

环境、社会 及管治报告

ESG REPORT

— 2020 —

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About the Report

The Report is the first Environmental, Social and Governance (ESG) report released by Joyoung Co., Ltd. to address the stakeholders' expectations and demonstrate Joyoung's values, management, actions and achievements in terms of ESG and sustainable development.

1. Reporting period

The Report is an annual report, covering the period from January 1, 2020 to December 31, 2020. Some content is appropriately retrospective.

2. Report scope

Unless otherwise specified, the Report covers Joyoung Co., Ltd., including all its branches and subsidiaries.

3. Data source

All the information and data presented in the Report come from Joyoung Co., Ltd.'s corporate documents, statistical reports and financial statements, as well as information on ESG and sustainable development collected, sorted and reviewed by the company.

4. Basis of preparation

The Report is prepared in accordance with the regulations and requirements as specified in the Shenzhen Stock Exchange Social Responsibility Instructions to Listed Companies.

5. Shorter form of company name

For convenience, the terms "Joyoung", "the company" and "we" all refer to Joyoung Co., Ltd. in the Report.

6. How to get the report

The Report is released in electronic form. Please download it from <https://www.joyoung.com/> or Cninfo.

Message from the Chairman

In 2020, amid the severe COVID-19 pandemic, China became the first country to bring COVID-19 under effective control under strong leadership of the Communist Party of China and the Chinese government. All Joyoung employees managed to stay safe and healthy. We quickly adjusted our sales strategy and delivered remarkable performance. In 2020, the company achieved a total revenue of RMB 11.224 billion (up 20.02% YoY) and net profit attributable to shareholders of RMB 940 million (up 14.07% YoY).

We have been focusing on our products and sales channels, which are our two major growth drivers. In terms of products, we have managed to accelerate the progress of our 3-tier R&D system, maintained company competitiveness through continuous product innovation and update, and promoted product quality through optimized supply chain management. We have been focusing on popular mainstream products such as self-cleaning blenders and soy milk makers, and uncoated rice cookers, as well as developing product series for these hero products. Our S160 rice cooker, one of the brand's latest releases, was awarded as "2020 China Household Appliances Innovation Achievement" for our disruptive steaming technology and unique user experience. We have held the title of "Most Influential Small Home Appliance Brand" for 12 consecutive years. In terms of sales channels, we have seized valuable opportunities for business growth brought by the new economy and live commerce, and integrated online and offline marketing efforts.

In the context of globalization, we will seize more opportunities in market upgrade, promote digital marketing, adhere to our user-centered and demand-oriented values, tune to new habits and needs of younger customers, take the leading role in the industry, and achieve high-quality growth.

We encourage our employees to lead a healthy lifestyle and work happily. We plan to build a young talent team full of youthful vitality and offer them a career platform with infinite possibilities. We respect every employee's dream and effort. We

have been committed to public welfare undertakings for more than ten years. We created Joyoung Hope Fund as part of China Youth Development Foundation's Project Hope program, and donated over RMB 50 million to it. We have built 1,084 Joyoung Hope Kitchens serving over 2.6 million citizens in 222 counties across 27 provinces in China, leaving footprints of love and kindness wherever we went. 2021 is the beginning of our second decade dedicated to philanthropic initiatives. We plan to donate RMB 50 million to public welfare in the next 10 years. I myself will also make a personal donation of RMB 50 million to Joyoung Charity Foundation, which was established not long ago, to facilitate our rural kitchen project and spread our warmth and love to those in need.

In the early days of the COVID-19 pandemic, we worked together with other sectors of society and donated disinfectant supplies, home appliances, and essential supplies to frontline health care workers. We resumed work and production in an orderly manner while ensuring our employees' safety and health, so as to help maintain social stability. Our performance in fulfilling responsibilities has been well recognized by the public.

In the future, we will continue to focus on product innovation and customer health and stay true to our original aspiration of promoting a healthy lifestyle. We will keep pursuing sustainable business development and working with our partners who share the same purpose of advocating high-quality, healthy diets to build a health-conscious national brand.

Chairman of the Board of Directors

Wang Xuning

About Us

Company Profile

Joyoung Co., Ltd. is a company engaged in R&D, production and sales of home appliance products. Formerly known as Shandong Jiuyang Home Appliances Co., Ltd. founded in 1994, we were incorporated in July 2002 and went public at the Shenzhen Stock Exchange on May 28, 2008 (002242.SZ).

As a leading home appliance brand in China, we are devoted to innovation and health advocacy through R&D, production and sales of home appliances. Our products are sold in over 30 provinces, cities, and autonomous regions in China, as well as more than 20 foreign countries and regions, including Japan, the United States, Singapore, Indonesia, and Thailand.

We are mainly engaged in independent R&D, design, sales and proprietary brand operation. We have developed a series of home appliances that facilitate healthy diets, including soy milk makers, juicers, food processors, noodle makers, rice cookers, pressure cookers, as well as home appliances that support a high-quality lifestyle such as mini vacuums, electric mops, and steam mops. We have established multiple production and R&D bases in Jinan, Hangzhou and other places, forming a cross-regional customized management structure.

- Vision

We aspire to become a leading brand of high-quality home appliances featuring innovation and a healthy lifestyle.

- Mission

We are committed to offering products that enable global consumers to enjoy a healthy and happy life. Our quality home appliances make home a better place.

- Values

People, teamwork, responsibility, and health

- Outlook on life

Work with passion and joy, live a happy and healthy life

Honors & Awards

- In March 2020, Joyoung won 11 Red Dot Design Awards and 16 iF Design Awards.
- Joyoung was named the Most Influential Home Appliance Producer of the Year at the 16th China Household Appliances Innovation Award Ceremony in 2020, where Joyoung's F30S-S160 rice cooker was awarded as a Product Innovation Achievement.
- In 2020, Joyoung won the 11th Tianma Award for Investor Relations (IR) of Chinese Listed Companies, the Best Board of Directors in IR Management, and the Best New Media Operations Award issued by Securities Times.
 - Joyoung was listed by Zhaopin as one of China's Best Employers 2020.
 - Joyoung was listed by 51job as one of Chinese College Students' Favorite Employers 2020.
- In 2020, Joyoung's Hope Kitchen project was listed as one of the Top 50 Outstanding Projects selected by the Poverty Alleviation Office of the State Council.
- In 2020, Joyoung was awarded Remarkable Contributor to Hubei Province's COVID-19 Prevention and Control and Role Model Company in COVID-19 Prevention.

Corporate Governance

We adhere to our vision of "becoming a respectable national brand representing innovation and a healthy lifestyle". We make constant efforts to improve corporate governance, internal control, and investor relations to lay a solid foundation for sustainable development.

Governance Structure

We strictly abide by the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Guidelines on Governance for Listed Companies and other relevant laws and regulations, and has accordingly set up our General Meeting of Shareholders, Board of Directors (as well as subordinate committees), Board of Supervisors, and management structure. Based on our conditions and regulatory requirements, we have created a multi-level operation and management system that covers all of our operations based on the Articles of Association, with the purpose of promoting long-term optimization of the governance structure and protecting the interests of the company and our shareholders.

General Meeting of Shareholders

We strictly abide by the Articles of Association, the Rules of Procedures for the General Meeting of Shareholders and the Code of Conduct for Controlling Shareholders and Actual Controllers in terms of the convening of general meetings and relevant voting procedures. We treat all shareholders equally and guarantees that shareholders can fully exercise their rights. During the reporting period, we held two general meetings of shareholders.

Board of Directors (BOD)

We convene BOD meetings and perform relevant voting procedures strictly in

line with the Articles of Association, the Rules of Procedures for the Board of Directors, and the Code of Conduct for Independent Directors, as well as guidance by the General Meeting of Shareholders. All of our directors perform their duty diligently in accordance with relevant regulations, and earnestly attend BOD meetings and the general meeting of shareholders.

Our BOD consists of four directors and three independent directors, including three female directors (43%). Our directors have abundant experience in various industries such as law, finance, management, and marketing, which facilitates our all-round development. The Audit Committee, Remuneration and Appraisal Committee, Strategy Committee and Nomination Committee set up under BOD performed all duties diligently during the reporting period.

Board of Supervisors

Our Board of Supervisors is elected in accordance with the Company Law, the Articles of Association, and the Rules of Procedures for the Board of Supervisors. The Board of Supervisors consists of three supervisors, who supervise the duty-related acts of the directors and senior management in accordance with the Rules of Procedures for the Board of Supervisors.

The Board of Supervisors' responsibilities include: proposing to remove from office any directors or senior managers who are in violation of laws, administrative regulations, Articles of Association, or resolutions made at the general meeting of shareholders; conducting a general investigation in the event of any abnormality in our operations; when necessary, hiring an accounting firm or a law firm or other professional institutions for assistance. The supervisors diligently perform their duties and honestly and dutifully supervise our financial status and the performance of duty by the BOD and senior management in terms of legality and compliance, to safeguard the legitimate interests of the company and our shareholders.

Internal Control

We introduced our Internal Audit Policy and set up sound internal departments on the basis of our business characteristics and internal control requirements. Based on various internal policies, we have clearly defined the objectives, responsibilities and authorities of each internal department and position, and established corresponding authorization, inspection and accountability policies, so as to ensure counterbalance and mutual supervision among departments and positions. We have formulated a complete set of management and operating procedures and system standards and created an IT operating support system covering management and industrialization for key control points in business processes. We are able to perform full control over our operations using multiple systems, including PLM, PTS, ISP, CRM, and Collaborative Product Commerce.

We set up the Internal Audit Department under the Audit Committee to review and evaluate the completeness, rationality and effectiveness of the internal control system in internal departments and holding subsidiaries. In 2020, we evaluated and monitored our internal control effort, monitored, reviewed, analyzed, and evaluated the formulation and implementation of our internal control regulations and procedures, and put forward suggestions for rectification and improvement. We performed regular audits on internal control at each business unit and prepared audit reports, put forward suggestions and advice for improvement, and followed up on the rectification progress.

