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ABOUT THIS REPORT

This is the fifth 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 discrepancy between the two versions, the English version shall prevail. For governance section, please refer to the Corporate Governance Report on Pages 62 to 85 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 2020 to 31 December 2020.

Feedback

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

Address:

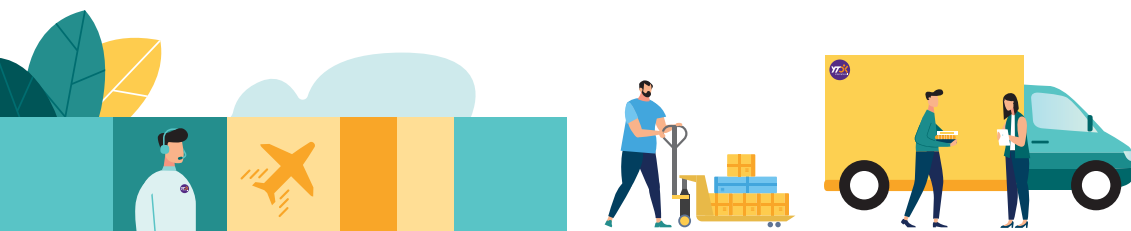
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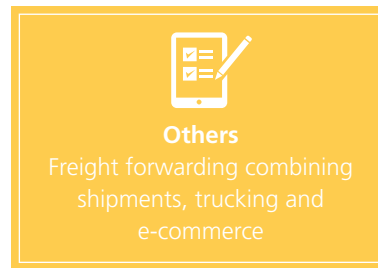
Fax:

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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, is an international logistics operator established in 2013, with headquarter located in Hong Kong. On Time Group, a subsidiary of YTO Express, was founded in 1995. As a leading international logistic service provider, the Group’s core business has been focusing on air and ocean freight forwarding and international express and parcel services, followed by its ancillary and contract logistics services as well as other businesses.



5 Operating Segments of YTO

The air freight forwarding business continued to be the major business segment of the Group, involving arranging shipments upon receipt of booking instructions from customers, obtaining cargo space from airlines, preparing for the relevant documentation, and upon delivery to the destination, arranging customs clearance and cargo handling. Being well-recognised and receiving accolades from international organisations and major airlines, the Group will continue to deliver more targeted and high-quality international logistic services to customers.

As a result of the COVID-19 pandemic, we are seeing an increasing rise in e-commerce and digital payment demands across the globe. Therefore, the Group will continue to seize this opportunity in this fast-growing market to further promote its business expansion in international express and parcel services.

Bearing in mind our vision in becoming a leading integrated logistic service provider, we will continue to enhance review and refine our business strategies to meet the needs and deal with new challenges under shifting market trends brought by the pandemic.



MESSAGE FROM MANAGEMENT



Dear Valued Stakeholders,

I am delighted to share with you the fifth Environmental, Social and Governance (ESG) report of YTO Express for the financial year from 1 January 2020 to 31 December 2020.

The year 2020 has been challenging for all. The unprecedented COVID-19 pandemic has brought about significant downturn to the economy and adversely impacted societal development. Yet, there are always opportunities amidst any crisis. With the heightened demand for e-commerce under the pandemic, it has driven better performance in the international Express and Parcel Services the Group has newly engaged in recently years. Therefore, we see this an opportunity to further sharpen our focus in this market segment. While we are looking for continuous success in our business, we are taking up greater social and environmental responsibility to bring about sustainable development for future generations.

The Group is committed to playing our own role in environmental responsibility through ensuring compliance and mitigating the impacts of our business operation to the environment. For instance, green office practices are to ensure efficient management of resources including water, energy and paper saving. Unremitting efforts are also spent in waste reduction by recycling and reuse of materials.

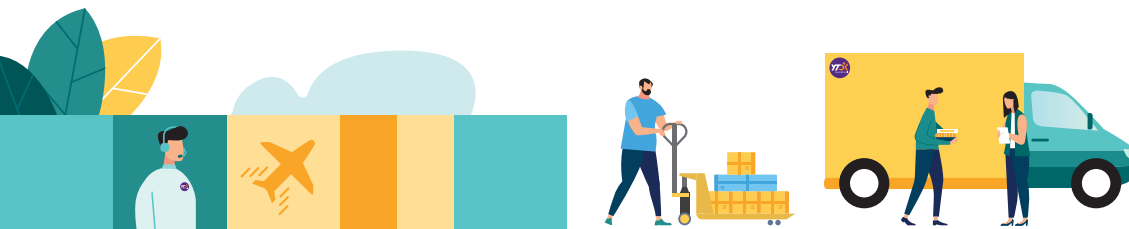
Recognising employee as the most important asset of the Group, we are dedicated to taking care of employees' well-being by nurturing a decent and healthy work environment to them. The Group's operations adheres to relevant occupational health and safety standards and fire safety inspections are regularly conducted to ensure workplace safety.

Responsible operation remains our highest priority. The Group strictly implements an Operation Workflow Manual to regulate work procedures for air freight and ocean freight operations to ensure safe and timely delivery. To this end, special attention is paid to special cargo handling, which stipulates a set of procedures for dangerous goods handling. On the other hand, the Group gathers feedbacks from customers through various communication channels to facilitate continuous improvement customer relationship.

Looking ahead, we will continue to evaluate our ESG performance, refine our management approach as well as to demonstrate environmental sustainability in our daily operations. Moreover, we strive to enhance our capabilities and competitiveness through accurately positioning ourselves in the ever-changing market posed by the pandemic and other global trends. On behalf of the Board, I would like to take this opportunity to express my gratitude to all stakeholders for their support during the year.

