



圓通國際

YTO Express (International) Holdings Limited

圓通速遞（國際）控股有限公司

Incorporated in the Cayman Islands with limited liability
Stock Code: 6123



ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

2019

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ABOUT THIS REPORT

This is the fourth Environmental, Social and Governance (“ESG”) Report of the Group, covering its management approach and performance on environmental and social aspects.

The Company’s Board of Directors confirms that it has reviewed and approved the report. To the best of its knowledge, this report fairly addresses the identified material issues and presents the ESG management approach and performance of the Company.

This report is published in both Chinese and English. In case of any discrepancies between the two versions, the English version shall prevail. For governance section, please refer to the Corporate Governance Report on Pages 32 to 44 of the Annual Report.

Reporting Guideline

This report is prepared in compliance with Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). Adhering to the reporting principles of Materiality, Quantitative, Balance and Consistency, environmental and social performance of the Group is fairly disclosed in this report and data are analysed and presented in a way that allows for meaningful comparison.

Reporting Boundary and Scope

The report covers the Group’s operations comprising air freight and ocean freight services in Hong Kong and Shanghai for the financial year from 1 January 2019 to 31 December 2019.

Feedback

Your comments and opinions are important to help us improve our work continuously. Please contact us for any questions or comments at:

Address:

Suite 3610, 36th Floor, Office Tower, Skyline Tower,
39 Wang Kwong Road, Kowloon Bay, Hong Kong

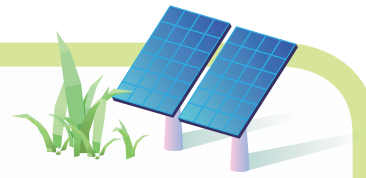
Email:

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ABOUT US

YTO Express (International) Holdings Limited (“YTO” or the “Company”, together with its subsidiaries, the “Group”), formerly known as On Time Logistics Holdings Limited, was established in 2013. On Time Group, a subsidiary of YTO Express, was founded in 1995. As an international logistic operator headquartered in Hong Kong, the Group is engaged in international freight forwarding services by air, sea and land transportation, as well as international express and logistic services.

5 OPERATING SEGMENTS OF YTO



Air and ocean freight forwarding are the major business segments of the Group, which involves arranging shipments upon receipt of booking instructions from customers, obtaining cargo space from airlines, organising shipments and arranging customs clearance. Having received recognition from international organisations and airlines, the Group has become a preferred business partner of renowned companies around the world.

Globalisation is a part of development strategies of the Group. Following the principles of “Going global with the “Belt and Road” initiative”, “Going global with Chinese enterprises” and “Going global with cross-border e-commerce industry”, the Group has developed the international express and parcel business segment to capture new opportunities arising from the cross-border e-commerce business.

With a strategic target of becoming a leading integrated logistic service provider in global markets, the Group will continue to improve its international service capabilities and enhance its competitiveness so as to provide more diversified and high-quality international logistic services to customers.





MESSAGE FROM MANAGEMENT



Dear Valued Stakeholders,

I am delighted to present the fourth Environmental, Social and Governance (ESG) report of YTO Express for the financial year from 1 January 2019 to 31 December 2019.

The Group has engaged in international logistic business for years. In recent years, we have explored new opportunities to expand our business by developing international express and parcel services. We recognise that adopting a responsible approach to environmental sustainability and related issues is critical to our continuous development and success. During the year, we maintained our efforts to facilitate sustainable development by attaching great importance to our environmental and social responsibilities.

The Group strives to demonstrate responsible environmental stewardship by ensuring compliance and considering environmental impacts of its operations throughout the business cycle. Energy, water and paper-saving measures are implemented in the office to ensure resources are used efficiently. In addition to conserving resources, the Group advocates waste reduction by recycling and reuse of materials.

Employee is a valuable asset of the Group. The Group is committed to providing a safe and healthy workplace to employees and ensuring their well-being. The Group's operations conform with the occupational health and safety standards and fire safety inspections are regularly conducted to ensure workplace safety.

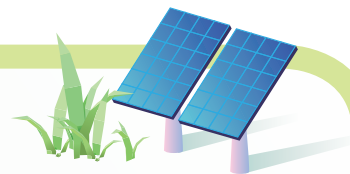
Providing safe and timely delivery service is our top priority. The Group has formulated an Operation Workflow Manual to standardise work procedures for air freight and ocean freight operations. To ensure the safety of our services, we pay extra attention to special cargo handling, which requires employees to follow a series of procedures when handling dangerous goods. Striving for quality excellence and continuous improvement, the Group collects feedbacks from customers through diverse communication channels to enhance customer satisfaction.

Moving forward, we will continue to step up efforts to manage our ESG performance and promote environmental best practices in our day-to-day operations. On behalf of the Board, I would like to take this opportunity to thank all stakeholders for their full support during the year.

Yu Huijiao

Chairman

YTO Express (International) Holdings Limited



SUSTAINABILITY GOVERNANCE

The Group recognises that operational, economic, environmental, public and social concerns are all linked to its future missions and goals. In view of this, the Group strives to facilitate sustainable development through integrating the environmental, social and economic goals. Considering global warming is regarded as one of the major environmental issues, minimising the factors that contribute to global warming is one of the critical considerations in formulating the Group's sustainability strategy.

To ensure risks and opportunities associated with sustainability are well managed, an ESG Committee comprising of senior management is in place to control and formulate ESG-related strategies and policies. Our environmental and Social Responsibility Policy stipulates ESG responsibilities and objectives of all individuals associated with the Group including its subsidiaries, associated companies and affiliates.

The committee regularly reports ESG matters to the Board of Directors, enabling the Board to oversee ESG risks and opportunities. Going forward, the Group will continue to broaden the composition of the existing committee to enhance its ESG management.

ESG Committee of YTO Express	
Chief Executive Officer and Director	Mr. Spencer Lam Chun Chin
Chief Finance Officer and Company Secretary	Ms. Tiffany Wong Pui Wah
Corporate Accounting Manager	Mr. Anson Wong Man Kap