Protection of Shareholders' and Investors' Interests

We maintain close communication with our shareholders, and keep track of shareholders' expectations and requirements on the company, so as to guarantee the legitimacy and effectiveness of corporate decision-making. We value opinions from small and medium investors as well as foreign institutional investors, and actively adopts useful suggestions in day-to-day operations, to better protect small and medium investors' interests. We conduct multi-dimensional communication with

investors through the Shenzhen Stock Exchange's IRM platform, p5w.net (an investor relations management platform), online and physical analyst workshops, investors' field research, reverse roadshows for institutional investors, etc. We disclose information such as company news and announcements in a timely manner through media designated by the China Securities Regulatory Commission and major financial media both on a regular and irregular basis, and have set up a multi-level, multi-dimensional investor relations management system to enable smooth and efficient communication between the company and the public (including investors).

We get included in indexes such as the MSCI (Morgan Stanley Capital International) China A Index and FTSE Global China A Inclusion Index. We actively respond to the capital market's expectations and concerns on our ESG performance. We were rated BBB in the MSCI ESG ratings in November 2020, and was well recognized by ESG investors in the capital market.

Business Ethics

We espouse a "culture of sunshine" in company operations and management, which upholds honesty and integrity. Our business codes consist of major relation codes, such as operating codes, management and control codes, and dealer and supplier management codes, employee performance standards, and employee code of conduct. By continuously improving the code of ethics, trust mechanisms, and employee management, we maintain high standards of business ethics, and encourage our partners to join such efforts. We have formulated a series of documents, including the Accountability Policy, the Anti-fraud Policy, the Audit and Monitoring Policy, the Policy on Management of Emotional Connection with Clients, the Complaint and Feedback Policy, the Reward and Punishment Policy and the Rules on Other Immediate Rewards and Punishment for Violations of Regulations and Disciplines, to prevent moral hazards in company operation and management, and enhance the monitoring and management of our business behaviors.

In terms of business activities, we sign a Corporate Integrity Agreement with

each of our suppliers and distributors, setting out the code of conduct that all parties should abide by in their business activities. We have expressly specified how to file a complaint to the Audit and Monitoring Department, as well as the economic and legal liabilities as a result of violations. Our suppliers shall make commitments to guarantee performance of contract and an open and transparent business environment. In the management of emotional connections with the clients, we have clearly defined the acceptable types of gifts and entertainment offered by the clients, so as to maintain company integrity and decent business relations.

As Internet technologies and smart home appliances find wide application, we pay significant attention to information and data security, especially consumer privacy protection. We regularly update our Privacy Policy on our official website. Each user's private information will be kept strictly confidential, and will not be shared with any third party without the user's consent. In terms of information security, we have created a strict information security policy to control use of computers and networks, document storage and retention, and data input and output. We have also formulated relevant documents, such as the Information System User Rights Policy and Computer Terminal Security Policy, to support the authorization mechanism and handle information security risks while keeping business and systems running smoothly.

In order to implement effective monitoring of business activities, we have set up our own complaint and feedback platform and WeChat official account for customers to file complaints and offer suggestions. The Audit and Monitoring Department is in charge of complaint and feedback management and guarantees that customer complaints and feedback are properly handled in a confidential, objective, thorough, and timely manner. We regularly carry out training sessions on business ethics. In our "Star Plan" orientation program for new employees, a special course named "Business Ethics and Sunshine-style Management" will teach new employees about our "culture of sunshine" and ethical bottom lines. Through case analysis and scenario-based Q&A sessions, new employees could develop a thorough understanding of business ethics. Every new employee will sign a letter of commitment on integrity and self-discipline.

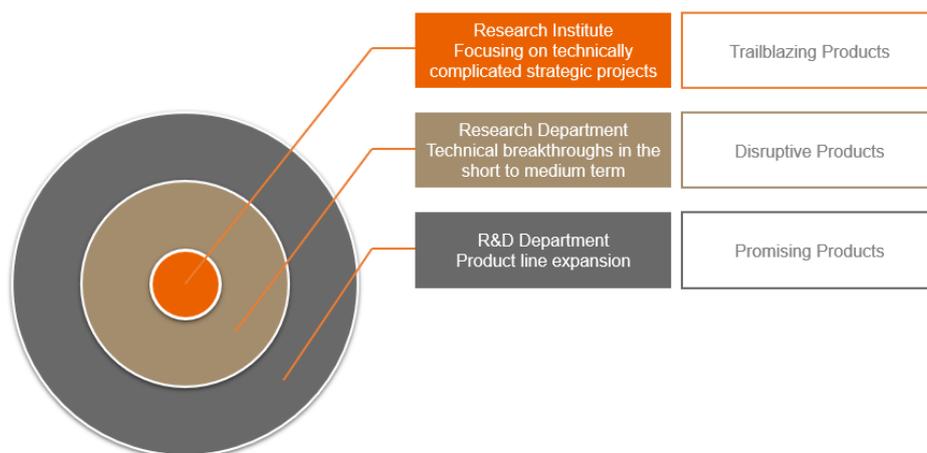
I. Home Appliances for High-quality Life

As an industry leader, we have been focusing on appliances for healthy eating for 27 years since 1994, and enjoy a high brand reputation. With an upgrade of our business and branding strategy, we have transformed from a manufacturer of soy milk makers to a provider of a wide range of home appliances promoting a high-quality lifestyle. Through independent R&D and ongoing innovation, we aim to make it easy, convenient, and appealing to lead a healthy lifestyle for customers. With lightweight, stylish, intelligent and convenient products offering a perfect combination of tools and ingredients, we help customers enjoy healthy diets with optimal nutrition effortlessly.

1. Product Innovation

Product competitiveness depends on three factors: technology, design, and supply. Entering a new market where customer demand is high is crucial for a company's long-term growth, which requires an effective combination of technology, design and craftsmanship. Innovation is embedded in our DNA. We have attached great importance to R&D and technological achievements since it was incorporated. We have created a three-tier R&D system to meet customer demand for home appliances facilitating quality lifestyles. We remain responsive to the evolving needs of the market and keeps abreast of industry frontiers. In 2020, we beefed up investment in R&D of innovative technologies and creating hero products, and improved our R&D system and policies and hired top talents, to drive technological advancement and innovation. In 2020, we invested RMB 345,841,900 in R&D (up 4.68% YoY), accounting for 3.08% of the total revenue.

Joyoung's Three-tier R&D System



Focusing on product innovation and customer health, we made multiple breakthroughs in R&D of home appliances promoting healthy and high-quality life while pushing for research in the "big health industry" in an effort to explore new healthy lifestyles in 2020. We have been working with the Institute of Materials Science, Chinese Academy of Sciences as well as top companies such as Huawei on healthy materials and smart products. We plan to solve customer pain points in promising fields and bring new growth drivers to us.

Joyoung's Product R&D Achievements in 2020

Trailblazing Products		
 <p>High-speed Blender/Food Processor L18-YJ08 The industry's first low-noise, variable-frequency blender</p>	 <p>Horizontal Noodle Machine N3 The industry's first horizontal noodle machine</p>	 <p>K1S The industry's first self-cleaning soy milk maker</p>
 <p>Cordless Juicer Z2-Vmini The industry's first cordless portable juicer</p>	 <p>Steam Rice Cooker S3 The industry's first steam rice cooker with uncoated inner pot</p>	 <p>Steam Air Fryer SF5 Steam-frying, a healthier alternative to stir-frying</p>

Disruptive Products		
 <p>Self-cleaning Low-noise Smart Blender Y88 The industry's first self-cleaning, low-noise blender</p>	 <p>Vertical Noodle Machine L6 The industry's first smart vertical noodle machine</p>	 <p>K780 Cup-switching-enabled, multifunctional, self-cleaning soy milk maker</p>
 <p>Cordless Juicer JYL-C902D The industry's first cordless portable juicer</p>	 <p>Steam Rice Cooker S160/S360 The industry's first uncoated steam rice cooker with a glass body</p>	 <p>Sandwich Maker Breakfast solution for certain scenarios</p>
Promising Products		
 <p>Low-noise High-speed Blender L18-Y33D Self-cleaning low-noise Smart Blender Y1</p>	 <p>Auto-water-adding Noodle Maker L20 The industry's first smart weighing and water-adding noodle maker</p>	 <p>D110 A1 solo D561 Mini Soy Milk Maker (for one person)</p>
 <p>Vertical Juicer JYZ-V5plus Horizontal Juicer JYZ-E22C</p>	 <p>Frame-shaped Steam Rice Cooker S501 Uncoated and transparent steam rice cooker</p>	

After the brand “Shark” entered the Chinese market, it has quickly become the No. 1 brand (by market share) offering steam mops and electric mops on major e-commerce platforms such as Tmall and JD.com. Currently, Shark's steam mops, which enable thorough steam disinfection and sterilization, are popular among customers who need deep home cleaning. In addition, we provide cordless and auto-clean electric mops for customers who opt for lightweight and cordless mops to

meet differentiated needs of deep cleaning. We are also working on developing lightweight and cordless vacuum cleaners. We will tap into the synergy with Shark in sales channel marketing, R&D, customer insight, etc., to bring more variety into our product portfolio.

We have been encouraging technological innovation and doubling down on intellectual property protection, so as to lay a solid foundation for creating more products with core advantages. We have built a professional, efficient and outstanding intellectual property team, which is dedicated to enhancing our operations security through continuous improvement of patent risk control. The team regularly conducts patent monitoring, so as to facilitate patent map analysis for various product lines. We have been working on systematizing its trademark management and building up an iron-clad trademark protection system. Today, we are doing great in protecting our patents for core products such as soy milk makers, blenders and cookers. We will keep widening and deepening our "patent moat".

