



2.2 Responsible Marketing



Schematic

Inspections over stores and distributors
over **137,000**

7 responsible marketing training sessions with an attendance of
over **1,000**

Lawsuits related to marketing, labeling, or advertising
0

RELX strictly abides by the Law of the People's Republic of China on the Protection of Minors, the Advertising Law of the People's Republic of China, the Regulation on the Implementation of the Law of the People's Republic of China on Tobacco Monopoly, and the Management Measures for E-Cigarettes (effective from May 1, 2022), and implements the essence and requirements of the Notice On Further Protecting Minors from E-Cigarettes. We have issued the RELX Responsible Marketing Policy, which clearly sets the management's supervision and management responsibilities for the protection of minors and compliance in marketing. We have formulated the RELX Copywriting Communication and Release Regulation and the RELX Management System for Distributors' Market Conduct to regulate employees' and distributors' conduct and set corresponding regular inspection measures and an accountability mechanism. We vigorously extend the Guardian Program to cover all distributors and stores to ensure that product sales are kept away from minors. We regularly carry out responsible marketing training for employees and distributors to enhance their compliance awareness and ensure sales follow laws and regulations. Meanwhile, we will continue to make corresponding adjustments to RELX's guiding marketing policies and systems in accordance with the upcoming Management Measures for E-Cigarettes and relevant regulations to ensure our marketing policies and systems comply with laws and regulations.



RELX's Major Marketing Policies and Systems

RELX Responsible Marketing Policy

The RELX Responsible Marketing Policy clearly sets the Board of Directors' oversight responsibility for responsible marketing and pledges to do the utmost to protect minors and ensure marketing content and methods be in compliance with laws and regulations. The policy also sets out the measures taken to ensure the fulfillment of the pledge and the implementation of the policy, including prohibited items, supervisory audits, and regular training for all employees, to ensure the implementation of the policy.

RELX Copywriting Communication and Release Regulation

The RELX Copywriting Communication and Release Regulation requires copywriting communication and release to abide by laws and regulations and be truthful and accurate and makes clear bans on some words and expressions in the practice. The policy also clearly states that all marketing materials must be approved by the system before being released to the public.

RELX Management System for Distributors' Market Conduct

The RELX Management System for Distributors' Market Conduct sets inspections for distributors, including inspections of business practices, marketing practices and other practices. The system also lists specific manifestations of non-compliance and penalties for them. For example, if a distributor sells products to minors, sells products online or fails to implement the Guardian Program, we will terminate the partnership, collect fines, and/or degrade the distributor, etc.

Guardian Program

Since its establishment in 2018, RELX opposes the sale of e-vapor products to minors and their use in their presence, initiating the "Guardian Program" to set up a protection network for minors along the entire distribution chain. We strictly abide by the Announcement of the State Tobacco Monopoly Administration and the State Administration for Market Regulation on Prohibiting the Sale of E-cigarettes to Minors, and the Law of the People's Republic of China on the Protection of Minors, and we have made it our primary principle not to sell e-vapor products to minors. We are committed to protecting minors in all aspects, from product labels to marketing channels and technology innovation. When applying to open a store, intended partners need to sign the RELX One-page Commitment for Store Opening to ensure that they do not open any sales venues in areas with a high concentration of minors. We have launched the "Sunflower System", an intelligent protection system to prevent minors' purchasing. Using big data technology, it realizes prevention and traceability in every segment, from store location to user purchase. We also require consumers to complete identity verification before purchasing products to further prevent minors from being exposed to and purchasing e-vapor products.



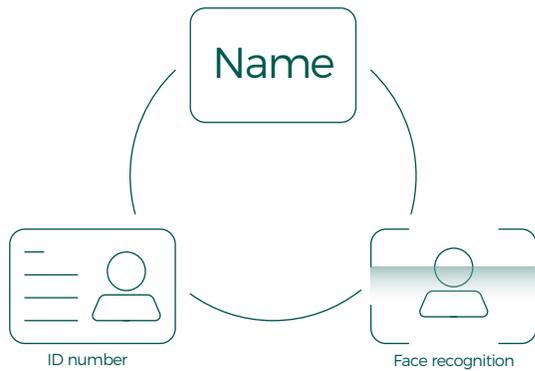


Warning Signs for Minors

We display the prominent warning signs of “nicotine content” and “not for sales to minors” in all our marketing activities and physical stores. We do not use any advertisement, words, graphics and cultural elements that can attract minors on any of our product’s packaging and marketing materials.

