



**裕程物流集團有限公司**

**Grand Power Logistics Group Limited**

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8489



**2022**

**ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE  
REPORT**

## ABOUT THIS REPORT

Grand Power Logistics Group Limited (the “**Company**” together with its subsidiaries, hereinafter referred to as the “**Group**” or “**we**” or “**us**”) is pleased to present our annual environmental, social and governance (“**ESG**”) report (this “**ESG Report**”) for the year ended 31 December 2022 (the “**Reporting Period**”) to provide an overview of the Group’s management of significant issues affecting its operation, including ESG matters.

Both the English and Chinese versions of this ESG Report are available on the Company’s website at [www.grandpowerexpress.com](http://www.grandpowerexpress.com) (under “Financial Reports” of the “Investor Relations” section) and the website of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). If there is any conflict or inconsistency, the English version shall prevail. Corporate governance section can be found in the Group’s annual report for the year ended 31 December 2022 on pages 33 to 50 therein.

## ESG STRUCTURE

The board of directors (the “**Board**”) of the Company has the overall responsibility of overseeing the Group’s ESG strategy and reporting. The Board is responsible for evaluating and determining the Group’s ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place. The executive directors of the Company are responsible for formulating ESG management policies, strategies, goals, and annual reporting and promoting related implementation. They also identify, evaluate, review, prioritize and manage material ESG issues, risks, and opportunities; while other departments of the Company (such as operation department, human resources & administration department and finance department) are responsible for organizing, promoting, and implementing various ESG related tasks under the Group’s ESG management policies and strategies. All tasks and the progress made against the ESG-related goals and targets will be reported to the Board regularly in order for the Board to review and re-formulate the policies and plans for achievement of goals and targets. The Group has set short-term and long-term sustainable development vision and goals to achieve ongoing emission reduction according to governmental requirements. Relevant emission reduction targets and corresponding strategies are established and sustainable development factors have been incorporated into the Group’s strategic planning, business model and other decision-making processes. The Board regularly monitors and reviews the effectiveness of management approach, including reviewing the Group’s ESG performance and adjusting corresponding action plans.

## REPORTING PERIOD

This ESG Report illustrates the Group’s initiative and performance regarding the environmental and social aspects during the Reporting Period.

## REPORTING SCOPE

This ESG Report only covers Hong Kong, Shanghai, Shenzhen, Tianjin and Suzhou offices of the Group with core business segments principally engaged in air and ocean export and import freight forwarding services, as the revenue from the above 5 locations accounted for approximately 99.4% of the total revenue of the Group and the number of employees in the above 5 locations constituted approximately 92.7% of the total number of full-time employees of the Group during the Reporting Period, while these are also where the major office premises of the Group are located. Suzhou office is additionally included in the reporting scope for the Reporting Period as its contribution to revenue was considered immaterial by the Group before 2022. The Group will continue to assess the impacts of its business on the major ESG aspects and to include the results of such assessment in this ESG Report.

## REPORTING BASIS

This ESG Report is prepared in accordance with the ESG Reporting Guide (the “**ESG Guide**”) as set out in Appendix 20 to the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) and Rule 17.103 under Chapter 17 of the GEM Listing Rules. The Group has complied with the mandatory disclosure requirements and the “comply or explain” provisions set out in the ESG Guide. Certain key performance indicators (“**KPIs**”), which are considered material by the Group are disclosed during the Reporting Period, the Group will continue to optimize and improve the disclosure of KPIs.

During its preparation, the Group adhered to the reporting principles of materiality, quantitative, balance and consistency by:

Reporting Principles	Interpretation	The Group’s Application
Materiality	This ESG Report should disclose significant impacts on the environment and society, or aspects that materially affect how the stakeholders assess the Company and make decisions.	The Group conducts questionnaire to understand stakeholders’ expectations. Based on the results of the questionnaire, the Group identifies and reports the Group’s material sustainability issues.
Quantitative	The KPIs in respect of historical data disclosed in this ESG Report shall be calculable/measurable and comparable where applicable.	Under feasible situation, the Group records, calculates/measures and discloses quantitative information, and conducts comparisons with past performance.



## REPORTING BASIS *(Continued)*

Reporting Principles	Interpretation	The Group's Application
Balance	The Company should objectively and truthfully report its ESG performance in an unbiased manner during the Reporting Period.	The Group follows the principles of accuracy, objectivity and fairness to report its achievements and challenges in sustainable development.
Consistency	This ESG Report should be prepared in a consistent manner, so that its ESG's KPIs can be compared to understand corporate performance.	The Group ensures consistency in preparing this ESG Report and managing its ESG data for future comparison.