Joyoung Patent Data 2020

New Patent Applications	2,227
——Inventions	307
——Utility models	1,710
——Designs	210
Total Patents Obtained	8,378
——Inventions	427
——Utility models	6,846
——Designs	1,105

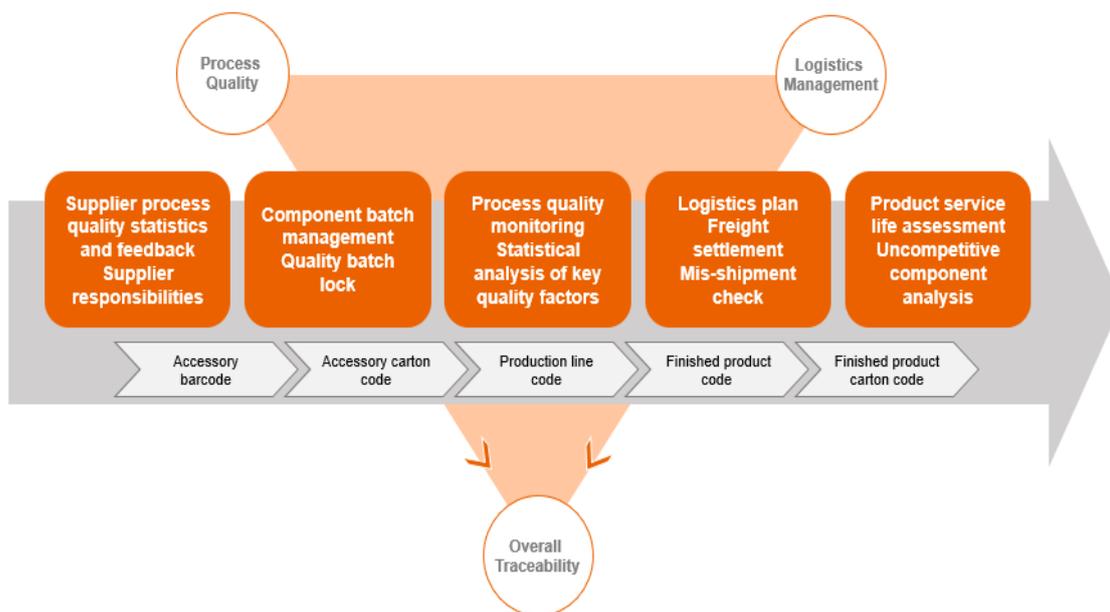


In August 2020, Joyoung Kitchen Appliances Provincial Key Enterprise Research Institute was listed as one of Zhejiang Province's Science and Technology Projects.

2. Quality First

Product quality is the core part of customers' rights and interests and the lifeblood of an enterprise. We pin our faith on a strategic transformation toward a brand of high-quality home appliances. We have established the Product Tracking System (PTS) which can, by dint of barcodes, track and manage the entire business chain, including supplier portals, process quality control, logistics control, distributor purchase orders, sales and inventory, and after-sales management.

PTS Functions



We have formulated a series of policy documents such as the Defective Product Management Policy, the Routine Product Quality Check and Confirmation Procedure, the Continuous Improvement Procedure, the Supplier Quality Policy and the Requirements on Outsourcing of Food Contact Materials, so as to guarantee product quality. We have set up the basic framework, procedures and methods for safe designs, and formulated design specifications and design history files, in an effort to guarantee product design safety from the very beginning. We have created a quality management system and a food safety management system, and strictly apply them in the production and operations processes. As for after-sales management, we proactively collect market feedback through multiple channels and analyze the feedback information, thus keeping improving our products. Our employees have developed a strong awareness of quality. They strictly follow every procedure and standard for production, on-site management, quality check, etc. That's how we maintain our product quality. In 2020, we recorded no product recall caused by product safety concerns.

"Being practical, collaborative, dedicated, and innovative." That is our vision for quality control. We encourage every employee to take part in system management,

process control, and quality improvement. Since 2011, we have held 10 quality control improvement events in a row. Over the past decade, we have improved an average of nearly 100 items every year. We did this only internally at first, but now, our suppliers are also part of the annual event.

2020 Quality Management Performance



We are committed to not only product quality, but also life quality of our consumers. We have set up the Nutrition Research Department for product research, recipe development, and nutrition marketing. We have inked long-term partnerships with relevant well-known universities such as Jiangnan University, China Agricultural University, and Zhejiang Gongshang University to delve into nutrition and health, cooking theories and standard formulation, so as to provide theoretical support for our product R&D and innovation, thus offering consumers a variety of cooking solutions. The Nutrition Research Department has hired six certified/senior nutritionists, led over 160 cooking research projects related to kitchen appliances such as soy milk makers, rice cookers and blenders, developed over 2,000 recipes, and obtained over 30 patents.

We have been active in attending external academic conferences and provincial and municipal outstanding QC team selection activities. We have trained a lot of quality control talents for ourselves and our suppliers through learning sessions and competitions. In 2020, our project "Reduction of Transistor Defect Rate in Magnetic Furnace LC7" won the second prize of Zhejiang Province's QC Achievement Contest, and the second prize of the 6th "Quality of China" Enterprise Case Contest; three of our QC teams, namely, Special Agent, Trailblazer, and Vanguard each won the title of 2020 Hangzhou Excellent QC Team.



State certified laboratory

We have built a state-level home appliance testing laboratory, which has received a series of certificates, such as CNAS National Accredited Laboratory, Laboratory Registered with China Energy Label Management Center, UL/SGS/TUV/ITS/KTL Laboratory, and Public Testing Resource Development Laboratory. As an effective guarantee for the quality of our own products, the testing laboratory also provides professional and reliable testing and inspection services on material safety, electromagnetic compatibility, product performance, reliability, chemistry, food safety and nutrition for the home appliance industry.

3. Better User Experience

We have been focusing on building an all-channel, user experience-centered, and efficient customer service system, offering flexible customer services, and promoting service digitalization, so as to meet customers' diverse needs, build a transparent "big service" system, and improve the brand reputation.

We have been improving our communication with consumers. Our customer service call center has more than 60 professional agents, including product experts and agents for VIP customers. We also have AI-powered customer service robots. We keep training the robots with regularly updated service knowledge database. So far, our customer service robots have provided over 1.32 million services. Customers may also directly contact our after-sales outlets through our WeChat mini program, which has so far provided about 1.14 million self-service queries. We have posted over 3.4 million customer engagements through all channels. Among them, 80% are

self-service engagements, which means we have a convenient and efficient inquiry response system.

We stick to the principle of "Sunshine Service". We never sidestep every negative review. Instead, we thrive on negative feedback and take it as our motivation for developing better products. We have set up multiple online and offline channels for consumers to seek help, make suggestions, and file complaints. We have been streamlining our order dispatch management and complaint management as part of our efforts to build a proactive service management system. We have introduced a "First Call Accountability" complaint handling system. Whenever the Customer Service Department receives a complaint via any channel, it will check the content of the complaint and forward it to the customer service manager and the responsible department within 1 hour (during working hours), which will then handle the complaint within 1 hour and notify the complainant of a handling result within 24 hours. As for any complaint that cannot be handled in a timely manner, we will promptly inform the complainant and apologize for our delay. We will follow up the complaint until it is resolved. Throughout the process, we pay full attention to how consumers feel and do our best to minimize any negative impacts.

Service digitalization is part of our transformation. We have integrated assorted intelligent service features into our customer service platform, which increases our engagements with customers and enables real-time sharing of information such as order dispatch, response, settlement, and follow-up, thus forming a visual management dashboard that displays service quality, efficiency, early warning, and review. With service digitalization, we have seen a 50% increase in our customer service response and settlement efficiency.

As of the end of 2020, we have had over 2,000 after-sales service outlets, over 300 repair centers, and more than 3,000 star-rated service workers across China, forming a nation-wide and all-round after-sales service system. Our after-sales service system covers basic warranty policies, five exemptions/safety checks, trade-in services, and exclusive SKY services, as we are seeking to meet consumers' diverse needs and provide the best after-sales experience in the industry. We also regularly

carry out various offline activities as part of our consistent policy to serve our customers before they ask and reward our loyal customers.

Joyoung After-sales Service Policy

Kitchen appliances

- Warranty Policy**
1-Year extension of warranty for registered members of our Weibo account or WeChat Work account
- Five Free Services**
Free cleaning, free maintenance, free testing, free drinks, free water quality testing
- Trade-in**
Joyoung users can enjoy a trade-in discount of up to RMB 400
- SKY Exclusive Service**
High-end products and services

Household water purifiers and large kitchen appliances

- Sunshine Promise**
2-year warranty for reverse-osmosis water filters and 5-year warranty for booster pumps
- All-around Check**
Zero distance service: free testing, commissioning and maintenance
- Exclusive Services**
Regular maintenance reminder; 2-year intra-city free relocation

Shark (China) Service Policy



Exclusive SKY Services

Series	Basic Benefits	Extra Value	
S-series rice cookers	Free shipping for in-warranty repair	All models	Lifetime free cleaning
K-series soy milk makers		All models	Lifetime free blade replacement
Y-series blenders		YJ08/Y88/Y966.Y1/Y1Pro	Lifetime free motor replacement
		Y20/YZ01/Y60/Y920/Y930	10-year free motor replacement
		Models indicated on VIP card	One free motor replacement (no time limit)

In 2020, our product sales hit a new high. We also pay heed to how consumers look at our brand. We have introduced the Kepler Observatory customer feedback system to collect valid customer feedback on products, purchases, and services. In 2020, our customer experience improved by 26.24% YoY, and our overall positive feedback rate increased to 97.67%.