Yu Huijiao
Chairman

YTO Express (International) Holdings Limited



SUSTAINABILITY GOVERNANCE

The Group understands the importance to taking into account aspects of economic, environmental and social concerns into its operational strategies. In conjunction to this, the Group embeds these sustainability factors into our formulation of future targets and missions. Tackling risks associated with climate change is becoming a more important topic among enterprises. As such, minimising and mitigating the potential adverse impacts from climate change are considered as major sustainable issues and critical considerations in implementing the Group's sustainability roadmap.

To properly manage and address risks and opportunities associated with sustainability, an ESG Committee comprising of senior management is set up to control and formulate ESG-related strategies and policies. Our Environmental and Social Responsibility Policy delegates various ESG responsibilities and specifies objectives of all parties associated with the Group including its subsidiaries, associated companies and affiliates.

The committee regularly reports ESG matters to the Board of Directors while the Board manages ESG risks and opportunities. Looking ahead, the Group will continue to broaden the composition of the existing committee to enhance its ESG management.

ESG Risk Management

To allow for effective management of environmental, social and ethical risks associated with its freight forwarding business, the Group adopts internal controls and risk management systems. The Board of Directors is responsible for identifying ESG risks, whereas the management is responsible for evaluating the effectiveness of the internal control and risk management system and report to the Board and the Audit Committee on a yearly basis. Going forward, the Group will review its operations and incorporate material ESG topics in its management system to ensure effective risk management.



STAKEHOLDER ENGAGEMENT

The Group highly recognises the importance to effective mutual communication with all stakeholders including employees, suppliers, agents, partners, customers, shareholders, investors, government and non-governmental organisations. The Environmental and Social Responsibility Policy clearly stipulates the Group’s responsibility for stakeholder communication:



YTO’s responsibility for stakeholder communication

It is essential to engage with stakeholders, understand their concerns and satisfy them with value-added solutions when identifying ESG risks and opportunities. On an on-going basis, the Group evaluates the effectiveness of the communication processes. We engage with both internal and external stakeholders through communication channels listed below.

	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

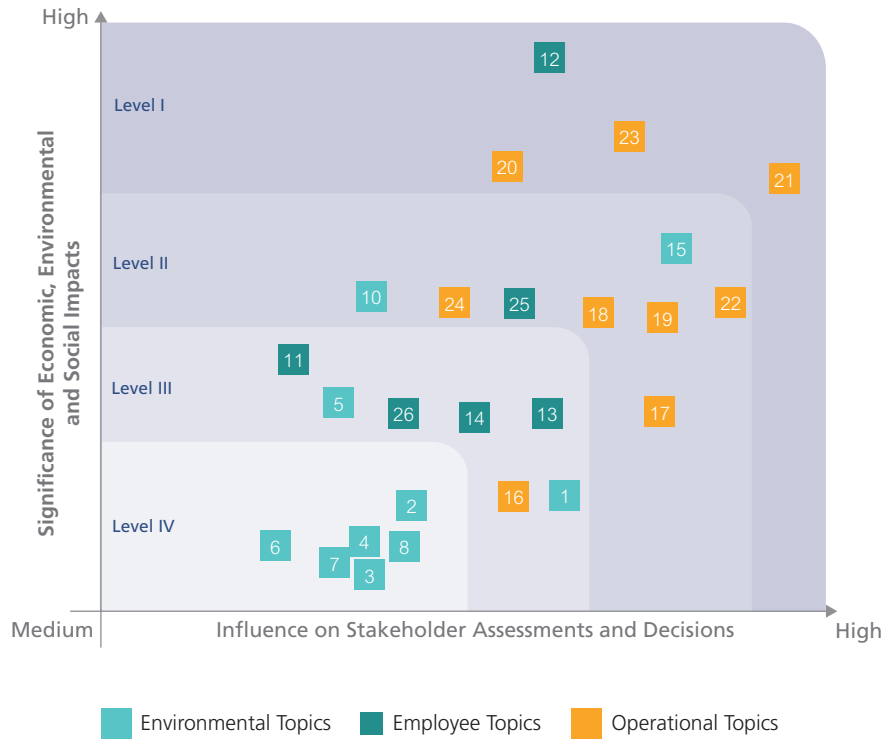
To determine the sustainability topics that are most material to the Group and our stakeholders, we conduct a materiality assessment by an independent consultancy to identify ESG issues that have a significant impact on the Group.

Following the HKEX ESG Reporting Guide and referencing the GRI Standards, there are four steps approach of identification, prioritisation, validation and review in materiality assessment. We assess the material topics that had a significant impact to the Group and its stakeholders and enable us to focus on implementing relevant initiatives.

A total of 26 potential topics were included in the assessment covering environmental, social and operational aspects. Internal stakeholders are invited to engage in an online questionnaire and to collect their opinions on these material topics. The materiality assessment results were reviewed and approved by the management of the Group.

Further to the materiality assessment conducted, the Group identified the material topics and ranked them into four levels. The most pertinent topics (Level 1) of the Group including anti-corruption, precautionary measures of child/forced labour, operating compliance and protection of intellectual property.





