user. For quantitative information and notes, please refer to the section **Table of Key Quantitative Performance Indicators**.

The Board of Directors warrants that there are no false records, misleading statements or major omissions in the report.

### Explicitness

This report is released in simplified Chinese. This report contains tables, model diagrams, glossary and other information to complement its text and facilitate stakeholders to better understand the text. To facilitate faster access to information for stakeholders, this report provides a table of contents and a benchmarking index of ESG standards.

### Integrity

The scope of the disclosure in this report is consistent with the scope of consolidated financial statements of the Company.

### Verifiability

The cases and data in this report are derived from the original records or financial reports of the actual operation of the Company. The Company adopts HiESG performance management system to manage ESG quantitative performance over the years, thus the disclosed data and calculation process can be traced back to support the inspection of external verification.



Hangzhou, Shanghai, Beijing, Guangzhou, Dongguan, Yancheng, Haikou, Hong Kong, Tokyo, Seoul and Ho Chi Minh City  
Address of Leqee Head Office: No.1 Building, 611, Jianghong Road, Binjiang District, Hangzhou  
Official website: <https://www.leqee.com>