Joyoung Industrial Tourism

Relying on a complete set of infrastructure facilities at the Joyoung Creative Industrial Park, we have built a Zhejiang demonstration base for industrial tourism that integrates sightseeing, learning, shopping and other functions. We provide various industrial tourism sessions and multi-functional tourism products, including sightseeing, interaction, research practice, shopping, and customized team building, for different customer groups. Visitors to the Joyoung Creative Industrial Park may learn about our brand culture, the way soybeans are made into soy milk, kitchen appliances and knowledge on health and nutrition. In 2020, the Joyoung Creative Industrial Park received a total of 18,000 visits while maintaining effective pandemic control.

Our industrial tourism business has won a series of awards such as Hangzhou

Youth Science Education Base, Young Pioneers' Labor Education Base, Study Camp Base for Hangzhou Primary and Middle Schools, Quality Education Practice Base for Hangzhou Primary and Middle Schools, International Tourism Resort for Social Resources, and Hangzhou Best Metropolitan Attraction of the Year.



II、 Building a Sound Ecosystem with Partners

In order to build a sustainable ecosystem of "healthy and smart kitchen", we have been seeking partners that share our values. We are working with our partners along the industry value chain (R&D, products, supply and sales) to create a sound business ecosystem, thus achieving mutual growth and win-win outcomes.

1.Promoting Supplier Growth

Supply-chain partners are very important to us. We have a wide range of suppliers, including original design manufacturers (ODM), original equipment manufacturers (OEM) and component suppliers, which are mainly located in the Yangtze River Delta region, the Bohai Bay Rim (where Jinan in Shandong is the center) and the Pearl River Delta region. We seize market opportunities and implement the strategy of "Three Stars and Two Capabilities" to improve our entire manufacturing process and performance for higher supply capacity and better coordination with suppliers, so as to cater to the ever-changing customer demands. Through cooperation with Tmall in 2018, we digitalized our supply chain.

We have introduced the Procurement Management Policy, which requires our new suppliers to pass ISO 9001 or IATF 16949 quality management certification. To guarantee safety and sound environmental management, suppliers are required to comply with laws and regulations on fire safety, environmental impact assessment, pollution discharge, employee health and safety, etc. We monitor suppliers' product quality, process quality, and system quality. In the event of any defect, we urge relevant supplier to take remedial measures.

We conduct quality check and performance testing on suppliers every year. In April 2020, we carried out quality check on 37 suppliers, including 11 component suppliers. Over 89% of them receive a three-star or better rating. Our suppliers performed well in terms of the Three Firewalls, China Compulsory Certification (CCC), and New Product Introduction (NPI). In 2020, we launched lean production

certification on 27 suppliers and our Jinan Factory in terms of mechanism, quality assurance, on-site improvement, and reform and innovation. More than 70% of the suppliers passed the certification, and our Jinan factory obtained five-star certificate.

In addition to helping our suppliers improve their product quality and manufacturing management, we give them a hand when they are in the throes of operations. After the Spring Festival 2020, COVID-19 began to bite, as some suppliers were nagged by shortage of workers, logistics restriction, and growing labor and raw material costs. In this context, we provided our suppliers with resources and preferential terms, and recommended them our partner bank where they could apply for loans, so as to help them get over the hump.

Case: Supply Chain Live Streaming Workshop

The Supply Chain Live Streaming Workshop is a live streaming platform we have developed to empower our suppliers and impart supply chain knowledge to our employees. The workshop aims to promote supply chain integration.

On April 29, 2020, we held the first live streaming session to interpret supplier quality management systems, which involved a total of 206 participants, including our procurement managers and quality engineers and 92 representatives from 57 suppliers. During the session, we offered insights into several key points, including the scope of supplier certification, APQP process, and MAS. We fielded many questions raised by supplier representatives. The session was well received by suppliers. We also held a series of special live streaming events focusing on POP modules, R&D management, general management, cultural modules, and lean production modules in 2020.



2.Expanding Sales Channels

We have introduced a series of distributor rating policies, including the VIP Distributor Rating Policy, the Distributor Rating Policy, and the Color-based (Red, Yellow and Green) Distributor Rating Policy, to classify our distributors into four levels (Class A, B, C, and D), and VIP distributors into four groups (Diamond, Gem, Jade, and Rising Star). We encourage our distributors to put forward advice on our marketing and management, thus enhancing our brand reputation.

To expand our sales channels, we have been improving our existing tens of thousands of physical points of sale across China and exploring new retail models. We have opened specialty stores in hundreds of shopping malls. Our online business continues to grow, which keeps sharpening our e-tail edge. We have also ventured into new retail and live streaming fields, in an effort to create a one-stop all-category, visualized, and interactive shopping scenario for consumers. Our new attempts have achieved many intelligent features such as data monitoring and sharing, member management, traffic attraction, QR code payment and shipment. We have gained more than 20 million followers from multiple channels, including WeChat, Weibo, Douyin, Kuaishou, points of sale, and after-sales outlets.

As we are pooling more resources to target younger customers, we have come up with a "brick and click" approach: Consumers can watch live streaming events online and try the product offline. Relying on digital operations, we have seized opportunities brought by the popularity of video sharing and live streaming, and created an interactive scenario-based business model comprised of sales channels, products, brand influence and users, forming a three-dimensional and multi-level sales network for precision marketing. We channel most of our resources to mainstream products to achieve high-quality growth and expand brand influence.

During the COVID-19 pandemic, we helped our distributors and product promoters embrace a new sales model: live commerce. We taught them how to use live streaming devices and how to use the novel means to boost their product sales. In 2020, more than 150,000 product promoters participated in over 10,000 on-site live

streaming events.



Smart stores

There is a natural barrier between traditional e-commerce channels and physical brand stores, resulting in multiple problems, including low inventory turnover and varying customer experience. Smart stores are a right solution to these pain points. In terms of logistics and product distribution, we ship products from the nearest store to customers, so as to improve inventory efficiency in physical stores, and minimize the physical distance between the place of origin and consumers, thus significantly improving consumer experience. Moreover, such mechanism could mitigate the shipment pressure of e-commerce warehouses in big sales seasons. In this way, online orders are distributed to stores across China for delivery, thus facilitating inventory sharing in all channels. Online store and physical store inventories could be shared to guarantee sufficient supply, and promote inventory structure and inventory turnover.

Case: Smart Stores of New Retail

Joyoung Tmall Flagship Store integrates the inventory information flow with the product flow, highlighting a core of "full channels, good shopping experience, and high efficiency." The store allows customers to select a product online and try the product offline, a move that could win customer trust and expand brand influence. We also provide customers with special discounts for purchase at physical stores and the in-store self-pickup service. In this way, we can get closer to consumers and boost footfall.



Case: Y3 Blender Becomes Top Seller in Kitchen Appliance Sector upon Debut

Y3 Blender was one of Joyoung's key strategic products in 2020. Joyoung tried to convey a brand proposition of "cooking at home" and kept highlighting a feature of "auto clean" through scenario-based marketing. Y3 Blender rocketed to the list of Tmall Hey Box's Class-S new products upon its debut, and one of the RMB-1,000-odd top-selling appliances in Douyin marketing. It was also the best-selling kitchen appliance upon debut in recent year. This was another low-budget marketing success, where Joyoung chalked up 340 million impressions, and reported a GMV of RMB 7.46 million and sales of 5,727 units on the first day of release.

邓伦微博自爆在家做饭

邓伦微博自爆Y3独家自制“邓伦特调”，转评赞超 **170w**，九阳官方全域发声，代言人资源全链路整合

邓伦特调 # 埋梗引起高度讨论

#邓伦特调#提前埋梗，引发粉丝讨论“邓伦特调”到底是什么？Y3整体曝光话题度进一步提升，话题阅读 **8721w+**，讨论 **47.4w**

官微下场，粉丝沉淀，收割转化

官微揭秘“邓伦特调”是什么？引导粉丝购买转化，get邓伦同款不用手洗碗壁机

3. Industry-wide Win-win Strategy

We take win-win partnership as our business growth strategy. In the "Internet +" era, we are seeking business partners with shared values in fields of R&D, products, supply and marketing, etc., so as to achieve a synergistic effect.

Case: Cooperation in Product Development: Joyoung X Huawei Smart Kitchen - Auto Clean K2S Soy Milk Maker Unveiled

At the Huawei Developer Conference held in May 2020, Joyoung and Huawei jointly launched a smart soy milk maker powered by Huawei Harmony OS. The K2S Soy Milk Maker allows users to enjoy smart features such as quick control, quick services and quick recipe customization.

With the Harmony OS, the soy milk maker can be connected to all smart kitchen scenarios. It is Joyoung's trailblazing attempt to integrate "smart kitchen appliances" into "smart homes". K2S is a key milestone in Joyoung's technological development, from pulverization, heating, boiling, fine grinding, and extraction to blending, dry soybean grinding, filtering-free, smart control, and auto clean. Totally freeing users' hands, K2S ushers in a new fashion for kitchen life.



Case: Cooperation in Business Environment Safeguarding: Joyoung Joins Alibaba Anti-Counterfeiting Alliance

Joyoung has inked a partnership with Alibaba in intellectual property protection. Joyoung serves as the chairman of the furniture and home appliance group, a member of the advisory committee, and the new observation editor at the Alibaba Anti-Counterfeiting Alliance (AACA).

Joyoung and Alibaba have jointly launched a Queqiao anti-counterfeiting project, in which Joyoung provides Alibaba with new counterfeiting clues it has found on the Internet, and Alibaba regularly informs Joyoung of the suspected infringing products it has removed from its platforms. The project aims to promote information exchange and improve anti-counterfeiting efficiency. Joyoung has also cooperated with Alibaba in product identification, special cases, civil litigation, and other relevant fields. Joyoung also actively participates in AACA's public education, training sessions, anti-counterfeiting projects, theoretical and legal research events. In the AACA + Dada Planet Golden Week event, Joyoung for the first time empowered nearly 200 AACA brand owners in intellectual property protection, demonstrating its ongoing effort in business education.