Level I

- 21 Anti-corruption
- 12 Precautionary Measures of Child/ Forced Labour
- 23 Operating Compliance
- 20 Protection of Intellectual Property Rights

Level II

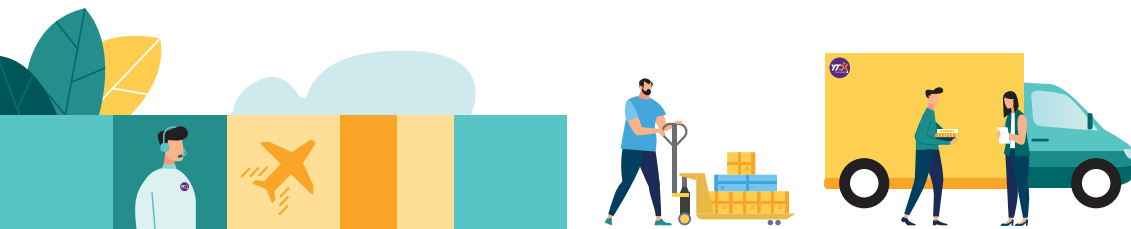
- 15 Anti-discrimination
- 19 Protection of Customers Privacy
- 18 Customer Satisfaction
- 25 Talent Management
- 17 Service Quality
- 22 Business Ethics
- 24 Community Engagement
- 10 Compliance with Environmental Laws and Regulations

Level III

- 13 Employee Engagement
- 14 Protection of Human Rights
- 26 Occupational Health Safety
- 16 Supply Chain Management
- 5 Hazardous Waste
- 11 Employee Training and Promotion
- 1 Energy

Level IV

- 2 Water
- 8 Green Procurement
- 9 Climate Change
- 3 Air Pollutant
- 4 Effluent Reduction
- 7 GHGs
- 6 Non-Hazardous Waste



The table below shows the Group's top 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
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
Operating Compliance	<ul style="list-style-type: none"> Full compliance with all applicable laws and regulations 	<ul style="list-style-type: none"> Supply Chain Management Product Responsibility Intellectual Property Rights Data Privacy Protection
Precautionary Measures of Child/Forced Labour	<ul style="list-style-type: none"> Conduct background check for job applicants to verify their identity and age during the recruitment process. 	Labour Standards
Protection of Intellectual Property Rights	<ul style="list-style-type: none"> Full compliance with all applicable laws and regulations The Corporate Human Resources Department is responsible for providing guidelines on protecting intellectual property rights 	Intellectual Property Rights



ENVIRONMENTAL PROTECTION

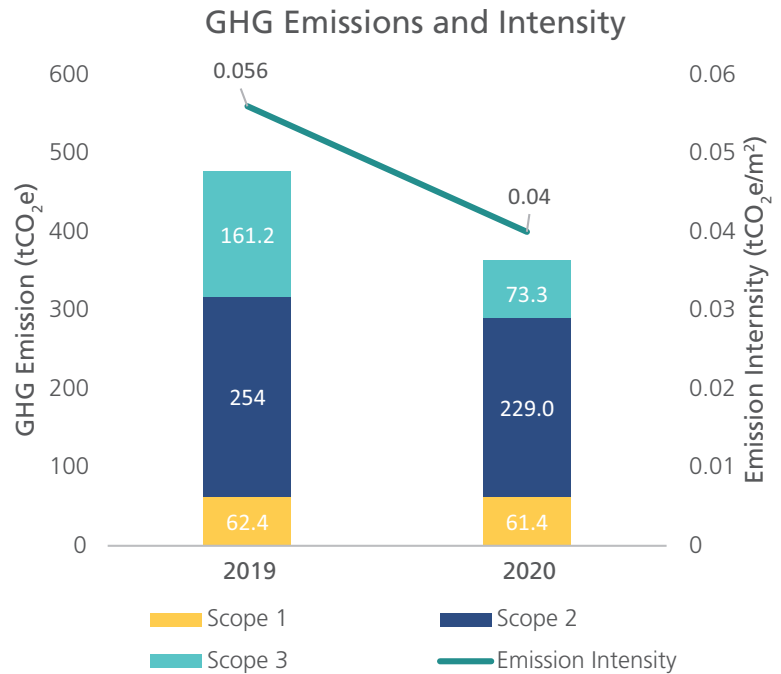
At YTO Express, we are dedicated to taking up environmental stewardship and act in accordance with relevant laws and regulations. We are devoted to mitigating the impacts our business imposes to the environment and assess our environmental performance regularly. The Group’s environmental management system is certified with ISO 14001:2015 standard and monitors environmental performance of its business operations and reviews its environmental protection measures regularly. The Group strives to achieve air and GHG emission reduction, minimise waste generation and conserve energy, water and material consumption.

During the year, the Group was not aware of any non-compliance of laws and regulations¹ 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 363.7 tonnes of carbon dioxide equivalent (tCO₂e), with an emission intensity of 0.04 tCO₂e per square meter of floor area. The GHG emissions were mainly contributed by emissions from use of electricity, which constituted around 63% of total GHG emissions.



¹ Please refer to the section headed “Laws and Regulations” for environmental-related laws and regulations.

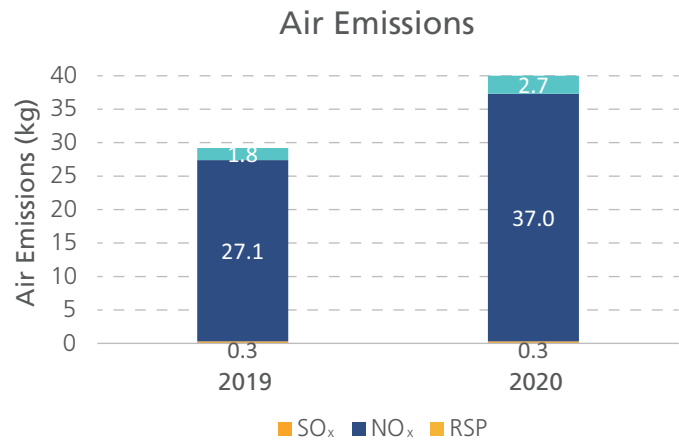


GHG Emissions	2019	2020
Scope 1 Direct emissions (tCO ₂ e)	62.4	61.4
Scope 2 Energy indirect emissions (tCO ₂ e)	254.0	229.0
Scope 3 Other indirect emissions (tCO ₂ e)	161.2	73.3
Total GHG emissions (tCO ₂ e)	477.6	363.7
GHG emission intensity per floor area (tCO ₂ e/m ²)	0.06	0.04

The Group continues to adopt a range of emissions reduction measures to manage and minimise air and GHG emissions from the Group’s operations. These measures include reducing the frequency of business travel by using online communication channels, replacing low energy-efficiency equipment with higher efficiency ones 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), 37.0 kg of nitrogen oxides (NO_x) and 2.7 kg of respirable suspended particles (RSP).