Sunflower System 3.0

Over the past two years, we have sought scientific and technological means to more effective minor protection and updated the functions of the “Sunflower System”. In 2021, the “Sunflower System” was upgraded to version 3.0. Age verification is set as mandatory action for purchase order generation; hence, when purchasing RELX products, consumers are required to first complete the verification of their “name + ID number + face recognition” when generating a purchase order. Those whose age cannot be verified or who do not meet the age requirement will not be able to complete their purchase. This upgrade means that we are the first to achieve comprehensive age verification before purchasing vaping products from a technical and institutional level. Meanwhile, the “Sunflower System” also applies big data technology to risk management. Each order will be screened to determine whether any stores are in violation of selling products to minors. Severe penalties will be imposed on the offending stores and those responsible. We also use big data and GPS to determine prohibited areas according to local policies and regulations and automatically filter out store locations that do not meet the legal requirements. Through more than 300,000 “electronic fences” we have accurately determined areas with high concentration of minors, such as primary and secondary schools and children’s palaces. In this way, the store owners cannot open any kind of sales venue near these areas when applying to open new stores.



Triple Authentication

2019, “Sunflower System” Version 1.0: Age verification was carried out in stores using a tablet.



2020, “Sunflower System” Version 2.0: “One code for each store” was realized, with full coverage of RELX specialty stores. Consumers must scan the QR code in the store to complete age verification.



2021, “Sunflower System” Version 3.0: “One code for each order” was realized and age verification became mandatory. Consumers can only complete the purchase after verifying their age.



Marketing in Compliance with Laws and Regulations

RELX requires stores and distributors not to use absolute descriptions, promote the efficacy of e-vapors, or induce consumption by minors and non-smokers in any promotion campaigns. We will not hold any exhibitions, forums, or expositions to promote e-vapor products and prohibit any advertising, promotion, or sponsorship concerning e-vapors. Our RELX 3C Management Regulations for Stores explicitly states that if a store sells e-vapor products to minors in violation of the regulations, its deposit will be deducted. In serious cases we will immediately cancel the cooperation and close the store.

RELX organizes various training sessions for front-line marketing employees on the latest laws and regulations and company policies and systems to ensure the effective implementation of responsible marketing policies. We also carry out online responsible marketing training and have launched a special module on responsible marketing training on the online learning platform RELXschool. We regularly publish guidelines for compliance marketing, the latest policies and regulations, and case analysis on the R Planet internal working platform every month to enhance employees' business compliance and risk prevention capabilities. The Channel Sales Team collates and summarizes recent key risks in marketing compliance in the monthly regular meetings to improve employees' awareness of responsible marketing. We have carried out seven special employee training sessions on responsible marketing to more than 1,000 participants. We also organize distributor marketing compliance training to clarify RELX's "red line" for compliance principles. In 2021, over 15,000 people attended distributor marketing compliance training. In the future, we will further expand and strengthen our marketing compliance training for partners, regulate our partners' business conduct, and ensure the effective implementation of marketing compliance in the entire industry chain.

The RELX trademark has been included in the Guangdong Provincial Key Trademark Protection List. In 2021, RELX was not involved in any lawsuits related to marketing, labeling, or advertising.



Picture The Business Compliance Guidelines series of articles released on the R Planet working platform





Supervision and Inspection of Marketing Activities



In 2021, we conducted random inspections on all distributors' stores in various channels every month and conducted more than 137,000 inspections in total. We inventoried all distributors' warehouses every quarter, making more than 1,000 inventories throughout the year.

We have issued the RELX Management System for Distributors' Market Conduct, requiring stores and distributors to abide by laws and regulations, resolutely implement the Guardian Program, and prohibit promoting and guiding minors to use e-vapors and selling e-vapors to them. In 2021, we have developed a market non-compliance scorecard for distributors and commissioned a third party for monthly inspections over distributors based on the scorecard, to check whether they have implemented the Guardian Program, whether the promotion contains banned words, and whether they have conducted online sales. We have developed corresponding disciplinary measures for different violations, including but not limited to canceling the cooperative relationship, recovering policy support resources, adjusting the authorized area, degrading, collecting liquidated damages, deducting points from the scorecard, and warning.

We set up two special inspections:

1 The inspection over distributors' daily business data. We monitor the data of the procurement, sales, and inventory systems on a monthly basis, and further track distributor stores with abnormal data to confirm the authenticity of their sales conduct.

2 If we receive reports of suspected violations by distributors, we will investigate on the spot, carry out authenticity inspections against major marketing policies, and track abnormal events to fully ensure distributors' market conduct comply with our responsible marketing policies. In this way, we further effectively implement the RELX Management System for Distributors' Market Conduct.

In 2021, to better implement the Notice on Further Protecting Minors from E-Cigarettes, RELX has repeatedly cooperated with local regulatory requirements to organize training for store keepers and publicized the content of the Notice according to local regulatory requirements. We also made more than 3,000 unannounced visits to stores. By the end of 2021, we had disciplined 52 illegal stores by deducting deposits and closed nine illegal stores.