Case: Cooperation in Supply Chain: Joyoung and Cainiao Supply Chain Upgrades Strategic Partnership

On October 30, 2020, Joyoung and Cainiao Supply Chain announced an upgrade of their strategic partnership. On top of the existing B2C model, they will extend their cooperation to the B2B field. Cainiao will cover the logistics from factories to Cainiao warehouses for Joyoung, solving Joyoung's full-link shipment issues. In addition, Cainiao Supply Chain will also build an integrated and visualized supply chain system that includes online/offline business flow, data flow, logistics and capital flow, a move that could help Joyoung reduce circulation nodes and improve efficiency in warehouse network layout.

Case: Cooperation in Procurement: Joyoung Teams up with Sunyur to Launch First Digital Platform for Home Appliance Procurement

On December 28, 2019, Joyoung and Beijing Sunyur Network Technology Co., Ltd. announced the launch of Joyoung Yuegou Mall, a platform that allows Joyoung to achieve an online and visualized procurement management, and promote agreement-based procurement.

As Joyoung's first SaaS system, Joyoung Yuegou Mall enables Joyoung to manage purchasers, consumers and suppliers in real time and bring demand, orders and other data online. The digitization of the full procurement chain, which covers purchase requisition, ordering, shipment and settlement, proves to be a boon for Joyoung to create greater value, cut cost and improve efficiency. Connected to 25 systems such as Oracle EBS, self-developed OA system, and WMS system, Joyoung Yuegou Mall has realized the devolution of bargaining power to suppliers and distributors. As a trailblazer in the digital procurement of small home appliances, Joyoung Yuegou Mall is expected to give a strong boost to the industry development.



III、Poverty Alleviation Targets Nutrition and Health

Charity has been part of our values from the word go. During our development, we always remain true to our original aspiration to contribute to poverty alleviation. We have launched several philanthropic projects such as Hope Kitchen and student assistance.

1. Joyoung Hope Kitchen

Over the past decade, we have leveraged our strengths and established 1,084 Joyoung Hope Kitchens in 222 counties in 27 provinces and autonomous regions across China. Every day, more than 500,000 students can enjoy the food cooked from Joyoung Hope Kitchens. The Hope Kitchen project has so far benefited more than 2.6 million people.

We have introduced the "Hope Kitchen + Nutrition Education" model to improve students' dining environment, enhance students' awareness of nutrition and help them develop good eating habits. According to statistical data, most schools that have introduced Joyoung Hope Kitchens have set up a food safety department, and 97% of them have improved meal preparation efficiency. In addition, the average meal preparation time has been shortened by nearly 30 minutes, the kitchen utensils have been disinfected by nine times per week, the average number of students eating at school has increased by 34%, the per capita energy cost of student meals has dropped by 18%, and the malnutrition rate in students has fallen by 14.92%. From a sample of grade-5 students, the average height growth in them reached 1.43 cm, where the figure is 1.25 cm for boys and 1.57 cm for girls. Comparing with the baseline data in 2010, the average height growth in grade-5 students in schools that have introduced Joyoung Hope Kitchens reached 4.68 cm, where the figure is 5.56 cm for boys and 3.92 cm for girls. Joyoung Hope Kitchen has created a social value of nearly RMB 227 million, and brought a social return on investment (SROI) of 233%.

In 2020, Joyoung Hope Kitchen was listed as one of the Top 50 Outstanding

Projects and included in the Yearbook 2020: China's Poverty Alleviation Efforts by the Poverty Alleviation Office of the State Council. The Joyoung Hope Kitchen project team has been active in pairing poverty alleviation in eastern and western regions, and it has formed a targeted poverty alleviation model in collaboration with the Poverty Alleviation Office. In 2020, we successively launched a special poverty alleviation campaign themed "Build, Improve and Standardize"¹ in China's poverty-stricken regions such as Weiyuan in Gansu, Qiandongnan in Guizhou, Pingjiang and Sangzhi in Hunan, and Liangshan in Sichuan. The campaign, focusing on three aspects: equipment, management, and personnel, aimed to ensure local students could eat healthy and nutritious meals at school.



Top 50 Outstanding Projects on Targeted Poverty Alleviation by Chinese Companies

¹"Build" refers to building kitchens in rural schools in poverty-stricken regions; "Improve" refers to improving the meal preparation capacity and efficiency; "Standardize" refers to standardizing school kitchen management by organizing relevant training sessions.

Joyoung Hope Kitchen has become an influential charity brand both internally and externally. We recruit volunteers from our employees and the public who are kind-hearted and care about public welfare. Joyoung Hope Kitchen volunteers are good teachers of nutrition education for needy children. Joyoung Hope Kitchen not only brings direct benefits to children, but also gives volunteers and the public an opportunity to learn about the current status of rural education and life and do what they can to help others while drawing life inspiration.

Kitchen	Invest RMB 30,000-100,000 in building a Hope Kitchen that is equipped with modern utensils and meets the national hygiene standards
	Form a standardized kitchen and a duplicable show kitchen
Nutrition Education	Set up a nutrition education class to raise students' awareness of nutrition and cooking
	Organize nutrition education camps to help students develop good eating habits
	Develop nutrition education textbooks based on the characteristics of students of different ages

Joyoung Hope Kitchen proves to an impetus for the Nutrition Improvement Program for Rural Students under Compulsory Education and one of the basic and sustainable ways for poverty alleviation among students. With the poverty alleviation drive emerging triumphant and the rural revitalization strategy in full swing, we established the Zhejiang Joyoung Charity Foundation at the Zhejiang Provincial Department of Civil Affairs in 2020, in a sign of our ongoing support for rural education, rural health and other related areas in rural revitalization. In the next decade, we will continue to donate RMB 50 million to the foundation. Plus Joyoung Chairman Wang Xuning's personal donation of RMB 50 million, the foundation will have at least RMB 100 million available for our major rural kitchen projects. Joyoung Charity Foundation is turning a new page.

Case: Joyoung Hope Kitchen Musters up Multi-party Support for Needy Students in Sangzhi

Sangzhi in Hunan Province is a state-level poverty-stricken county. The State Intellectual Property Office has been working on poverty alleviation in Sangzhi for 22 consecutive years, mainly in terms of education. In 2016, recommended by the State Intellectual Property Office, the Joyoung Hope Kitchen project team threw itself into the nutrition improvement plan for rural students under compulsory education in Sangzhi County. From 2016 to 2020, the team paid several visits to local schools for field research, and mapped out kitchen renovation and construction plans based on the actual conditions of these schools. At last, we managed to build 34 high-quality Joyoung Hope Kitchens in the county, extending our targeted poverty alleviation efforts from education support to nutrition improvement.

With the hardware project bearing fruit, the Sangzhi County Education Bureau struck while the iron was hot and put together an expert team to prepare the Detailed Healthy Recipe for Sangzhi Primary and Middle School Students. Based on the Dietary Reference Intakes and the Dietary Guidelines for Chinese Residents, as well as local eating habits, market supply, economic conditions, etc., the recipe underscored a reasonable balance of whole grains and fine grains as well as meat and vegetable ingredients. The recipe was then applied to all other schools in the county.

The Sangzhi County Education Bureau also formulated corresponding detailed recipe boards and standardized the school canteen cost accounting table based on the Hunan Province Primary and Middle School Canteen Management Regulations, and stipulated that all the state subsidies for the nutrition improvement plan and 75% of the living expenses voluntarily paid by students must be spent on food purchase, and the spending details must be disclosed to students, parents, and the public. The move turned out to



Case: Nutrition Education Workshop 2.0

In 2020, we launched the 2.0 version of the Nutrition Education Workshop as part of our upgraded support for the sustainability of nutrition education. We provided the guidance for nutrition education workshop decoration, free hardware facilities, courses, training sessions, etc. Such free resources are updated every two years to help teenagers and children grow up healthily. The Nutrition Education Workshops aim to offer health and nutrition knowledge based on kitchens and cooking, and promote traditional food culture, popularize good eating habits, table manners, teamwork, innovative thinking, aesthetics, etc., so as to help them stay healthy and happy.



Changsha Affiliated School of Beijing Normal University



Henan Zhengzhou Yingcai International Primary School



Zhejiang Pinghu Chongwen Primary School



Yiwu Yiting Primary School

2. Contribution to Poverty Alleviation

Consumption-based poverty alleviation

We have introduced a poverty alleviation model of "purchase as donation". During the Women's Day and the Mid-Autumn Festival, we purchase agricultural

products from poverty-stricken districts and counties, and regions covered by the Mountain-sea Cooperation Project.

We launch agricultural products shopping events, such as Charity Fair and New-year Shopping for Poverty Alleviation, from time to time among our employees and partners, as part of our poverty alleviation efforts.

Education-based poverty alleviation

In 2008, we set up an RMB 20 million education charity fund under the Charity Federation of Jinan Huaiyin District. The fund has been donating its annual interest on principal to the Charity Federation of Jinan Huaiyin District since then. So far, it has donated nearly RMB 15 million.

3. Contribution to COVID-19 Battle

When the COVID-19 pandemic broke out at the beginning of 2020, we immediately swung into action and donated four batches of logistics-related appliances worth about RMB 5 million as our support for the front-line medical personnel.