Air Pollutants (kg)	2019	2020
Sulphur oxides (SO _x)	0.3	0.3
Nitrogen oxides (NO _x)	27.1	37.0
Respirable suspended particles (RSP)	1.8	2.7

To better manage and reduce air emissions, the Group has guidelines in place to control the use of vehicles. They include switching off idling engines, conducting regular vehicle maintenance and encouraging employees to travel by public transport. To drive continuous improvement in emissions reduction, the effectiveness of the emission reduction measures is regularly reviewed.



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 0.000007 tonnes per square meter and 0.001 tonnes per square meter respectively.

	2019	2020
Hazardous waste (tonnes)	0.06	0.06
Hazardous waste intensity by floor area (tonnes/thousand m ²)	0.007	0.007
Non-hazardous waste (tonnes)	11.3	11.3
Non-hazardous waste intensity by floor area (tonnes/m ²)	0.001	0.001

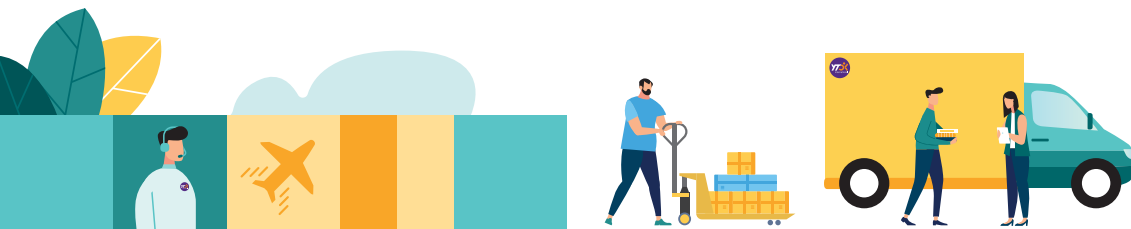
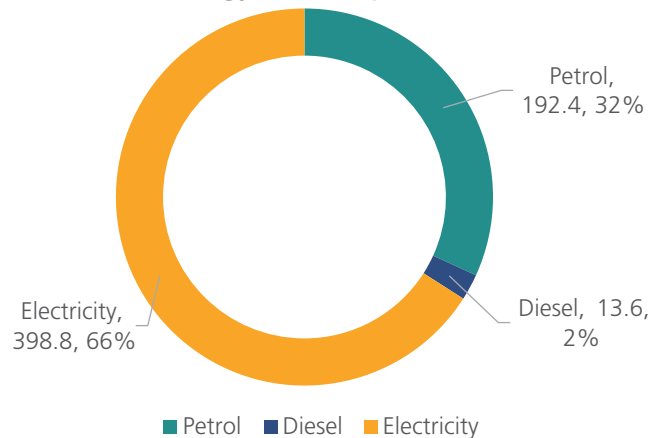
The Group is committed to educating staffs to handle waste sustainably. For instance, recycling bins are placed in the office to facilitate recycling. They should always try to recycle and reuse materials before disposal. Hazardous waste is regularly collected by a licensed waste collector for handling, 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 604.8 MWh of energy, with an energy intensity by floor area of 0.07 MWh per square meter. Electricity consumption was 398.8 MWh, which accounts for 66% of total energy consumption, and it is attributed to the use of equipment at the office.

2020 Energy Consumption (MWh)






Energy Consumption	2019	2020
Petrol (MWh)	197.9	192.4
Diesel (MWh)	10.9	13.6
Electricity (MWh)	438.7	398.8
Total energy consumption (MWh)	647.5	604.8
Energy intensity by floor area (MWh/m ²)	0.075	0.07

During the year, the Group’s Hong Kong office consumed 174 m³ of municipal water, representing intensity by floor area of 0.02 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 continues to implement a green office policy and adopts a range of measures for conserving energy, water and paper consumed in its operations to ensure efficient management and use of resources. Moreover, we reduce the use of carbon dependent energy sources and other natural resources by deploying more energy-efficient processes and green technologies. Guidelines on energy, water and paper-saving are provided to all employees. Through encouragement and education, we strive to drive behavioural changes for conserving energy and natural resources within the workplace.

 Energy Saving	<ul style="list-style-type: none"> ■ Switch of all idle electronic appliances, lighting and air conditioning when not in use ■ Use power-saving mode in electronic appliances where applicable
 Paper Saving	<ul style="list-style-type: none"> ■ Adopt paperless communication during internal meetings ■ Encourage the use of recycled paper, and printing both sides of the paper ■ Adopt electronic communications with external parties
 Water Saving	<ul style="list-style-type: none"> ■ Post labels with water saving tips at the office

The Environment and Natural Resources

The Group adheres to internationally recognised environmental principles and commitments, regularly assess and manage the environmental impacts of its operation. Being an environmentally responsible logistics operator, the Group strives to advocate the use of green technology and innovation and collaborates with partners to promote sustainable logistics.