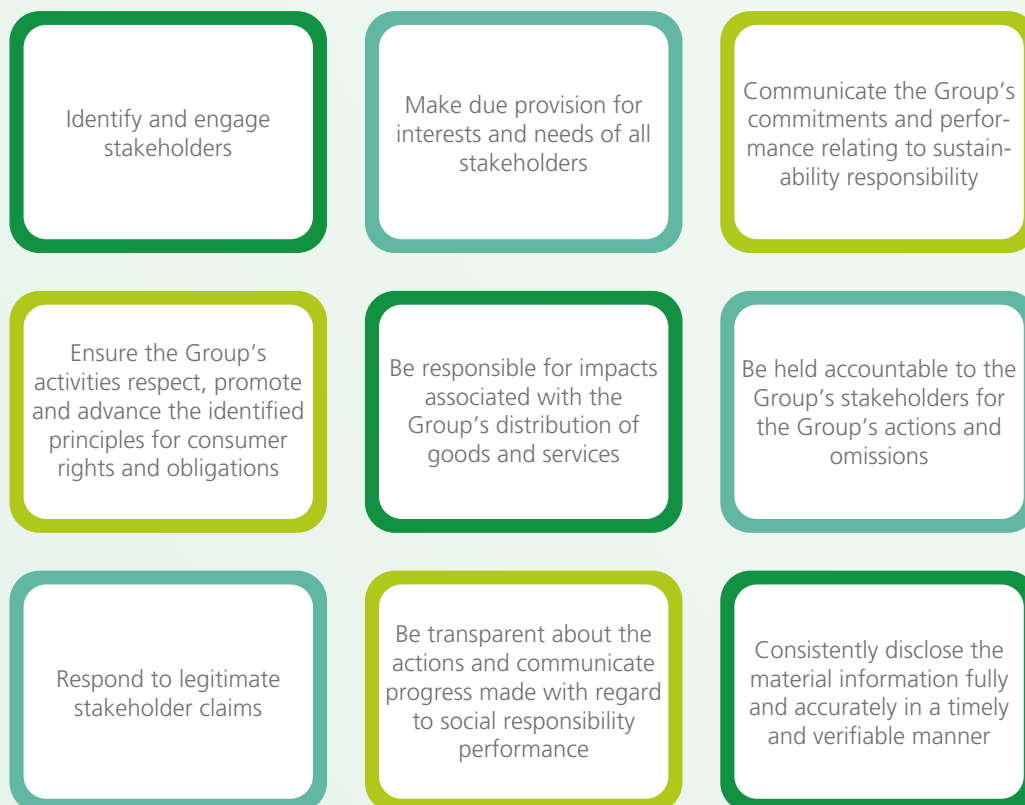
ESG Risk Management

The Group has developed internal controls and risk management systems to manage the environmental, social and ethical risks relating to its business. The Board of Directors is responsible for identifying ESG risks, while the management is required to review the effectiveness of the internal control and risk management system and report to the Board and the Audit Committee on a yearly basis. Looking forward, the Group is going to review its operations and integrate material ESG topics in its management system to ensure effective risk management.



STAKEHOLDER ENGAGEMENT

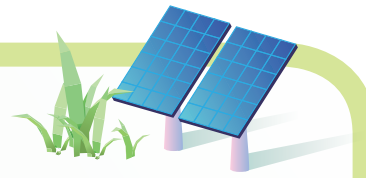
The Group attaches great importance to effective two-way communication with all stakeholders including employees, suppliers, agents, partners, customers, shareholders, investors, government and non-governmental organisations. The Environmental and Social Responsibility Policy clearly defines the Group's responsibility for stakeholder communication:



YTO's responsibility for stakeholder communication

To understand stakeholders concerns and opinions, the Group has established diverse and regular communication channels to facilitate engagement with both internal and external stakeholders. Ensuring effective communication with stakeholders, the Group reviews the effectiveness of the communication process and continuously strives to improve the engagement channels on an ongoing basis.

Stakeholders		Communication Channels
Internal Stakeholders	Board of Directors Management Employees	<ul style="list-style-type: none"> • Annual general meeting • Annual report and interim report • Meeting • Email • Telephone • Interview • Publications
External Stakeholders	Suppliers Customers Shareholders/Investors Agents/Partners Government Non-governmental Organisations (NGOs)	



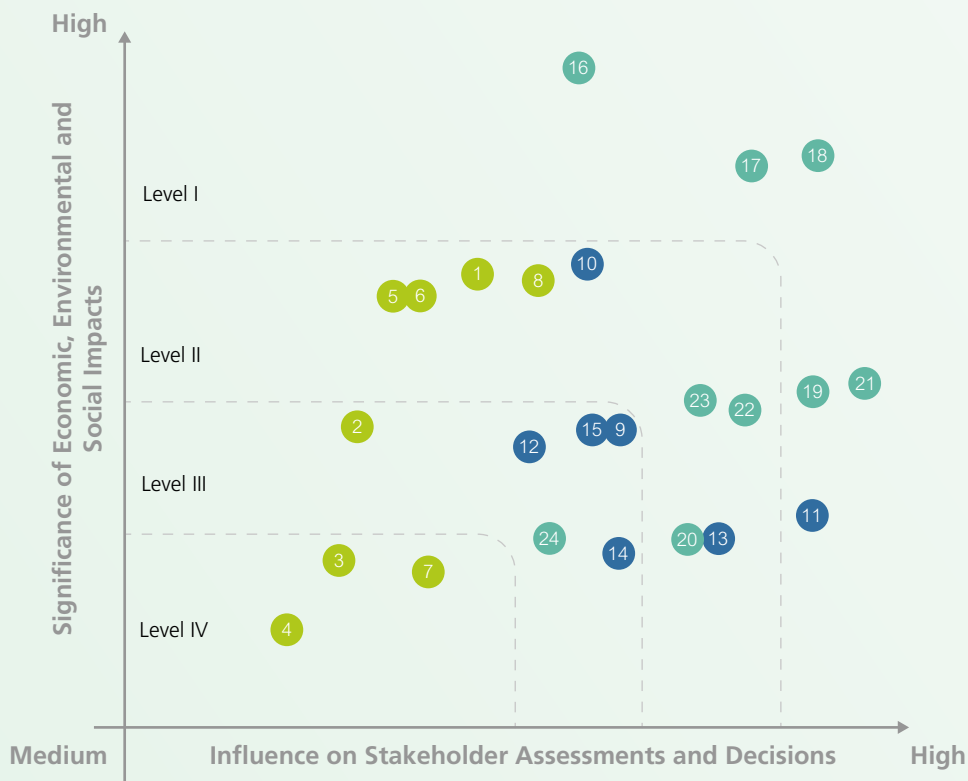
Materiality Assessment

To understand stakeholders' concerns on ESG topics, the Group commissioned an independent consultancy to conduct a materiality assessment, aiming to identify topics that have a significant impact on the Group.

By following the HKEX ESG Reporting Guide and referencing the GRI Standards, we identified, prioritised, validated and reviewed the material topics that had a high impact to the Group and its stakeholders. A total of 24 potential material topics covering environmental, people and operational aspects were identified. We then invited internal stakeholders to participate in an online survey to collect their opinions on potential material topics. The materiality assessment results were reviewed and approved by the management of the Group.

With reference to feedback from stakeholders, we identified potentially material topics and ranked them into four levels, in which the topics at level I are material topics of the Group. The top 6 material aspects relevant to the Group are: 1) Supply chain management; 2) Customer satisfaction; 3) Service quality; 4) Anti-corruption; 5) Protection of customers privacy; and 6) Employee training and promotion.