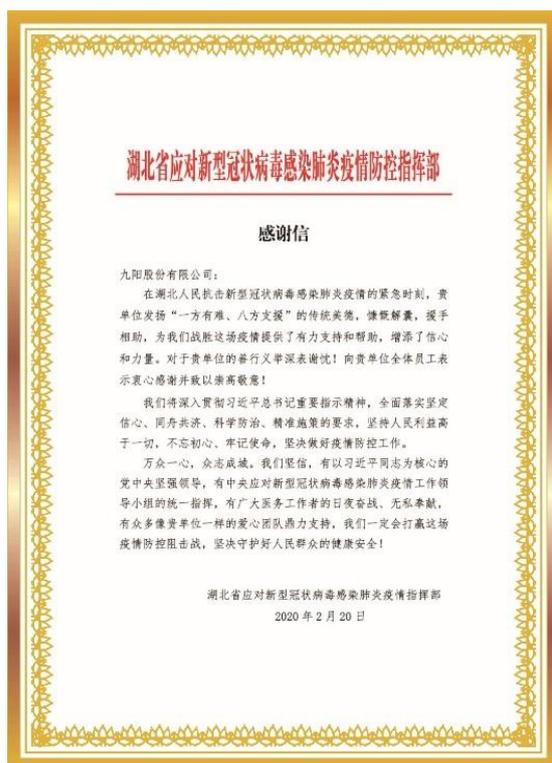
On January 26, 2020, the second day of the Lunar New Year, Wuhan imposed a total lockdown, sending local medical and living supplies into short supply. We quickly donated water purifiers, boilers, Shark steam sterilizing mops and other resources to the Wuhan Red Cross.

In order to support hardworking medical personnel in Wuhan, on February 7, through Shandong Provincial Red Cross, we donated 600 insulated tumblers and portable boilers to Shandong's first and second batches of medical workers heading for Huanggang, Hubei. We also donated 2,400 bags of instant soy milk powders to several local hospitals, as well as 2,000 bags of instant oatmeal to local medical staff through Alibaba Foundation, as our gratitude for their kindness and devotion.



In addition to home appliances, we also donated 1,000 ICU respirator hoods worth RMB 120,000 to the Second Affiliated Hospital, Zhejiang University School of Medicine. These hoods were used for COVID-19 prevention and control in Wuhan, especially for self-protection for medical workers treating critically ill patients.

Our anti-pandemic efforts were highly recognized. The anti-pandemic command centers at Hubei Province, Wuhan, Huanggang, Jingzhou sent us their letters of gratitude. We were also honored as a Remarkable Contributor to Hubei Province's COVID-19 Prevention and a Control and Role Model Company in COVID-19 Prevention.

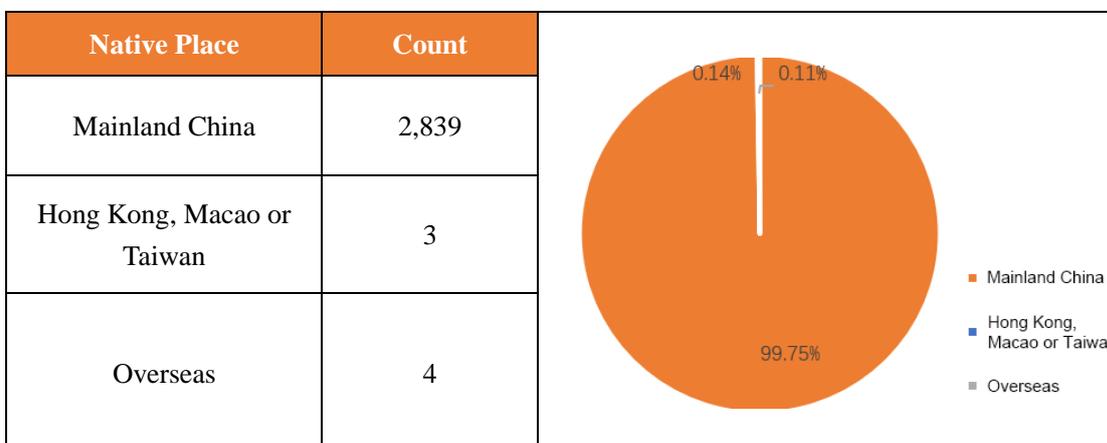
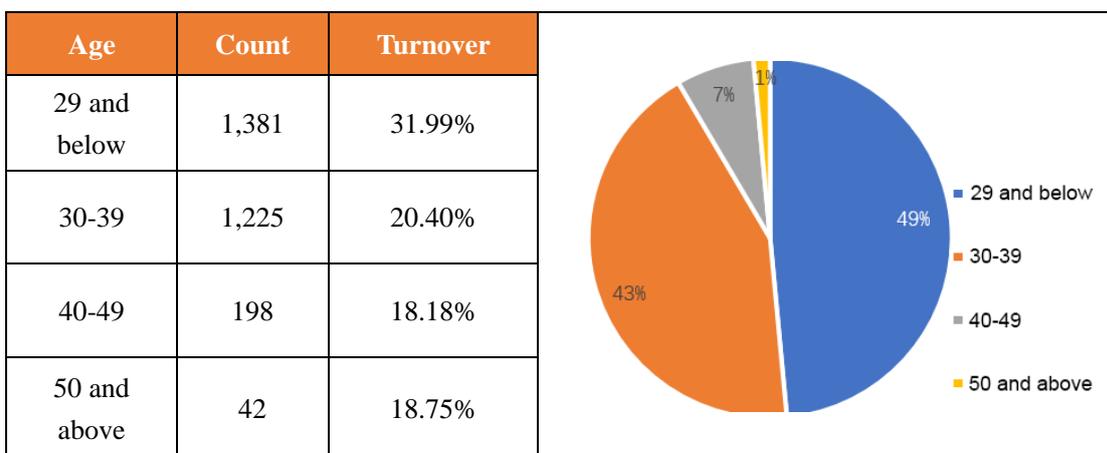
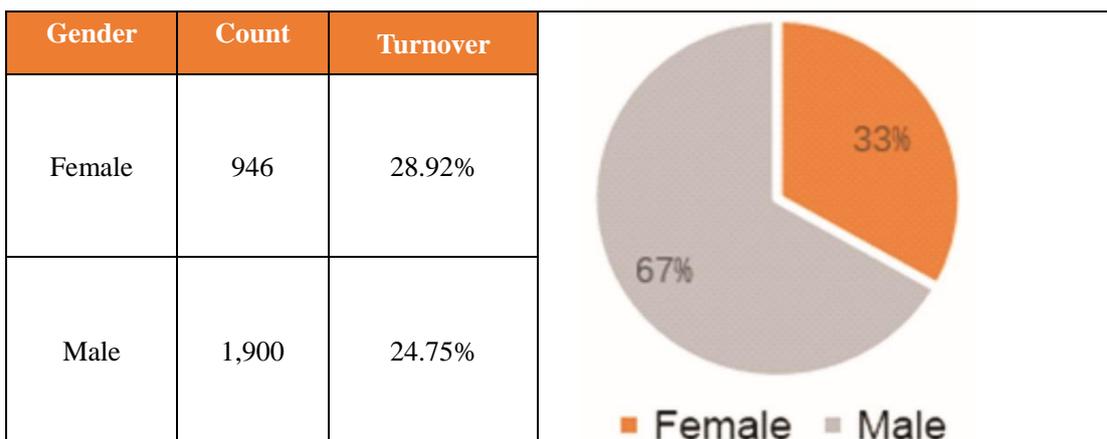


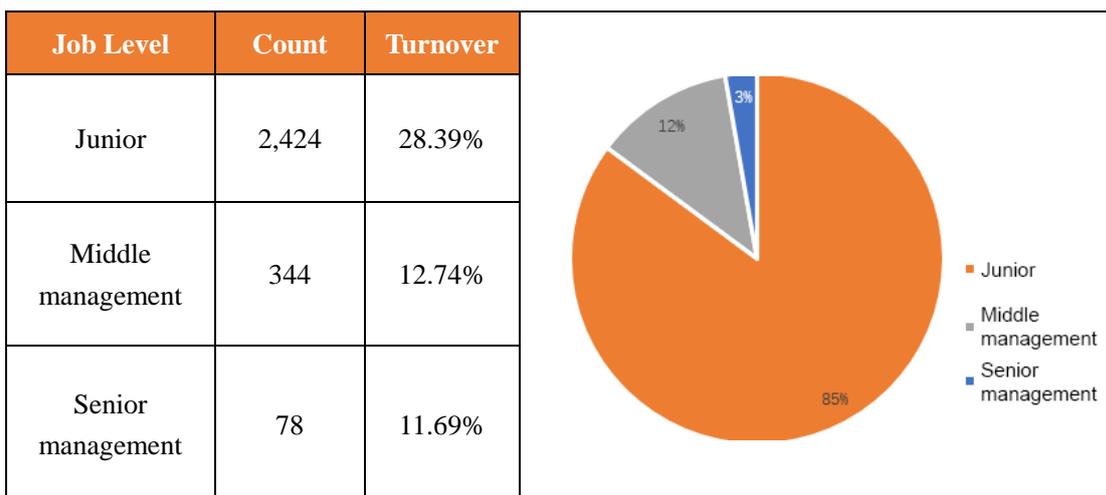
IV、 Young and Enterprising Joyoung Employees

"People, teamwork, responsibility, and health" are four keywords in our corporate culture. We have created an open and fair career development platform for our employees, and have constantly been improving our talent training system. We provide employees with opportunities to study outside the workplace every year, and attach importance to internal training and promotion. We have built three career paths, as well as an internal competition-based promotion system. We have created a creative working environment, and provide our employees with competitive compensation and benefits, so as to help them achieve their personal value, work with passion and joy, and live a happy and healthy life.