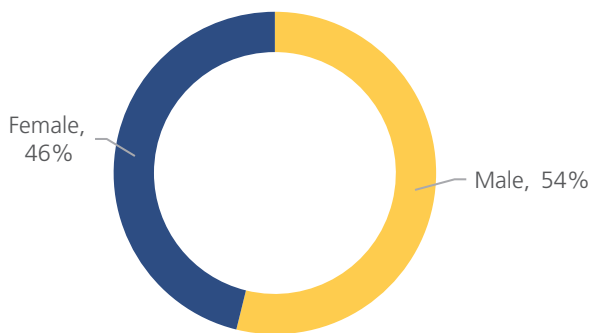


OUR PEOPLE

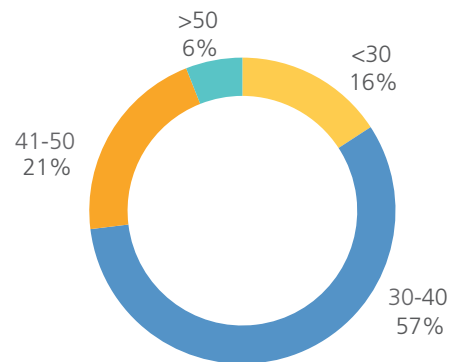
Employee Profile

As of the end of December 2020, the Group employed 234 full-time staffs, of which 118 or 50% are based in Hong Kong and 116 or 50% are based in Shanghai. The proportion of male to female is 1.17. In terms of age profile, 57% of our employees were aged 30–40 while 16% were aged under 30. There were 37% of employees at managerial level and 63% of them were general employees.

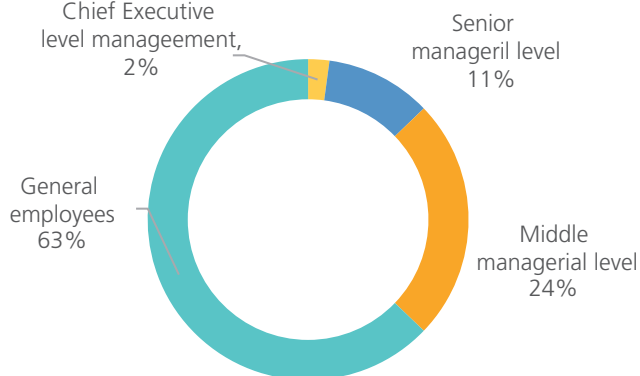
By Gender



By Age



By Function

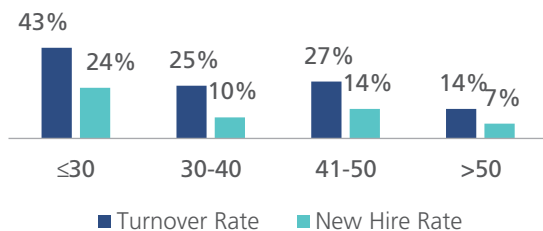


By Geographical Eegion

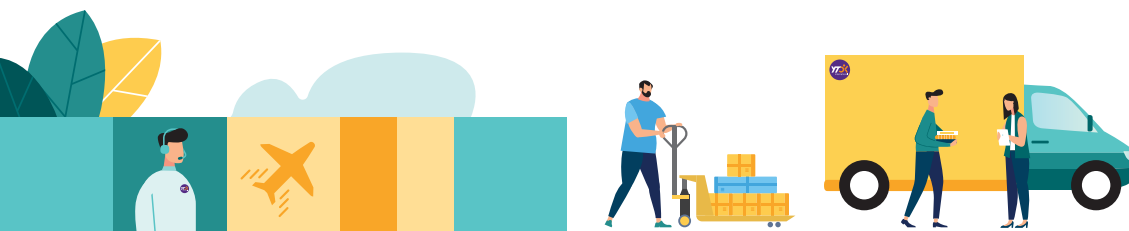
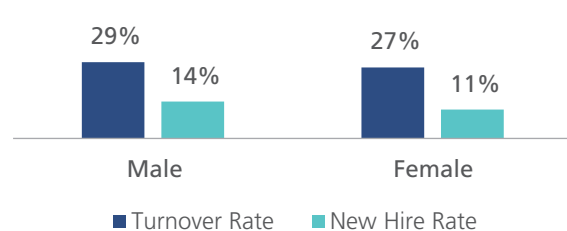


During the year, the overall employee turnover rate and new hire rate were 28% and 13% respectively.

2020 Turnover and New Hire Rates by Age



2020 Turnover and New Hire Rates by Gender



Recruitment and Dismissal

The Group's recruitment procedures are regulated and guided by the Recruitment and Hiring Policy to ensure its consistency. The recruitment process is transparent and fair, we select candidates based solely on their qualification, experiences and personal ability. There are clear conditions and restrictions when an employee's relatives apply an opening, and a declaration must be made to avoid preferential selection.

We offer career development opportunities to our employees, including internal transfer to fill up vacant position to the extent whenever possible. We also set up standard guidelines for the promotion process to ensure consistency and fairness of the fixed promotion cycle. By conducting reviews to assess and evaluate employees' performance in a regular basis, we grant a framework to adjust employees' remuneration includes basic salary and promotion plans. It also facilitates the communication between employees and the management concerning job requirements and performance to advance work efficiency.

Procedures for employee dismissal and termination are regulated by our internal guidelines to assure its fairness and justifiable. The HR Department carries out interviews for employees who resign to recognise their reasons of resignation and to collect feedback. Involuntary termination of employment occurs only in case of serious misconduct or violation of the Group's policy.

Welfare and Benefits

The Group understands employees as important assets and its business development depends on their hard work. To attract and retain talents, we offer competitive remuneration and welfare packages includes annual leave, marriage leave, maternity leave and paternity leave. We provide overtime allowance, including monetary compensation or compensatory leave, and taxi allowance for employees who work extra hours. Medical insurance scheme is in place for employees to enjoy medical benefits.

An Outstanding Staff Award is established to recognise and honour distinguished contributions made by employees every year. Employees are nominated based on their performance, as if they are promoting a positive culture within the Group and demonstrate the best in themselves on job duties. As to appreciate dedicated employees, we set up a share award scheme to allow employees to purchase the Group's share lower than the market price.