## BOARD INVOLVEMENT

The Board is responsible for monitoring and reviewing corporate governance practices across the Group. We take into account ESG-related risks in decision making and maintaining effective risk management and internal control systems. With an aim to ensure that the Group's operations comply with the principle of sustainability and to monitor the Group's daily operations and risk management matters in relation to ESG-related risks and sustainability issues, the Board maintains regular communication with senior management from key business divisions, monitors the Group's daily operations, reviews feedbacks from stakeholders and updates internal policies whenever necessary. The material issues regarding the ESG-related risks of the Group will be reviewed by the Board regularly.

## APPROVAL OF THE REPORT

This ESG Report was approved by the Board on 24th March 2023.

## CONTACT INFORMATION

The Group welcomes your feedback on this ESG Report for its sustainability initiatives. Please contact us through the Company's website at [www.grandpowerexpress.com](http://www.grandpowerexpress.com).

## STAKEHOLDER ENGAGEMENT

We identified the key stakeholders of our business operations and interacted with our stakeholders regularly through various communication channels. The following table illustrates the issues of concern of our major stakeholders and the methods we use to communicate with them:

Stakeholders	Expectation	Engagement Channels	Measures
Government	- Abide by laws and regulation	- On-site inspections and checks	- Operated, managed and settled taxes according to laws and regulations, strengthened safety management
	- Timely tax payment	- Company's website	
	- Promote regional economic development and employment		- Accepted the government's supervision, inspection and evaluation
Shareholders and investors	- Provide high transparency of information disclosure	- Annual general meeting and shareholders' meetings	- Issued notices of general meetings and proposed resolutions according to regulations
	- Protect shareholder's rights and interests	- Annual report, interim report and corporate announcements	- Disclosed corporate information by publishing annual reports, interim reports, quarterly reports and announcements
		- Company's website	- Disclosed corporate contact details on Company's website and in reports and ensured all communication channels are available and effective

## STAKEHOLDER ENGAGEMENT *(Continued)*

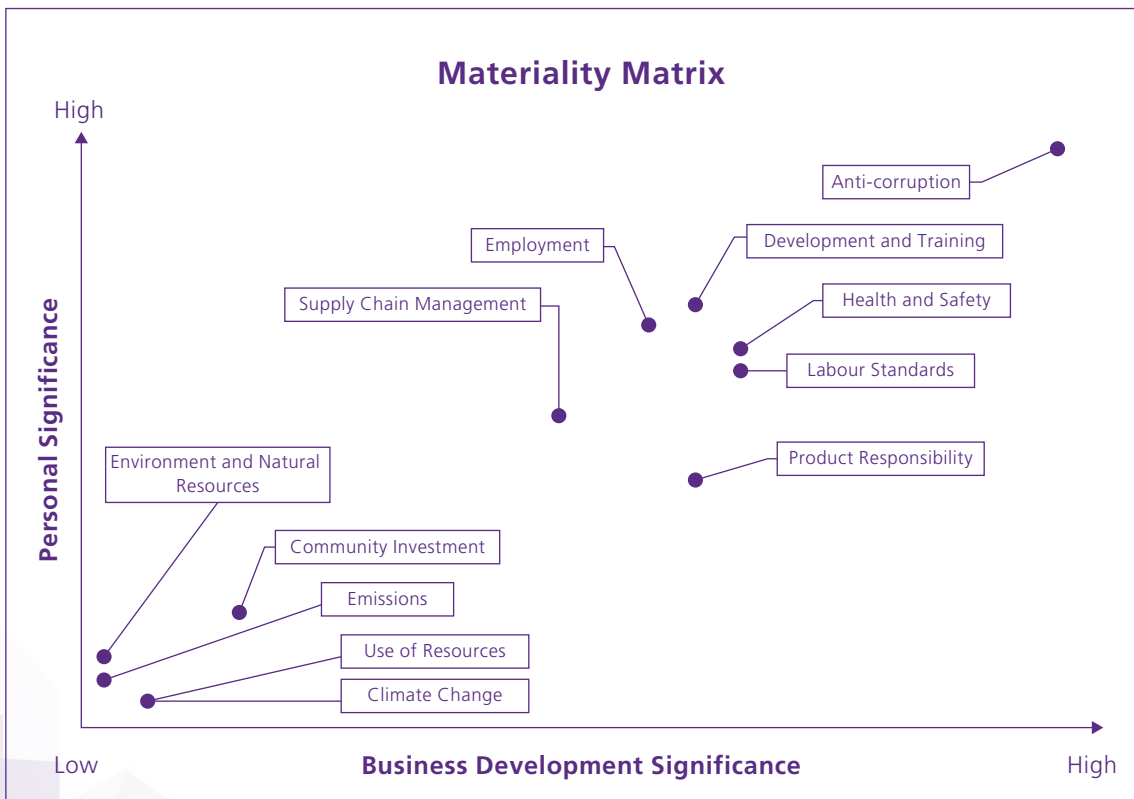
Stakeholders	Expectation	Engagement Channels	Measures
Employees	– Education and training	– Employee communication	– Provided healthy and safe working conditions and environment
	– Career development opportunities	– Training, seminars and briefing sessions	– Provided training to employees
	– Healthy and safe working environment	– Intranet and emails	– Provided attractive remuneration packages
	– Safeguard the rights and interests of employees		
Customers	– Provide safe and high-quality products	– Company’s website, brochures and annual reports	– Provided prompt, quality and customized services
	– Stable business relationship	– Email and customer service hotline	– Maintained transparent and open communication channels between the Company and the customers
	– Business ethics	– Complaint handling mechanism	
		– Regular meetings	
		– Sale representatives’ visits	
Suppliers	– Long-term cooperation	– Suppliers’ reviews and assessments	– Performed contractual obligations according to agreements
	– Strong business relationship	– Regular meetings	– Enhanced daily communication and established long-term cooperation with quality suppliers and contractors