Level I

- 16 Supply Chain Management
- 18 Customer Satisfaction
- 17 Service Quality
- 21 Anti-corruption
- 19 Protection of Customers' Privacy
- 11 Employee Training and Promotion

Level II

- 10 Occupational Health and Safety
- 8 Compliance with Environmental Laws and Regulations
- 1 Energy
- 5 Hazardous Waste
- 6 Non-hazardous Waste
- 22 Business Ethics
- 23 Operational Compliance
- 13 Employee Engagement
- 20 Protection of Intellectual Property Rights

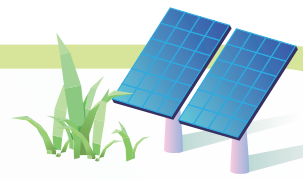
Level III

- 9 Talent Management
- 15 Anti-discrimination
- 12 Precautionary Measures of Child/Forced Labour
- 2 Water
- 14 Protection of Human Rights
- 24 Community Engagement

Level IV

- 7 CHGs
- 3 Air Pollutant
- 4 Effluent & Reduction

- Environmental Topics
- Employee Topics
- Operational Topics



The table below maps out the Group's material topics and actions taken to respond to stakeholders' concerns. For details of the Group's efforts, please refer to the corresponding sections in this report.

Identified material topics	Actions taken by the Group	Corresponding Section
Supply Chain Management	<ul style="list-style-type: none"> • Ensure due diligence in the supplier selection process • Monitor vendors' performance on an ongoing basis • Conduct annual assessment review of existing vendors 	Supply Chain Management
Customer Satisfaction	<ul style="list-style-type: none"> • Collect customer feedback and opinions through various communication channels 	Enhancing Customer Satisfaction
Service Quality	<ul style="list-style-type: none"> • Adopt an ISO 9001:2015 certified quality management system • Formulated an Operation Workflow Manual to provide detailed work procedures for air freight and ocean freight • Developed a series of procedures regarding special cargo handling • Proper labelling on incoming cargoes 	Product Responsibility
Anti-corruption	<ul style="list-style-type: none"> • Formulated anti-corruption policies to regulate employee's behaviours and raise their awareness on anti-corruption 	Anti-corruption
Protection of Customers Privacy	<ul style="list-style-type: none"> • All documents and copies from customers and companies should be shredded before disposal 	Intellectual Property Rights and Data Privacy Protection
Employee Training and Promotion	<ul style="list-style-type: none"> • Offer a wide range of in-house training programmes to employees • Encourage employees to join external training courses according to their job needs • Identify and confirm employees' training needs using the Performance Appraisal System 	Training and Development



ENVIRONMENTAL PROTECTION

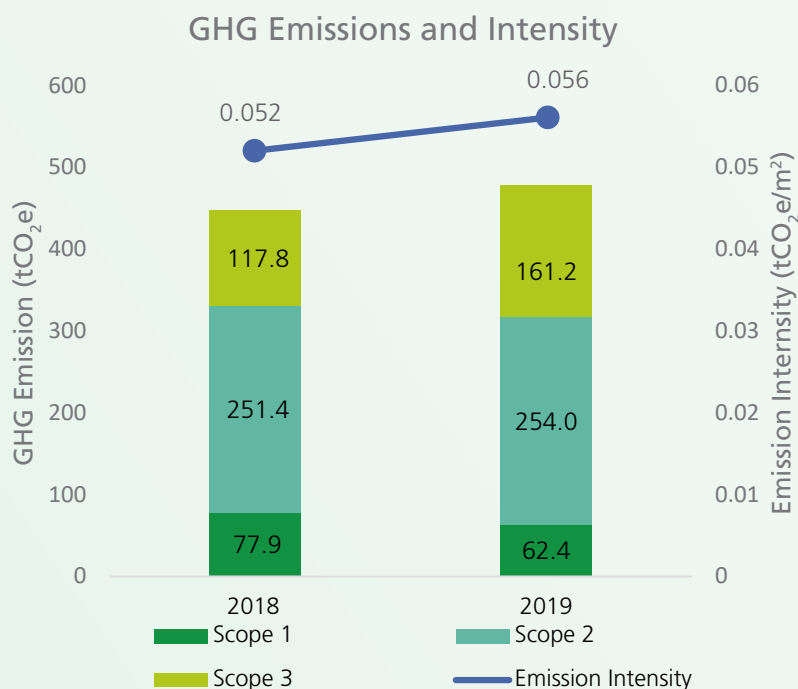
Striving to achieve sustainable development of business operations, the Group is committed to minimising the environmental impacts of its operations by reducing emissions and waste generation. The Group's environmental management system is certified with ISO 14001:2015 standard. To ensure compliance with the relevant environmental laws and regulations, the Group monitors environmental performance of its business operations and reviews its environmental protection measures regularly.

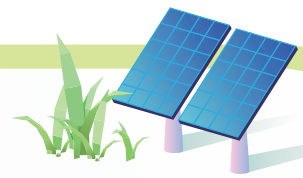
During the year, the Group was not aware of any non-compliance of laws and regulations that have a significant impact on the Group relating to air and greenhouse gases emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

GHG and Air Emissions Management

Greenhouse Gas Emissions

Greenhouse gas ("GHG") emissions from our business operations include direct emissions from fuel consumption (Scope 1), indirect emissions from the use of electricity (Scope 2) and other indirect emissions from business travel by air, paper disposal at landfills, freshwater processing and sewage treatment (Scope 3). During the year, the Group's total GHG emissions were 477.6 tonnes of carbon dioxide equivalent (tCO₂e), with an emission intensity of 0.06 tCO₂e per square meter of floor area. The GHG emissions were mainly contributed by emissions from use of electricity, which constituted around 53% of total GHG emissions.



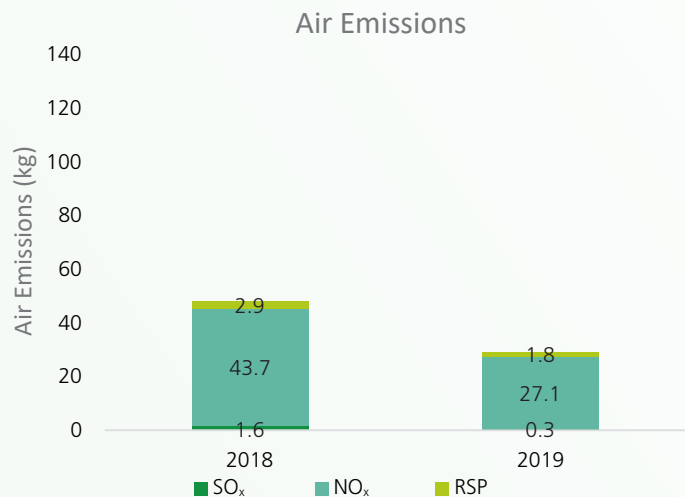


GHG Emissions ¹	2018	2019
Scope 1 Direct emissions (tCO ₂ e)	77.9	62.4
Scope 2 Energy indirect emissions (tCO ₂ e)	251.4	254.0
Scope 3 Other indirect emissions (tCO ₂ e)	117.8	161.2
Total GHG emissions (tCO ₂ e)	447.1	477.6
GHG emission intensity per floor area (tCO ₂ e/m ²)	0.052	0.056

Emissions reduction measures are continuously implemented to manage and reduce GHG emissions from the Group's operations. The Group strives to mitigate its carbon footprint by reducing the frequency of business travel by using online communication channels, phasing out low energy-efficiency equipment and optimising operations flow in warehouses.