Employee Rights, Equal Opportunity and Diversity

The Group strives to create an equal and inclusive working atmosphere free of discrimination or harassment. We have zero tolerance on any forms of discrimination on the grounds of age, gender, race or religion. We also prohibit all unfair and discriminating employment practices. As to maintain a diversified workplace, a Board Diversity Policy is in place to assess the Board composition under diversified perspectives including gender, age, cultural and educational background and professional experience. As an equal opportunity employer, we will continue our path on providing equal opportunity in all aspects of our employment and to ensure our labour practices are fair and ethical, and respect fundamental human rights of all employees.

To regulate and standardise employment related activities, we have in place comprehensive employment policies including various aspects such as salary, compensation and dismissal, recruitment, promotion and benefits, working hours and rest periods.

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.



Labour Standards

The Group ensures adherence with labour standards and prohibits all forms of unethical practices, which also applies to its suppliers and subcontractors. We take rigorous measures to prohibit child labour or forced labour. As to restrain from hiring child labour or forced labour, the Human Resource Department conducts a background check for job applicants under the Background Check Policy to verify their identity and age during the recruitment process. We strictly comply with relevant labour laws and regulations in places of operations.

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 applicable laws and regulations² relating to employment and labour standards. There were no reported cases of child or forced labour during the reporting period.

Training and Development

The Group acknowledges the importance of empowering employees with professional knowledge and skills to reach their full potential. It not only helps employees to stay competitive in the fast-growing industry, but also meets the Group’s development goals. To this end, we invest solid resources in employee training and development.

Group Training and Development Policy are set up to appoint relevant personnel and departments to oversee the development of training strategy and to make training and integral part of our operation. Department head, department managers and station managers are assigned to arrange appropriate internal training for employees in their respective departments. The Human Resources Manager is responsible to keep a training record and to review training and development recommendations from various departments and employees regularly, as to better assist employees in achieving their professional development goals. We provide various in-house training programmes as follow:

Mandatory Training	A New Employee Orientation is provided to all newly hired regular full time staff 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

To inspire employees to acquire new knowledge and keep abreast of the latest trend in the logistic industry, we encourage employees to participate in external training programmes based on their job needs and promote a comprehensive learning environment in the workplace. The Performance Appraisal System helps department managers to identify and confirm employees’ needs for training. We select suitable staffs to participate in job-related external courses, seminars and workshops, according to their positions need. During the year, we arranged both internal and external training sessions for our employees with various themes including dangerous goods, cargo operation, warehouse in/out procedures and regulated agent regime.

² Please refer to the section headed “Laws and Regulations” for Labour-related laws and regulations.



A Staff Training Scheme is established for employees to apply for training subsidy and reimbursement for external courses and programmes that are related to their job position or future work assignments. We also conduct evaluation after both internal and external training upon completion, as to ensure their relevance and effectiveness.

During the reporting period, the Group has a total of 388 training hours and 77 employees were trained, accounting for 33% of the total workforce.



Dangerous Goods Regulations Training



We organise Dangerous Goods Regulations training by external parties to our airfreight operation staffs, ensuring they are qualified for handling dangerous goods shipments. The training includes:

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

Occupational Health and Safety

Adhering to create a safe and healthy working environment and reduce the occupational safety risk to the lowest level, we strictly comply with relevant laws and regulations. We have integrated our health and safety policies in the ESG and ISO policies, as to ensure all of our business operation align with occupational health and safety standards. Fire facilities and condition of emergency exit inspection are carried out regularly every half year.

During the reporting period, the Group was not aware of any non-compliance of relevant laws and regulations³ 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 reinforce employees' safety awareness and equip them with necessary safety knowledge, we formulated a set of occupational health and safety guidelines for frontline staffs in warehouse operations and conducted safety training session regularly. During the year, 57% of the total workforce has participated in safety training, accounted for a total of 330 safety training hours and 133 person-times.

To prevent employees from occupational injuries, we have appropriate equipment in place and a first aid kit is prepared for simple first aid. Fire drill is also conducted annually to all the frontlines employees.

We value both the physical and mental health of our employees. We launch different activities to promote our employees' well-being as well as workplace safety.

³ Please refer to the section headed "Laws and Regulations" for Health and Safety-related laws and regulations.



OPERATIONAL EXCELLENCE

Supply Chain Management

The Group values our relationship with suppliers and put efforts in maintaining long-term and stable business relations with our suppliers, as we believe an effective supply chain management is critical in our business. The Vendor Management Policy offers guidelines on procurement of services and products from third parties. We are aware of the importance of managing environmental and social risks of our supply chain. To this end, we improve ESG performance along the value chain and encourage suppliers and contractors to embedded ESG standards and align with our Environmental and Social Responsibility Policy and Code of Conduct.

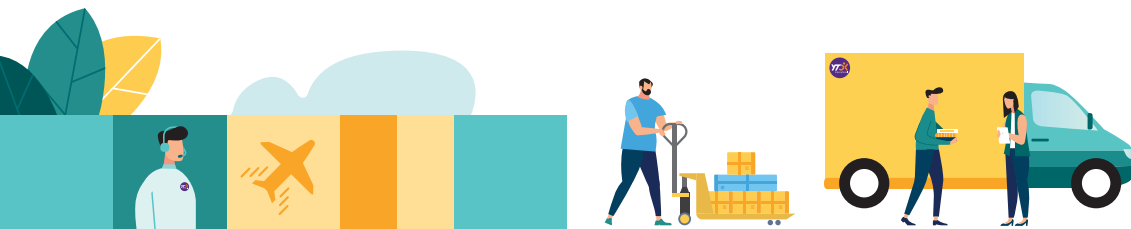
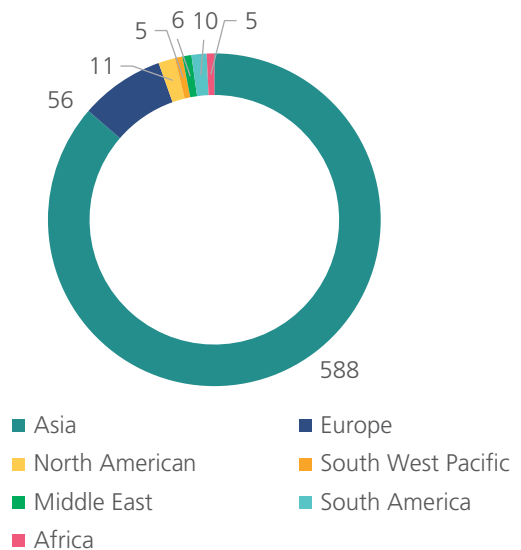
A Vendor Committee is formed by top management team, corporate function heads, stations management heads and departmental management heads, to oversee and ensure the smooth process in vendor selection and appointment process and firm decisions making when necessary.