1.Welcome to Joyoung

We abide by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Employment Promotion Law of the People's Republic of China, and other relevant laws and regulations. We stick to legal employment and advocate a diversified, standardized and transparent employment system. We prohibit discrimination on the grounds of gender, ethnicity, religion or political stance. We sign labor contracts with employees on the basis of equality, free will and consensus, and specify the legal rights and obligations of both the employer and employees. We have been expanding our social and campus recruitment channels. In 2020, we organized a series of recruitment events such as the Special Job Fair for Overseas Graduates, to introduce top talents for the fast-growing company. As of December 31, 2020, we have had a total of 2,846 employees, and our employee structure was as follows:





2.Employee Training

We are on the fast track to growth. We are gathering more human resources, and optimizing the allocation of human resources. We maintain our growth momentum by improving staff professionalism and allocating posts that stretch every employee.

Making best of talents

We have developed our Talent Supply Chain 2.0. Based on our actual business needs, we have mapped out a talent development blueprint for the next one to three years. We have reserved key talents as candidates to middle and senior management and key positions through internal training and external recruitment. We provide employees with three career paths, namely, technology-oriented, quality-oriented, and patent-oriented paths. We have built a project manager echelon. We review our talent pool every year, and efficiently apply ability assessment results based on the talent nine-square grid, so as to identify high-potential talents, improve key capabilities, and guarantee the succession of key positions. At the same time, we have been introducing top talents for our new business, as well as talents with key capabilities and huge potential, to expand our talent pool for the future.

The management team is a vital part of our human resources strategy. We have formulated a bench plan for succession to each core manager position to avoid long-term vacancies. We have implemented the "Running Water Plan" for managers,

where they rotate every three to five years to enhance organizational vitality. We are bold in promoting young employees with good performance, in a bid to build a battle-hardened talent team.

Training talents in multiple ways

We have our own online knowledge base, lecturer pool, and resource pool, and regularly introduce knowledge from external parties and develop internal micro-lectures. We review our knowledge base every three months and record every learning process, so that we can have our finger on the pulse of every employee's growth progress and accurately evaluate how a project is implemented.

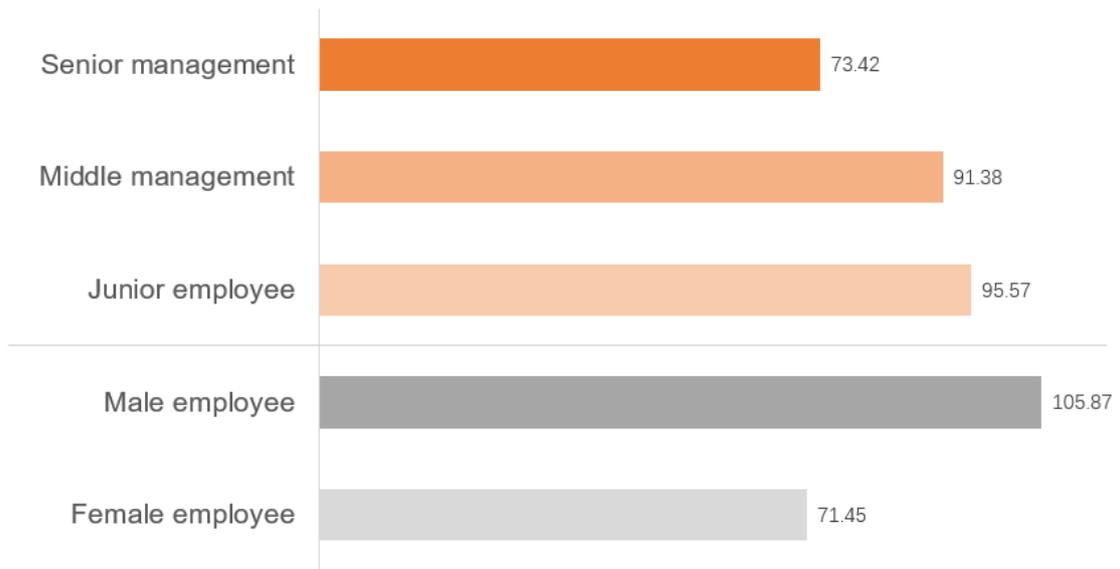
We have developed our Xiaoyang Academy training platform that offers blended learning, mobile learning, game-based learning and informal learning as well as digital marketing. Designed for our strategic projects, Xiaoyang Academy can provide innovative, interactive, flexible online learning programs where employees can find it fun and convenient to learn. We have set up a specific training academy for each of our six fields, namely, Marketing, R&D, Management, Job, HR and Leadership, which are all carried out at Xiaoyang Academy.

During the COVID-19 pandemic in 2020, the login rate of Xiaoyang Academy reached over 95%, and the monthly average learning hours per capita was about 8 hours. Xiaoyang Academy provided more than 50 special blended learning projects, online learning tasks, etc. Xiaoyang Academy was awarded the Best Digital Operation by YXT.com in 2019, and was listed as one of the Top Corporate Digital Business Schools 2019-2020 by CEIBS Business Online.

Innovations at Xiaoyang Academy

Blended learning	With a combination of online and offline courses, our employees can access concise and interesting illustrated micro-lecture resources and acquire new knowledge in their fragmented time.
Mobile learning	We have built a shared community for mobile terminals, as we encourage employees to create their personalized micro-lectures. We regularly hold micro-lecture competitions to make micro-lecture part of our brand culture. We have adopted a progressive incentive system and a point system for payment to create an exclusive mobile learning platform for our employees.
Game-based learning	To motivate our employees to study, we have integrated learning and game experience, and turned dreary learning processes into interesting challenges through customized question pools and amusing level-up games.
Informal learning	We have introduced a tutor-based training model based on the formulation of tutorial regulations and improvement in tutor training, set up online tutor-based training plans, flexibly arranged position experience, practice, scenario simulation and other sessions, and carried out monthly meetings, to promote employee training and give full play to the effects and advantages of informal learning.
Digital marketing	Digital marketing exists throughout the innovative learning programs. We send event notifications, push learning resources, design amusing articles and posters through our corporate account and learning platform to attract learning.

Training hours per capita



Case: TRIZ Innovation Training Camp

In order to solve R&D challenges and train top lecturers, in 2020, we set up the TRIZ Training Camp for researchers and R&D personnel from various business units. Trainees selected burning problems related to their business and they were split into 23 groups. TRIZ innovative tools were then applied in a standardized way to solve those problems under the guidance of external consultants and internal lecturers. During the program, our lecturers also acquired a lot of experience.

We collected over 130 study cases and over 100 patents through the program. We saw breakthroughs in product upgrades, cost reduction, and so on. The numbers of TRIZ level-1, level-2, and level-3 engineers increased to 183 (by 3 times), 32 (by 4 times), and 13 (by 13 times), respectively. In addition, the program cultivated 24 internal lecturers, of which more than 90% were R&D personnel. The program was well received among employees, and became the second popular program among employees following the new employee training program.



Apart from our employees, we also share our learning resources with our suppliers and distributors. We customized the training programs to help our partners grow together with us, thus promoting collaboration along the industry value chain.

Case: Practice-based NPI Training for Suppliers

In order to improve the new product introduction (NPI) capability of product and component suppliers and the engineering department, and establish a scientific and sound connection between products and projects, we arranged a practice-based NPI training session for 21 representatives from product and component suppliers and 25 Joyoung employees. We invited experienced lecturers to describe NPI practices in a systematic way, and help supplier representatives consolidate the knowledge they had learned through after-class assignments, which could help improve the NPI capability, thus reducing hazards in mass production and complaints over product quality.



Case: Training on New Channel Development and Offline Channel Digitalization

In December 2020, we invited an expert in new business marketing to give a lecture on the development of new channels and the digital transformation of physical channels for our distributors. Through various business cases, the expert expounded on the transformation of traditional retail channels, marketing innovation and other related knowledge, keeping distributors up to speed on the latest marketing trends.



3.Care for Employees

We abide by the national laws and regulations. We uphold a philosophy of "work with passion and joy, live a happy and healthy life", and provide employees with competitive compensation and benefits, as well as a safe and comfortable working environment. We protect the legitimate rights and interests of our employees and respect different opinions.

Compensation and benefits

We set store by the basic rights and interests of every employee, and provide them with endowment insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund in accordance with the Social Insurance Law of the People's Republic of China, as well as commercial insurance, to guarantee that every employee has the benefits they deserve. We have established a competitive compensation and benefit system. We provide our employees with incentives based on company profits and their personal performance. We give special reward to meritorious backbone employees without compromising fairness. We also provide our employees with perks such as high-temperature allowance, cash benefits, dormitories, shuttle buses, annual physical examination, special holidays and care services. We offer a subsidy to encourage our employees to pursue further study and get professional certificates.

Compensation system	Skill-based wage, position allowance, assessment-based wage, BU performance bonus, R&D bonus, outstanding sales bonus, company performance bonus, innovation incentives, equity incentives, etc.
Benefits	<p>Health: regular free physical examination, high-temperature allowance, etc.</p> <p>Care: team building, free travel, communication allowance, meal allowance, holiday allowance, Six Visits, etc.</p> <p>Insurance: five social insurances and the housing fund paid in full, additional commercial insurance, accident insurance</p> <p>Vacations: paid annual leave, marriage leave, maternity leave, nursing leave, funeral leave, antenatal care leave, breastfeeding leave, etc.</p>
Daily life benefits	<p>Housing: 5-year free apartment, housing for backbone employees, themed training apartment</p> <p>Shuttle bus: 10 shuttle routes covering the downtown area of Hangzhou</p> <p>Canteen: affordable healthy food</p> <p>Supporting facilities: free gym and fitness facilities, dry cleaning shop, barber shop, grocery, Internet cafe, KTV, etc.</p>

Work-life balance

Three Cultural Events, namely, Sports Meeting, Staff Conference, and Gala Evening are our major traditional employee events. We regularly hold these events to enhance employees' sense of belonging and happiness. We also have a WeChat platform for employee interaction, the Joyounger journal, an employee BBS, and anniversary publications.