Air Emissions

The Group's air emissions are mainly attributed to petrol and diesel combustion by vehicles. During the year, the Group's operations emitted 0.3 kg of sulphur oxides (SO_x), 27.1 kg of nitrogen oxides (NO_x) and 1.8 kg of respirable suspended particles (RSP).



Air Pollutants (kg)	2018	2019
Sulphur oxides (SO _x)	1.6	0.3
Nitrogen oxides (NO _x)	43.7	27.1
Respirable suspended particles (RSP)	2.9	1.8

For air emissions management, the Group has formulated guidelines for the use of vehicles including switching off idling engines and conducting regular vehicle maintenance and encouraging employees to travel by public transport if possible. The effectiveness of the emission reduction measures is regularly reviewed to ensure continuous improvement in emissions reduction.

¹ Scope 1 direct emissions include mobile source combustion and fugitive emissions from fire suppression agents

Scope 2 indirect emissions include electricity consumption

Scope 3 other indirect emissions include paper disposal at landfills, freshwater processing and sewage treatment in Hong Kong, as well as air travel by employees



Resources and Waste Management

Waste Management

The Group's operations generate hazardous waste including toner cartridges and fluorescent lamps and non-hazardous waste such as domestic waste. During the year, the Group generated a total of 0.06 tonnes of hazardous waste and 11.3 tonnes of non-hazardous waste. The hazardous and non-hazardous waste intensity by floor area were 0.007 tonnes per square meter and 0.001 tonnes per square meter respectively.

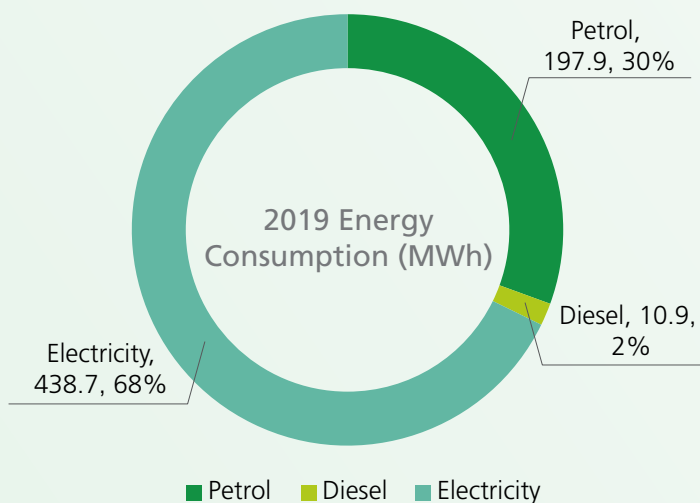
	2018	2019
Hazardous waste (tonnes)	0.05	0.06
Hazardous waste intensity by floor area (tonnes/thousand m ²)	0.005	0.007
Non-hazardous waste (tonnes)	15.1	11.3
Non-hazardous waste intensity by floor area (tonnes/m ²)	0.002	0.001

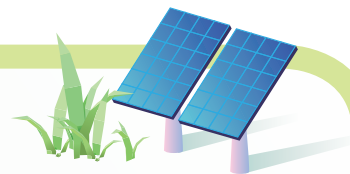
The Group strives to reuse and recycle materials when possible and to dispose non-recyclable materials in an environmentally responsible manner. Recycling bins are set up in the office to promote recycling. Hazardous waste is regularly collected by a licensed waste collector for handling, while non-hazardous waste is sent to the landfills.

Resources Consumption

In our daily operations, the types of resources consumed include electricity, petrol, diesel, paper and water. Our operations do not involve the use of any packaging materials.

During the year, the Group consumed a total of 647.5 MWh of energy, with an energy intensity by floor area of 0.075 MWh per square meter. Electricity consumption was 438.7 MWh, which accounts for 68% of total energy consumption, and it is attributed to the use of equipment at the office.





Energy Consumption	2018	2019
Petrol (MWh)	232.0	197.9
Diesel (MWh)	9.8	10.9
Electricity (MWh)	458.4	438.7
Total energy consumption (MWh)	700.2	647.5
Energy intensity by floor area (MWh/m ²)	0.081	0.075

During the year, the Group's Hong Kong office consumed 139 m³ of municipal water, representing intensity by floor area of 0.016 m³ per square meter. During the year, the Group did not have any issues in sourcing water that is fit for the purpose.

Conserving Energy

The Group is devoted to conserving energy, water and paper consumed during its operations through ensuring efficient use of resources. We minimise the extent of the use of carbon dependent energy sources and other natural resources by adopting more energy-efficient processes and new technology.

Energy, water and paper-saving guidelines are provided to employees, encouraging them to adopt green office practices in daily operations. To conserve energy, all idle electronic appliances, lighting and air conditioning should be switched off when not in use and power-saving mode is used in electronic appliances where applicable.

The Group also raises employees' awareness on water-saving by posting labels with water saving tips at the office. Paper-saving measures are adopted within the Group, including adoption of paperless communication during internal meetings, encouraging the use of recycled paper, and printing both sides of the paper. For communication with external parties, electronic communications are preferred. The Group also reviews its operations in the Shanghai warehouse and formulates plans to conserve resources.