As to reduce the ESG risks in the supply chain, we carry out due diligence in the supplier selection process. During the procurement, we invite more than one quotation and conduct detailed background checks. We take social and environmental performance, such as environmental protection, occupational health and safety and quality assurance etc., into our consideration in supplier selection. We also assign department managers to monitor vendors’ performance regularly. An annual assessment review is conducted to ensure services or product quality of existing suppliers associate with the Group’s standards and expectations.

For the air freight and ocean freight services in the supply chain, involving various vendors including airline companies, shipping line companies, carriers, co-loaders, transportation companies and related business agents.

During the reporting period, the Group had 681 suppliers in total, of which approximately 86% were located in Asia.

Suppliers by Geographical Distribution



Product Responsibility

We strived to provide safe and on-time delivery services for customers and sustain a high-quality customer service. We have certified with the ISO9001:2015 Quality Management Systems standard. The Operation Workflow Manual is established and updated regularly on managing work procedures on air freight and ocean freight to improve our quality performance.

The Group recognises our services’ safety and security as the top priority. We inspect carefully to avoid any hidden dangerous cargoes and make sure we comply with the strict limitation and control on dangerous goods, as to avoid any harm to public safety. A series of procedures including special cargo handling including dangerous cargoes, commodities including batteries, temperature sensitive cargoes and wooden packing materials were acquired.

We use proper labelling on incoming cargoes for easy identification and locating. There are various types of labels to indicate information of the goods such as quantity, origin and destination. We ensure these labels are visible and must not cover customer’s labels or marking.



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 (DG)

- 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



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

During the reporting period, the Group was not aware of any non-compliance of relevant laws and regulations⁴ 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

The Group recognises the importance to understand customers' needs and enhance customers satisfaction. We collect customer feedback and opinions in terms of service quality, on time delivery, time management and employees' performance regularly via different communication channels including customer site visits.

Intellectual Property Rights and Data Privacy Protection

The Group adhere to protect intellectual property rights of both the Group and third parties. We strictly comply with relevant laws and regulations in Hong Kong and Mainland China.

The Corporate Human Resources Department is responsible for providing guidelines on protecting intellectual property rights, and manage related assets such as 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 by the Corporate HR Department. As stated in the Code of Conduct, all employees who have the right to access or control proprietary information are required to prevent abuse or misuse by applying adequate protection measures.

To protect the security and data privacy of our customers. Employee Handbook is in place to ensure all the collected information concerning customer data and other companies are kept confidential and hard copies should be shredded before disposal.

During the reporting period, the Group was not involved in any litigation relating to infringement of any intellectual rights.

⁴ Please refer to the section headed "Laws and Regulations" for Product Responsibility-related laws and regulations.



Anti-corruption

The Group is committed to upholding the high moral and ethical principles and conducting business with due regard to integrity, impartiality and honesty. We have zero tolerance for illegal acts and any forms of corruption including bribery, extortion, fraud and money laundering. We formulated a series of anti-corruption policies within the internal documents to regulate employees' action and strengthen their awareness with regard to anti-corruption.

The Group strictly complies with anti-corruption-related laws and regulations. During the reporting period, the Group was not aware of any non-compliance of relevant laws and regulations⁵ 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.

Code of Conduct

- 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

Entertainment Policy

- 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

Policy for Employees to Raise Concerns about Improprieties

- 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

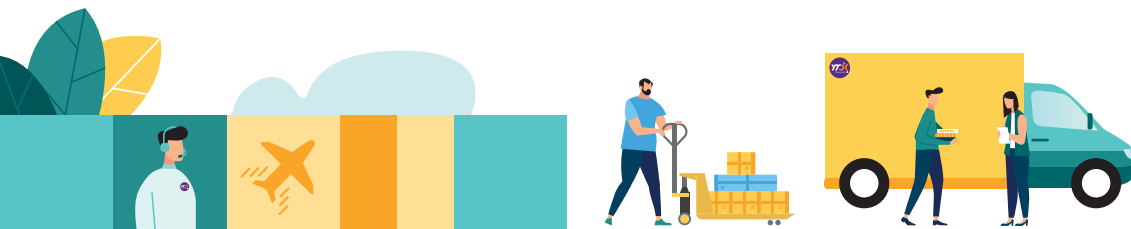
⁵ Please refer to the section headed "Laws and Regulations" for Anti-Corruption-related laws and regulations.



COMMUNITY INVOLVEMENT

We dedicate to support the communities where we operate by means of investing in community affairs and functions, and to fulfil the Group's corporate social responsibility.

During the year, we endure to put our efforts on long-term community investment strategy. We aim to make use of our expertise and network to support the sustainable development in the communities as well as serving the needs and the underprivileged. In order to promote a caring culture within the Group, we encourage employees to participate in a wide range of volunteering activities. We are also seeking opportunities to collaborate with non-governmental organisations to further engage in community services.