Three Cultural Events: 1. Sports Meeting

On October 17, 2020, Joyoung held the "Running, Joyoung" fun sports meeting, where employees took part in a series of competitive, amusing and family events, such as the 8 x 50 m relay race, tug-of-war, fun games and parent-child competitions. A total of 16 teams participated in the sports meeting. The sports meeting served as a platform for exchange among different teams, which enhanced employees' awareness of teamwork and sense of honor, and sparked their enthusiasm for work and life.



Three Cultural Events: 2. Staff Conference

The staff conference is held every two years. On April 23, 2019, the Joyoung Staff Conference titled "Exceeding" was held at the Jialiang Auditorium, China Jiliang University. At the awards ceremony during the staff conference, outstanding employees and teams received a series of awards, which played an important role in enhancing employees' sense of honor and motivating them. In addition, the chairman and president also gave their speeches at the conference, which helped employees better understand Joyoung's new strategies for the next year and future, and motivated them to bring better performance.



Three Cultural Events: 3. Gala Evening

On November 19, 2019, Joyoung held the "Joyful Joyoung" Gala Evening to celebrate the 25th anniversary. All the gala shows were orchestrated and performed by Joyoung clubs, various departments and employees' family members. There were singing and dancing, musicals, sketches, sitcoms, choruses, fashion shows, martial arts, etc. Event photos were updated in real time, attracting nearly 45,000 viewers. The event fully demonstrated who Joyoung employees are and what they can do. It was also a presentation of the Joyoung culture.



To advocate "work with passion and joy, live a happy and healthy life", since 2008, Joyoung employees have successively set up 22 clubs with a wide range of themes, including sports, culture, nutrition, health, skills, and parent-child relations. They spontaneously organize colorful leisure events where they can exchange freely to enrich the spiritual culture. Joyoung has built a stadium, a gym, a dance studio, an ensemble, and a VLOG live streaming studio, which cover a total area of 10,500 square meters, as part of its full support for club activities and encouragement for work-life balance.

Joyoung club activities



The School of Nutrition live streamed 47 sessions about nutrition education for terminal supervisors and followers.



The Baking and Cooking Club carried out six baking and cooking events.



The Running Club organized a Health Run event, which enrolled 157 employees. A total of 137 employees recorded their participation online.

Employees' occupational health

The safety and health of our employees is the prerequisite for all of our production and business activities. We strictly abide by the Production Safety Law of the People's Republic of China and other relevant laws and regulations. We have passed the Occupational Health and Safety Assessment Series 18001 (OHSAS18001:2011). We have been improving our rules and regulations on occupational health, and enhancing our routine supervision and inspection, so as to raise employees' awareness of health, and encourage them to live healthily and work happily.

When the COVID-19 broke out, we quickly formulated an emergency plan to provide protective measures for employees' Spring Festival trips and work resumption. We also launched an online health reporting system to track employees' daily health status, and shared knowledge on immunity enhancement and pandemic prevention

and control. While following pandemic control requirements, we resumed operations in an orderly manner, and cleaned and disinfected our workplace thoroughly. Employees were required to wear face masks and encouraged to attend online meetings, work from home, and keep distance from others to protect themselves and people around them.

V、 Environmental Protection

We advocate harmony between humans and nature. We seek to minimize the environmental impact of our production and operations, in response to the global call for energy saving and emission reduction and higher energy and resource utilization. We have been paying close attention to the latest requirements on environmental protection, such as waste sorting. We are working hard to be a role model in environmental protection.

1.Minimizing Environmental Impact

We have passed the ISO14001:2015 (Environmental Management Systems). We conduct an internal environmental impact assessment every year, and hire a third party for external review every three years as required. Our factories in Jinan and Hangzhou generate almost no waste gas and water in their production, so their environmental impact is quite small. Our emissions are also within the permit of relevant national standards. We received no complaints or administrative penalties over pollution throughout 2020.

We pay close attention to the environmental impact of our operations. In 2020, when the Hangzhou Municipal Government issued the updated Hangzhou Household Waste Disposal Act, we quickly set up a special team to promote, implement and manage waste sorting. We applied a waste sorting framework featuring daily review, weekly reporting, and monthly summary, in an effort to keep improving our efforts to tackle environmental impact. Through waste sorting and waste reduction measures, we reported a 13.66% year-on-year drop in waste generated in 2020.

Joyoung's waste disposal efforts

Infrastructure	<p>In our park, we replaced old dustbins with 100 waste-sorting bins, and replaced old outdoor dustbins with new ones for hazardous waste.</p> <p>We also upgraded its waste recycling zone and built a solid waste recycling section in accordance with waste disposal regulations.</p>
Propaganda	<p>We pasted posters across the park, promoted waste sorting through WeChat and other common channels, and assigned specific personnel to review the effectiveness of waste sorting.</p> <p>We opened a waste sorting course to the Joyoung Industrial Tourism project.</p>
Waste recycling	<p>We hired a third party to collect recyclable waste sorted at the park. In 2020, 296,170 kg of cardboard, 9,410 kg of oil papers, 12,170 kg of foam board, and 34,472 kg of scrap metals were recycled.</p> <p>We partnered with a non-profit organization to regularly collect recyclable waste such as clothing and cotton for charity donations.</p> <p>We also cooperated with a professional company to collect kitchen waste from our canteen for special disposal.</p>
Hazardous waste disposal	<p>Our production and operations usually do not generate hazardous waste. In the event of any hazardous waste, we sign a contract with a professional waste disposal company, which will collect the hazardous waste on a quarterly basis and dispose of them annually in a safe and compliant way.</p>

Case: Waste Sorting Course for Industrial Tourism

As a role model company in industrial tourism, we not only do great in waste sorting in our park, but also prod our visitors into action.

In 2020, we opened a waste sorting course to our industrial tourism project. Designed in a vivid way, the course aimed to raise the awareness of environmental protection in children and parents, promote waste sorting methods, and contribute to social sustainability.



Waste home appliances have high recyclable value, but they also contain a variety of heavy metals and pollutants. Improper disposal will cause pollution to the environment. In May 2020, the National Development and Reform Commission and six other authorities jointly issued the Plan on Improving the Recycling and Disposal of Waste Home Appliances to Promote the Home Appliance Repurchase, the latest in the government's timetable for streamlining the home appliance industry chain covering production, purchase, recycling and disposal in the next three years.

In 2015, the United Nations Development Programme and Baidu jointly initiated the Baidu Recycle Green Service Alliance. We joined the alliance in support of waste electronics recycling in China. We launched a trade-in service to encourage consumers to give a small appliance of any brand to Joyoung for a discount of up to RMB 400 in the purchase of a new Joyoung product. In 2020, we recycled more than 100,000 used household appliances through the trade-in service. The recycled waste appliances were shipped from after-sales outlets to a local recycling company for

proper disposal.

2. Efficient Resource Utilization

We strictly abide by the national regulations on environmental protection. We are seeking to be an environmentally-friendly company, to make the world a greener place. In 2020, we took a series of measures for energy saving and emission reduction and developed an eco-friendly corporate culture.

- We encouraged employees to turn off lights during lunch break for one hour.
- In the whole park, we replaced 28 W non-LED lights with 14 W LEDs, replaced 14 W non-LED lights with 8 W LEDs, and added 1,280 LEDs, which helped save 1,942 kWh throughout the year.
- We canceled the business vehicle service in the urban area and advocated public transportation. In 2020, our fuel consumption was reduced by 48,000 liters compared with 2019.
- We advocated double-sided printing, which helped save 487,010 pieces of A4/A3 paper in 2020.
- We launched an online Q&A session (with prizes) on energy conservation and emission cut.
- Every night, our employees conducted a routine check on energy using, and the check results were disclosed everyday within the company.

Renewable energy is an effective way to curb climate change and achieve green and low-carbon development. In production and operations, we have been exploring how we can make the best use of renewable energy based on local conditions. In 2015, Joyoung Creative Industrial Park and Hangzhou Zhengtai Photovoltaic Power Co., Ltd. collaborated on a photovoltaic power project. Under the project, 35,000 square meters of photovoltaic devices were installed on the roofs of our factories. In 2020, these devices generated 3.06 million kWh of photovoltaic power, of which 79% was used by the park while the rest was fed into the State Grid.



Joyoung's energy consumption in 2020

Type	Consumption	Saving
Purchased power (kWh)	12,681,336	/
Clean power (kWh)	2,404,604	/
Gasoline (liter)	60,408	Down 44.51% yoy
Natural gas (cubic meter)	54,370	/
Water (ton)	180,298	Down 8.86% yoy
A3 paper (piece)	5,500	Down 30.17% yoy
A4 paper (piece)	1,121,500	

Reader Feedback Form

Dear reader,

Thank you very much for taking your time reading our Environmental, Social and Governance Report 2020. We sincerely look forward to your comments on the report and our work. We will appreciate it if you may fill out this form and send it to us by mail or scan it and send us a copy by email. Thank you!

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1. What's your employer's relationship with Joyoung?

- Government department or regulator Shareholder or investor Consumer
Supplier Distributor Media or the public Local community
Other_____ (please specify)

2. Do you find all the information you need in the report?

- Yes So-so No

3. Your rating of our Environmental, Social and Governance Report 2020:

· Readability (easy to understand; nice layout; good wording; easy to find the information you need)

- 3 point (good) 2 point (passable) 1 point (bad)

· Reliability (true and credible)

- 3 point (good) 2 point (passable) 1 point (bad)

· Information integrity (both positive and negative information are considered; containing the information you need)

- 3 point (good) 2 point (passable) 1 point (bad)

4. Can you easily find the information you need in the report?

- Yes So-so No

5. In addition to the content already disclosed in the report, what other information do you want to know?

_____ (please specify)

June 2021

2020

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