The Environment and Natural Resources

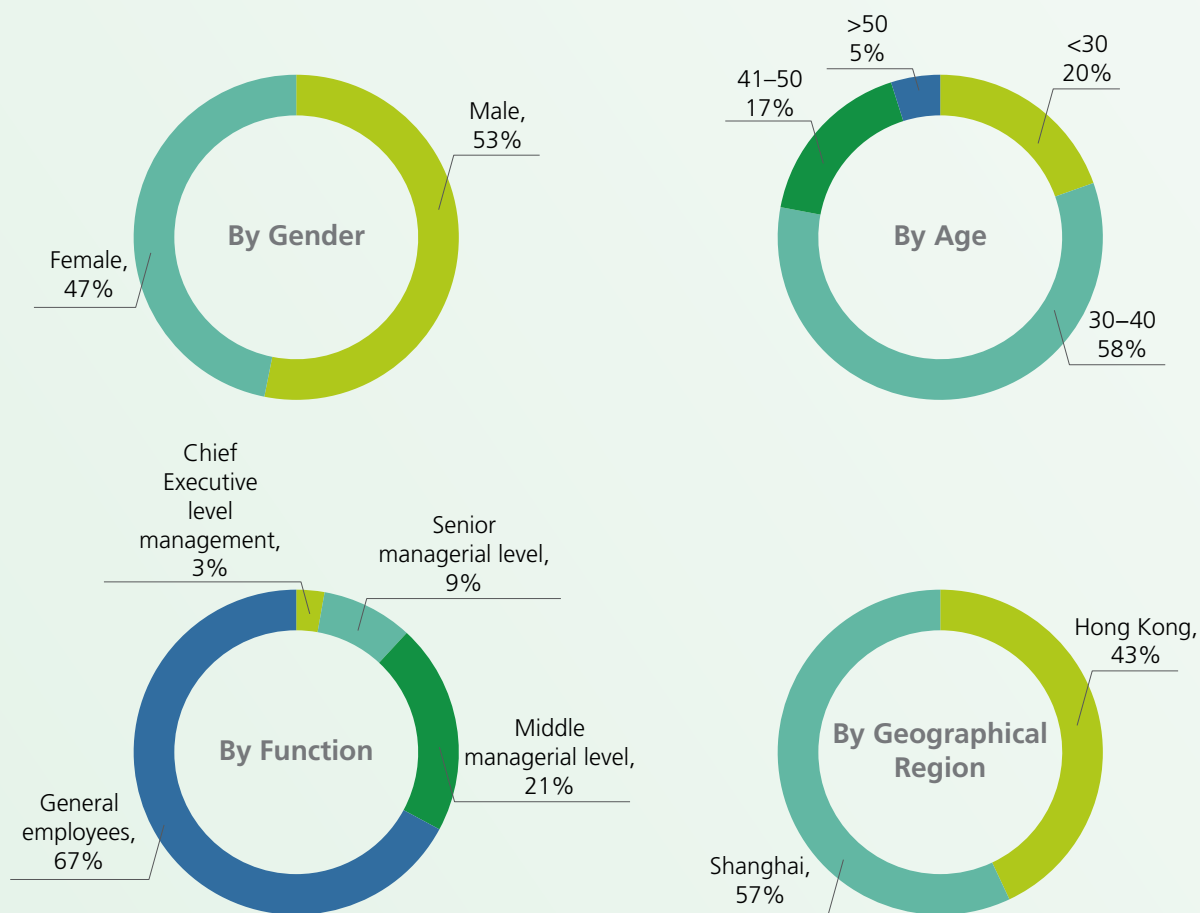
The Group respects internationally recognised environmental principles and commitments, striving to evaluate and manage the environmental impacts of its operation. As a logistics operator, the Group encourages the use of green technology and innovation and cooperates with partners to give impetus to sustainable logistics. During the year, the Group's operations complied with all the relevant environmental laws and regulations, including but not limited to the Air Pollution Control Ordinance, Waste Disposal Ordinance and Energy Conservation Law of the PRC.



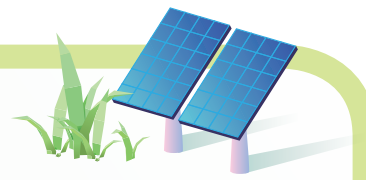
OUR PEOPLE

Employee Profile

As at 31 December 2019, the Group employed 123 and 163 full-time employees which were based in Hong Kong and Shanghai respectively. The ratio of male to female employees was approximately 1.1:1. Regarding age, 58% of our employees were aged 30–40 and 20% were aged under 30. Among the employees, 33% were managerial staff and 67% were general staff.



During the year, the overall employee turnover rate and new hire rate were 20% and 12% respectively.



Recruitment and Dismissal

Our Recruitment and Hiring Policy guides the employment process and ensures consistency. Talent recruitment is conducted openly and fairly, seeking to employ outstanding candidates based solely upon their qualifications, experience and ability to perform the particular responsibilities. Clear conditions and restrictions are applicable to relatives of employees who apply for a position. Declaration must also be made in such cases to avoid preferential selection.

Offering excellent prospects and career development opportunities to our employees, we prioritise internal transfers when filling vacant positions to the extent whenever possible. A fixed promotion cycle takes place annually, with standard guidelines in place for the promotion process, ensuring the consistency and fairness of all promotions. We assess and evaluate the performance of employees on a regular basis, providing a basis for salary adjustment and promotion plans, as well as encouraging the discussion and communication between employees and the management regarding job requirements and performance to improve work efficiency.

Our guidelines ensure a fair and justifiable process for termination of employment. The HR Department conducts exit interviews for employees who resign, in order to understand the reasons of resignation and collect valuable feedback. Involuntary termination of employment occurs only in case of serious misconduct or violation of the Group's policy.

Welfare and benefit

To attract and recruit outstanding talents and improve its competitiveness, the Group provides employees with competitive remuneration and fringe benefits. We offer a range of leave entitlements, including annual leave, marriage leave, maternity leave and paternity leave. Overtime allowance, including monetary compensation or compensatory leave, and taxi allowance is provided to employees who work extra hours. Employees also enjoy medical benefits through the Company's medical insurance scheme.

To recognise and honour outstanding contributions made by employees, an annual outstanding staff award has been set up. Employees who are contributing to a positive culture within the Group, bringing the best in themselves in performing their job duties and being good ambassadors for the Group are nominated. Share award scheme is also provided to eligible employees.

Equal Opportunity and Diversity

The Group believes an equal and diversified workplace without any discrimination or harassment is vital for growth and sustainability, and strives to eliminate any forms of discrimination, on the grounds of gender, race, age or religion. All unfair and discriminating employment practices are prohibited. To maintain the diversity in workplace, we have in place a Board Diversity Policy which assesses the Board composition under diversified perspectives including gender, age, cultural and educational background and professional experience. We will continue to promote diversity and inclusion in the Group, ensuring we adopt fair and ethical labour practices respecting fundamental human rights of all employees.

Labour Standards

The Group follows strict labour standards and prohibits all forms of unethical practices such as recruitment of child labour or forced labour, which also applies to its suppliers and subcontractors. According to the Background Check Policy, the HR Department performs a background check for job applicants to verify their identity and age during the recruitment process to prevent hiring of child labour. We also ensure the terms and conditions laid out in the employment contracts are in compliance with legal requirements.

During the reporting period, the Group was not aware of any non-compliance of relevant laws and regulations that have a significant impact on the Group relating to prevention of any child and/or forced labour. There were no reported cases of child or forced labour during the reporting period.





Training and Development

The Group invests substantial resources in employee training and development, as it recognises the importance of equipping employees with necessary knowledge and skills and staying competitive in the fast-growing logistic services and e-commerce industry.

Making training and development an integral part of our operations, we have in place a Group Training and Development Policy that clearly sets responsibilities of relevant personnel and departments, as well as the coverage of training. The department managers, department heads and station managers are responsible for ensuring that training and development needs of all staff of their respective departments and arranging appropriate internal training.