PERFORMANCE DATA SUMMARY

Environmental Performance

	Unit	2020
Air Emissions		
Sulphur oxides (SO _x)	kg	0.3
Nitrogen oxide (NO _x)	kg	37.0
Respirable suspended particles (RSP)	kg	2.7
Greenhouse Gas Emissions		
Total emissions	tCO ₂ e	363.70
Scope I	tCO ₂ e	61.43
Scope II	tCO ₂ e	228.96
Scope III	tCO ₂ e	73.31
GHG intensity (by floor area)	tCO ₂ e/m ²	0.04
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	604.8
Energy intensity (by floor area)	MWh/m ²	0.07
Electricity	MWh	398.8
Petrol	MWh	192.4
Diesel	MWh	13.6
Water ⁶	m ³	174
Water intensity (by floor area)	m ³ /m ²	0.02

⁶ 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	0	4	0	0	0	0	0	4
		Female	0	0	0	0	0	0	0	0
	Shanghai Office	Male	10	34	10	2	1	5	9	41
		Female	10	41	4	1	0	3	8	45
	Hong Kong Office	Male	9	30	21	6	3	10	26	27
		Female	8	25	14	5	1	7	14	30
Total workforce	234									
Male to female ratio	1.2:1									
Male to female salary ratio⁷	1.2:1									

	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	0	0	0	0	30	13%
		Female	0	0	0	0		
	Shanghai Office	Male	2	2	0	0		
		Female	0	1	0	1		
	Hong Kong Office	Male	4	6	4	0		
		Female	3	4	3	0		

	Operations	Gender	By age				Total number	Employee turnover rate
			<30	30-40	41-50	>50		
Employees turnover	Shanghai Warehouse	Male	3	5	3	1	65	28%
		Female	2	1	1	0		
	Shanghai Office	Male	5	6	3	0		
		Female	6	14	2	0		
	Hong Kong Office	Male	0	6	3	1		
		Female	0	2	1	0		

⁷ 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	313	0.5%
	Female	0	0	0	0		

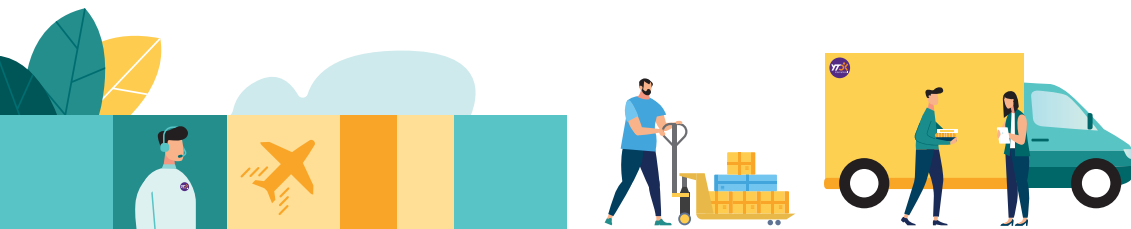
	Operations	Gender	By function				Total	Percentage (%) of employees trained
			Chief Executive level management	Senior managerial level	Middle managerial level	General employees		
Number of trained employees	Shanghai Warehouse	Male	0	0	0	4	77	32.9%
		Female	0	0	0	0		
	Shanghai Office	Male	1	5	9	14		
		Female	0	3	8	16		
	Hong Kong Office	Male	0	2	7	8		
		Female	0	0	0	0		

	Gender	By function				Total
		Chief Executive level management	Senior managerial level	Middle managerial level	General employees	
Total training hours	Male	2	74	122	128	388
	Female	0	6	16	40	
Average training hours (per employee)	Male	0.5	4.9	3.5	1.8	1.66
	Female	0	0.6	0.7	0.5	

	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	0	0	4	234	100%
		Female	0	0	0	0		
	Shanghai Office	Male	1	5	9	40		
		Female	0	3	8	46		
	Hong Kong Office	Male	3	10	26	27		
		Female	1	7	14	30		



	Location	Hong Kong Office	Shanghai Operations	Percentage (%) of suppliers to which the standards are being applied
Number of Suppliers	Asia	279	309	100%
	Europe	50	6	
	North America	11	0	
	South West Pacific	5	0	
	Middle East	5	1	
	South America	9	1	
	Africa	5	0	



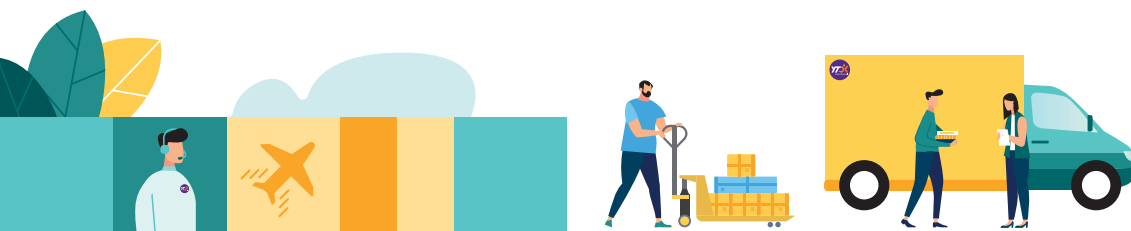
APPLICABLE LAWS AND REGULATIONS

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; 24
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	14; 24
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.	16–17
KPI B2.1	Number and rate of work-related fatalities.	17; 25
KPI B2.2	Lost days due to work injury.	25
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	17
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.	16
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	16
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	16
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	18
KPI B5.1	Number of suppliers by geographical region	18
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.	18
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.	19–20
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	20
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	20
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	20
KPI B6.4	Description of quality assurance process and recall procedures.	19
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	20



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
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
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	21
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.	22
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	22
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	22