The Human Resources (HR) Manager is responsible for continuously evaluating training and development recommendations received from different departments, providing employees with assistance in professional development and achieving training objectives, as well as maintaining the training records of the station and compiling yearly summary. We offer a wide range of in-house training programmes as follows:

Mandatory Training

- All newly hired regular full time staff shall attend the New Employee Orientation to get an overall view on the Company and the job position. The contents include the history of the Group, the structure of the local station and own department, introduction to all departments and the employee's job responsibility.

On-the-job Training

- Offered by related department and led by department heads. The learning status, such as quality and quantity of work, familiarity with in-house systems is supervised by senior staff.

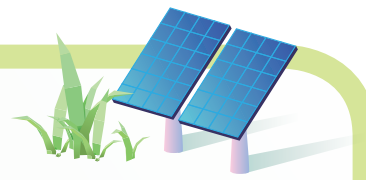
Training on In-house Systems

- The IT Department and the Accounts Department provide training classes for employees regarding various in-house IT systems whenever appropriate.

Others

- Including but not limited to ESG reporting and carbon disclosure training

Employees are encouraged to join external training courses according to their job needs, to facilitate the development of a more comprehensive learning environment. During the year, we arranged both internal and external training courses for our employees with themes including dangerous goods, cargo operation, warehouse in/out procedures and regulated agent regime.



Dangerous Goods Regulations training

We send our airfreight operations staff to attend the Dangerous Goods Regulations training provided by external parties, ensuring they are qualified for handling dangerous goods shipments. They have learnt about:

- Reference IATA Dangerous Goods Regulations manual
- Choose the appropriate container for air transportation
- Pack dangerous goods correctly
- Prepare documentation and labelling

To enable employees to acquire new skills, keep abreast of industry developments and establish professional networks, the Group selects suitable employees to attend job-related external courses, seminars and workshops. We also send selected employee to attend courses and training abroad according to the job needs. Employees can also apply for the Staff Training Scheme, with training subsidy and reimbursement provided for external courses and programmes that are related to the present job or new work assignments. Both internal and external training outcomes are evaluated after course completion. During the reporting period, the Group provided 356 training hours in total. 98 employees were trained, covering 34% of the total workforce.

Through the Performance Appraisal System, department managers can identify and confirm employees' training needs, validate and evaluate training and development activities on an ongoing basis, ensuring their relevance and effectiveness.

Employee Rights

The Group is committed to creating a workplace where each individual enjoys equal opportunity and is free from all kinds of discrimination. We have established comprehensive employment policies covering aspects such as salary, compensation and dismissal, recruitment, promotion and benefits, working hours and rest periods, to regulate and standardise employment related activities.


The Group was not aware of any non-compliance of relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare during the reporting period.

Occupational Health and Safety

The Group is committed to creating a safe and healthy workplace, minimising the occupational safety risk to the lowest level. We strictly comply with relevant laws and regulations including but not limited to the Employment Ordinance and the Labour Law of the PRC. We have incorporated health and safety policies in the ESG Policy and ISO Policy, ensuring all recognised occupational health and safety standards are applied and conformed to in all places where the group operates. Inspection of fire facilities and fire exit conditions is carried out half yearly.

To the best of our knowledge, the Group was not aware of any non-compliance of relevant laws and regulations that have a significant impact on the Group relating to the provision of a safe working environment and protection of employees from occupational hazards during the reporting period. The Group did not record any case regarding work-related fatalities or work injury.



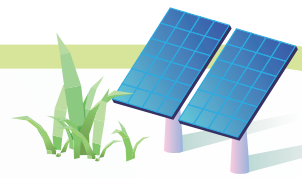


Safety at Work

To raise employees' safety awareness, the Group provides frontline staff in warehouse operations with occupational health and safety guidelines. We install appropriate equipment to prevent employees from occupational injuries and prepare a first aid kit for simple first aid. An annual fire drill is also conducted for all operations.

We provide safety training courses to reinforce safety culture and equip our employees with necessary safety-related knowledge and skills. During the year, a total of 235.5 safety training hours were provided, covering 162 person-times.

We are aware of the importance of both the physical and mental health of employees. The Group continues to step up efforts for initiating more activities that promote the wellbeing of its employees, as well as to enhance the monitoring and review of workplace safety.



OPERATIONAL EXCELLENCE

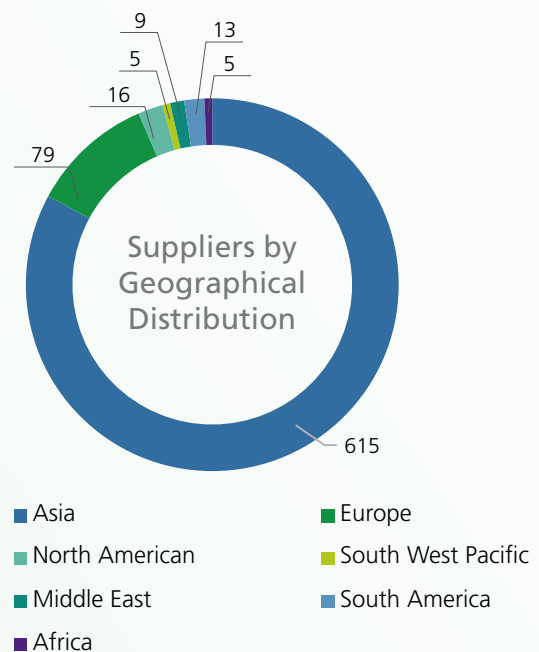
Supply Chain Management

To maintain long-term and stable business relations with its suppliers and ensure effective supply chain management, our Vendor Management Policy provides guidelines regarding procurement of services and products from third parties. We are committed to improving ESG performance along the value chain and maintaining effective communication with suppliers and contractors on our ESG standards, encouraging them to follow the best business practices and adhere to our Environmental and Social Responsibility Policy and Code of Conduct.

Consisting of top management team, corporate function heads, stations management heads and departmental management heads, the Vendor Committee is responsible for overseeing and ensuring proper functioning of the vendor selection and appointment process and for making decisions when necessary.

We perform due diligence in the supplier selection process to minimise the ESG risks involving the supply chain. The process covers invitation of quotations or solicitation of bids from multiple providers, with detailed background checks conducted. The environmental and social performances of suppliers, including environmental protection, occupational health and safety and quality assurance etc., are considered when selecting suppliers. Our department managers are responsible for monitoring vendors' performance on an ongoing basis. An annual assessment review is also conducted, ensuring the service or product quality of existing vendors lives up to our standards and expectations.

The supply chain for air freight and ocean freight services involves various vendors including airline companies, shipping line companies, carriers, co-loaders, transportation companies and related business agents. During the reporting period, the Group had a total of 742 suppliers, of which approximately 83% were located in Asia.





Product Responsibility

The Group is committed to providing customers with timely and safe delivery services and maintaining a high-quality customer service. With an ISO 9001:2015 certified quality management system established, we follow the Operation Workflow Manual when implementing and managing work procedures on air freight and ocean freight, from booking to documentation stage. We update the Manual regularly, aiming to achieve a continual improvement in our quality performance.

Ensuring the safety and security of our service is always one of our top priorities. We check carefully if there are any hidden dangerous cargoes, ensuring that we observe the strict limitations and controls on dangerous goods and prevent any danger to public safety. We have developed a series of procedures regarding special cargo handling including dangerous cargoes, commodities including batteries, temperature sensitive cargoes and wooden packing materials.

Air Freight

- **Dangerous goods (DG)**
 - At least two persons with licenses handle DG cargoes
 - Only licensed holders are allowed to handle the documentation and cargoes
 - Labelling, packing instructions and markings on the cargoes should strictly follow the specific requirements
- **Commodities include batteries**
 - Check battery nature and the corresponding safety information before handling
 - Pass to DG Regulations certified persons to handle it as DG cargoes

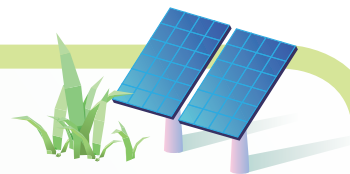


Ocean Freight

- **Dangerous goods**
 - Ensure all documentation, handling procedures and ability of the carrier meet our DG handling requirements
- **Temperature sensitive cargoes**
 - Check carefully the type of cargoes and the temperature required
 - Arrange refrigerated container accordingly, ensure a good and precise control on the temperature for the entire voyage
- **Wooden packing material**
 - Appoint certified fumigation vendors to conduct fumigation
 - Obtain fumigation certificate from vendor before delivering the cargo to sea freight warehouse



Proper labelling on incoming cargoes is required for easy identification and locating. We use different types of labels to display important information of the goods such as quantity, origin and destination. These labels must be placed on a visible location and must not cover customer's labels or markings on the cartons.



Number of Complaints related to Products and/or Services	Number of Recalls due to Safety and Health Reasons	Number of Identified case(s) of Leaks, Thefts or Loss of Customer Data
0	0	0

The Group was not aware of any non-compliance of relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress during the reporting period.

Enhancing Customer Satisfaction

To better understand the needs and enhance customer satisfaction, the Group collects customer feedback and opinions on service quality, on time delivery, time management and employees' performance on an ongoing basis through various communication channels such as customer site visits.

Intellectual Property Rights and Data Privacy Protection

The Group values and respects intellectual property rights of both the Group and others and strictly complies with relevant laws and regulations including but not limited to the Regulation of the PRC on the Customs Protection of Intellectual Property Rights and Personal Data (Privacy) Ordinance.

The Corporate Human Resources Department provides guidelines on protection of our intellectual property rights in respect of assets including logos, patents, trademarks and service marks, domain names, copyrights for both hardware and software etc. The use of all copyrighted materials of the Group should be authorised. Employees who have the right to access or control proprietary information are required to carry out adequate protection measures to prevent abuse or misuse.

We are committed to ensuring security and privacy of our customers and their data. All the collected information from customers and companies is kept confidential. Such document copies are shredded before they are disposed. The use of backside of document copies is not allowed for use outside the company.

Anti-corruption

The Group has zero tolerance for illegal acts and any forms of corruption including bribery, extortion, fraud and money laundering. We are committed to operating our business with integrity, impartiality and honesty, in strict compliance with anti-corruption-related laws and regulations including but not limited to the Prevention of Bribery Ordinance and Anti-Money Laundering Law of the PRC. Our anti-corruption policies are stated clearly in various internal documents to regulate employee's behaviours and raise their awareness on anti-corruption.



- Provide instructions regarding legal compliance, soliciting, accepting and offering advantages
- The acts of soliciting or accepting any advantages from clients, suppliers, agents, co-loaders or any persons in connection with the business of the Group are prohibited without permission obtained from the Group
- Under no circumstance may bribes or similar considerations be offered to any person or company for the purpose of influencing these parties in obtaining or retaining business or directing business to the Group

Code of Conduct

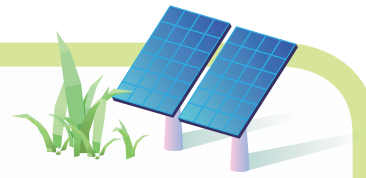
- Care must be taken to avoid any possible conflict of interest in the provision or acceptance of entertainment or gifts, to prevent the situation from being perceived or construed as providing or receiving an incentive for any commercial transaction

Entertainment Policy

- Encourage employees to report any suspicious concerns regarding misconduct or malpractices within the Group through the whistleblowing mechanism
- The identity of the whistle-blower is kept confidential in the whole reporting and investigation process
- All cases are reviewed under fair and independent investigation followed by appropriate follow-up actions

Policy for Employees to Raise Concerns about Improprieties

During the reporting period, the Group was not aware of any non-compliance of relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering. The Group was not involved in any corruption cases in the year.



COMMUNITY INVOLVEMENT

The Group is committed to fulfilling its corporate social responsibility and supporting the development of communities in locations where it operates. We invest in community affairs and functions, with an aim to create positive impacts on people, cultures and communities where we have operations. We give back to society through a wide range of initiatives such as offering sponsorships and donations to support meaningful causes, as well as providing financial support to different educational programmes.

During the year, the Group continued to step up efforts for formulating its long-term community investment strategy. We hope to leverage our niche expertise and network to fill the social gap, serving better the needs of the underprivileged and facilitating sustainable development of the communities. We believe that the development of a caring culture within the Group comes down to individuals and, therefore, we encourage our employees to actively participate in various volunteering services. We are always keen to seek opportunities for collaborating with non-governmental organisations, so as to further engage our employees in community services.

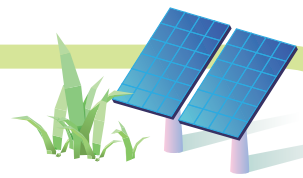


PERFORMANCE DATA SUMMARY

Environmental Performance

	Unit	2019
Air Emissions		
Nitrogen oxide (NO _x)	kg	27.1
Sulphur oxides (SO _x)	kg	0.3
Respirable suspended particles (RSP)	kg	1.8
Greenhouse Gas Emissions		
Total emissions	tCO ₂ e	477.6
Scope I	tCO ₂ e	62.4
Scope II	tCO ₂ e	254.0
Scope III	tCO ₂ e	161.2
GHG intensity (by floor area)	tCO ₂ e/m ²	0.056
Waste Production		
Hazardous waste	tonnes	0.06
Hazardous waste intensity (by floor area)	tonnes/thousand m ²	0.007
Non-hazardous waste	tonnes	11.3
Non-hazardous waste intensity (by floor area)	tonnes/m ²	0.001
Resources Consumption		
Total energy consumption	MWh	647.5
Energy intensity (by floor area)	MWh/m ²	0.075
Electricity	MWh	438.7
Petrol	MWh	197.9
Diesel	MWh	10.9
Water ²	m ³	139
Water intensity (by floor area)	m ³ /m ²	0.016

² Includes water consumption at Hong Kong offices only.



Social Performance

	Operations	Gender	By age				By Function			
			<30	30-40	41-50	>50	Chief Executive level management	Senior managerial level	Middle managerial level	General employees
Number of employees	Shanghai Warehouse	Male	3	9	3	1	0	1	1	14
		Female	2	1	1	0	0	0	1	3
	Shanghai Office	Male	13	38	13	2	1	5	8	52
		Female	16	54	6	1	0	5	8	64
	Hong Kong Office	Male	13	37	15	5	6	9	25	30
		Female	9	28	11	5	1	6	17	29
Total workforce	286									
Male to female ratio	1.1:1									
Male to female salary ratio ³	1.3:1									

	Operations	Gender	By age				Total number of new employees	New hire rate
			<30	30-40	41-50	>50		
Number of new employees	Shanghai Warehouse	Male	3	0	0	0	33	12%
		Female	1	0	0	0		
	Shanghai Office	Male	2	2	0	0		
		Female	4	2	0	0		
	Hong Kong Office	Male	4	4	3	0		
		Female	3	5	0	0		

	Operations	Gender	By age				Total number	Employee turnover rate
			<30	30-40	41-50	>50		
Employees turnover	Shanghai Warehouse	Male	3	4	0	0	58	20%
		Female	0	0	0	0		
	Shanghai Office	Male	6	8	0	1		
		Female	1	9	1	0		
	Hong Kong Office	Male	5	5	4	1		
		Female	4	3	1	2		

³ The salary is paid in HKD and RMB in Hong Kong and Shanghai operations respectively. A conversion rate of RMB to HKD of 1.12 is adopted in the calculation

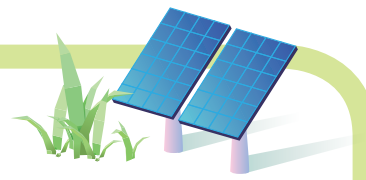


	Gender	Number of work-related fatalities	Number of work-related injury	Work-related fatality/injury rate (per 1,000 workforce)	Number of days lost due to work injury	Number of days of absence from work	Absentee rate
Work related fatality and/or injury	Male	0	0	0	0	417	0.6%
	Female	0	0	0	0		

	Operations	Gender	By function				Total	Percentage (%) of employees trained
			Chief Executive level management	Senior managerial level	Middle managerial level	General employees		
Number of trained employees	Shanghai Warehouse	Male	N/A	1 (100%)	1 (100%)	10 (71%)	98	34%
		Female	N/A	N/A	1 (100%)	2 (67%)		
	Shanghai Office	Male	1 (100%)	5 (100%)	8 (100%)	16 (31%)		
		Female	N/A	5 (100%)	8 (100%)	25 (39%)		
	Hong Kong Office	Male	1 (17%)	1 (11%)	6 (24%)	6 (20%)		
		Female	0 (0%)	0 (0%)	0 (0%)	1 (3%)		

	Gender	By function				Total
		Chief Executive level management	Senior managerial level	Middle managerial level	General employees	
Total training hours	Male	26	20	50	140	356
	Female	0	10	18	92	
Average training hours (per employee)	Male	3.7	1.3	1.5	1.5	1.2
	Female	0	0.9	0.7	1.0	

	Operations	Gender	By function				Total	Percentage (%) of employees receiving regular appraisals
			Chief Executive level management	Senior managerial level	Middle managerial level	General employees		
Employees receiving regular appraisals	Shanghai Warehouse	Male	0	1	1	14	286	100%
		Female	0	0	1	3		
	Shanghai Office	Male	1	5	8	52		
		Female	0	5	8	64		
	Hong Kong Office	Male	6	9	25	30		
		Female	1	6	17	29		



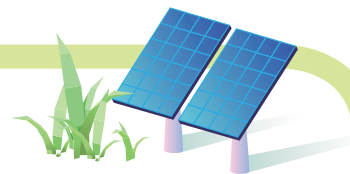
	Location	Hong Kong Office	Shanghai Operations	Percentage (%) of suppliers to which the standards are being applied
Number of Suppliers	Asia	274	341	100%
	Europe	73	6	
	North America	16	0	
	South West Pacific	5	0	
	Middle East	8	1	
	South America	12	1	
	Africa	5	0	





APPLICABLE LAWS AND REGULATIONS

Aspect	Laws and Regulations	Section
Environment	<ul style="list-style-type: none"> Air Pollution Control Ordinance Waste Disposal Ordinance Energy Conservation Law of the PRC 	Environmental Protection
Employment and labour standards	<ul style="list-style-type: none"> Employment Ordinance Labour Law of the PRC 	Our People
Occupational health and safety	<ul style="list-style-type: none"> Employment Ordinance Labour Law of the PRC 	Our People
Product Responsibility	<ul style="list-style-type: none"> Personal Data (Privacy) Ordinance Regulation of the PRC on the Customs Protection of Intellectual Property Rights 	Operational Excellence
Anti-corruption	<ul style="list-style-type: none"> Prevention of Bribery Ordinance Anti-Money Laundering Law of the PRC 	Operational Excellence



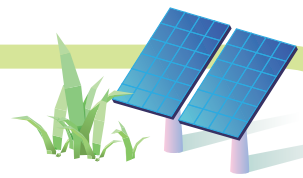
HKEX ESG CONTENT INDEX

KPIs	Stock Exchange ESG Reporting Guide Requirements	Page Index/ Remarks
A. Environmental		
Aspect A1 : Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	10
KPI A1.1	The types of emissions and respective emissions data.	10–11
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	10–11
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	12
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	12
KPI A1.5	Description of measures to mitigate emissions and results achieved.	10–11
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	12
Aspect A2 : Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	12–13
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	12–13
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	13
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	12–13
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for the purpose, water efficiency initiatives and results achieved.	13; No issue in sourcing water
KPI A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group's operations do not involve the use of any packaging materials






KPIs	Stock Exchange ESG Reporting Guide Requirements	Page Index/ Remarks
Aspect A3 : The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuers' significant impact on the environment and natural resources.	13
KPI A3.1	Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them.	13
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	15
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	14; 25
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	14; 25
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	17–18
KPI B2.1	Number and rate of work-related fatalities.	17; 26
KPI B2.2	Lost days due to work injury.	26
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	17–18
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	16–17
KPI B3.1	The percentage of employees trained by gender and employee category.	16–17
KPI B3.2	The average training hours completed per employee by gender and category.	16–17



KPIs	Stock Exchange ESG Reporting Guide Requirements	Page Index/ Remarks
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to prevention of child and forced labour.	15
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	15
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	15
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	19
KPI B5.1	Number of suppliers by geographical region.	19
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	19
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	20–21
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	21
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	21
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	21
KPI B6.4	Description of quality assurance process and recall procedures.	20
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	21





KPIs	Stock Exchange ESG Reporting Guide Requirements	Page Index/ Remarks
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	21–22
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	21–22
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	21–22
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	23
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	23
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	23