**STAKEHOLDER ENGAGEMENT** (Continued)

Stakeholders	Expectation	Engagement Channels	Measures
Public and communities	<ul style="list-style-type: none"> <li>- Discharge social responsibilities</li> <li>- Community involvement</li> </ul>	<ul style="list-style-type: none"> <li>- Charity and social investment</li> <li>- Annual report</li> </ul>	<ul style="list-style-type: none"> <li>- Maintained transparent and open communication channels between the Company and the communities</li> </ul>

**MATERIALITY ASSESSMENT**

In order to better understand stakeholders’ opinions and expectations on the Group’s ESG performance, the Group has adopted a systematic approach to conduct the annual materiality assessment, by inviting relevant stakeholders (as mentioned in the section headed “STAKEHOLDER ENGAGEMENT” in this ESG Report) to participate in the materiality survey and rate the potentially significant issues, and taking the Group’s business development strategies and industry practices as reference. The Group analyzed the results of the materiality survey into a materiality matrix. The identified significant issues and stakeholders’ concerns will be reviewed and discussed with the management and disclosed in this ESG Report. During the Reporting Period, the Group’s materiality matrix is as follows:



## A. ENVIRONMENTAL ASPECTS

### Aspect A1: Emissions

Due to the nature of our business, our Group's operations do not directly generate industrial pollutants, and as such our Group did not incur direct costs of compliance with applicable environmental protection rules and regulations in past years. Our Board expects that our Group will not directly incur significant costs for compliance with applicable environmental protection rules and regulations in the future.

The Group is committed to reducing its impact on the environment and its carbon footprint whilst pursuing our quest to deliver quality services with competitive price to our customers. Consumption of fuel and energy has been a significant contributor to greenhouse gases ("**GHGs**", individually, "**GHG**") as well as other environmental concerns. The Group has adopted various practical measures to reduce the use of natural resources (thus in turn reduce emissions) as mentioned in "Aspect A2: Use of Resources" in this ESG Report.

Regarding waste, no material hazardous and non-hazardous wastes were generated during the Reporting Period in view of our nature of business. The Group therefore did not set quantitative targets for reducing waste production as it is considered immaterial.

During the Reporting Period, there was no material breach of or non-compliance with the applicable laws and regulations relating to air and GHG emissions, discharges into water and land, generation of hazardous and non-hazardous waste and environmental protection by the Group. The Group will continue to assess, record and disclose its GHG emissions and other environmental data annually, and evaluate the effectiveness of existing measures.

In addition, the Group advocates emission reduction, and is committed to achieving sustainable operations. To this end, we have set preliminary directional targets in terms of reducing emissions (including air pollutants and GHG). The Group will review the progress and explore more opportunities for various environmental protection goals. In the future, we will set more specific quantitative environmental goals to nurture the environment and cherish natural resources.





## A. ENVIRONMENTAL ASPECTS *(Continued)*

### Aspect A1: Emissions *(Continued)*

Environmental aspects	Targets	Steps taken to achieve the targets
Air Pollutants Emissions	The Group will actively implement the air pollutants control plan and measures to maintain or reduce the intensity of air pollutants emissions.	<ul style="list-style-type: none"><li>– Carrying out regular maintenance of vehicles with good condition for operational efficiency</li><li>– Encouraging the use of public transportations</li></ul>
GHG Emissions	The Group will actively implement the electricity-saving plan and measures to maintain or reduce the intensity of GHG emissions	<ul style="list-style-type: none"><li>– Adopting LED lighting in some offices</li><li>– Setting the temperature of air-conditioning system in a range between 25°C and 26°C</li><li>– Switching off lights and unnecessary energy-consuming devices when they are not in use</li><li>– Promoting environmental protection such as saving water and electricity by means of slogan or poster in office</li></ul>

## A. ENVIRONMENTAL ASPECTS *(Continued)*

### Aspect A1: Emissions *(Continued)*

Besides, the Group had developed the 2022 environmental target for air pollutants emission and GHG emissions, and the results as at the end of Reporting Period are as follow:

Environmental KPI	Targets	Baseline Year	Results as at the end of Reporting Period
The intensity of air pollutants emissions	Maintain or reduce the intensity of air pollutants emissions by 2022	2021	In progress
The intensity of GHG emissions	Maintain or reduce the intensity of GHG emissions by 2022	2021	In progress

Major air pollutants emissions from vehicles during the Reporting Period and the corresponding period in 2021 are as follows:

#### Air Pollutant Emission

Type of Air Pollutants	2022 Air Pollutant Emission (kg)	2021 Air Pollutant Emission (kg)
Sulphur Dioxide	0.0813	0.0366
Nitrogen Oxides	5.9760	3.0983
Particulate Matter	0.4400	0.2281
<b>Total</b>	<b>6.4973</b>	<b>3.3630</b>
<b>Intensity (kg/revenue HK\$'000)</b>	<b>0.0000097</b>	<b>0.0000038</b>

## A. ENVIRONMENTAL ASPECTS (Continued)

### Aspect A1: Emissions (Continued)

During the Reporting Period and the corresponding period in 2021, details of the GHG emissions from the Group's operation are set out below:

Type of GHG emissions	GHG Emission	
	2022 Equivalent CO <sub>2</sub> emission (tonnes)	2021 Equivalent CO <sub>2</sub> emission (tonnes)
Scope 1	14.72	6.63
Scope 2	46.05	8.31
<b>Total</b>	<b>60.77</b>	<b>14.94</b>
<b>Intensity (tonne/revenue HK\$'000)</b>	<b>0.00009</b>	<b>0.00002</b>

#### Notes:

1. The calculation of the GHG emissions is based on the "Corporate Accounting and Reporting Standard" from The GHG Protocol, and the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong" prepared by Environmental Protection Department (EPD) and the Electrical and Mechanical Services Department (EMSD) of Hong Kong.
2. Scope 1 refers to direct emissions from vehicles owned by the Group.
3. Scope 2 refers to indirect emissions from the generation of purchased electricity consumed by the Group.
4. Scope 3 is not disclosed as the corresponding emission is considered immaterial by the Group.
5. During the Reporting Period, the Group's total GHG emissions increased mainly due to the increment in leased premises of offices and warehouse, resulting in the corresponding increase in electricity consumption during the course of operation.

## A. ENVIRONMENTAL ASPECTS *(Continued)*

### Aspect A2: Use of Resources

The Group places high priority on the efficient use of resources. The major resources used by the Group are fuels, electricity and water.

The Group uses water mainly for daily needs of employees in the course of office operation. The Group has been vigorously advocating water conservation, encouraging all employees and customers to develop a habit of saving water, and guiding employees to use water reasonably. The Group is also committed to improving energy efficiency and advocating resource conservation. By implementing appropriate energy and material management programs in each business segment, we can positively influence our environment and economy while also ensuring business sustainability.

The Group strives to improve the efficient use of natural resources, such as minimizing waste/emissions and implementing effective recycling program. Practical measures are implemented as follows:

- adopting LED lighting in some offices;
- setting the temperature of air-conditioning system in a range between 25°C to 26°C;
- switching off lights and unnecessary energy-consuming devices when they are not in use;
- promoting environmental protection such as saving water and electricity by slogan or poster in office;
- using electronic document processing system to minimize the use of paper;
- encouraging printing or photocopying on both sides of paper, where applicable;
- carrying out regular maintenance of vehicles with good condition for operational efficiency;
- adopting the use of electric cars; and
- focusing on quality management to reduce wastage and scrap for less pollution resulted.



## A. ENVIRONMENTAL ASPECTS (Continued)

### Aspect A2: Use of Resources (Continued)

During the Reporting Period and the corresponding period in 2021, the Group had not consumed significant packaging materials due to our business nature. Details of energy and water consumption by the Group during the Reporting Period and the corresponding period in 2021 are set out below:

#### Energy Consumption

Type of energy	2022 Energy consumed (kWh '000)	2021 Energy consumed (kWh '000)
Unleaded petrol	53.62	24.15
Purchased electricity	115.08	13.20
<b>Total</b>	<b>168.70</b>	<b>37.35</b>
<b>Intensity (kWh '000/revenue HK\$'000)</b>	<b>0.00025</b>	<b>0.00004</b>

Note:

1. During the Reporting Period, the Group's total energy consumption increased mainly due to the increment in leased premises of office and warehouse resulting in the corresponding increase in electricity consumption during the course of operation.

#### Water Consumption

	2022 (m <sup>3</sup> )	2021 (m <sup>3</sup> )
Running water consumed	259.75	122.71
<b>Intensity (m<sup>3</sup>/revenue HK\$'000)</b>	<b>0.00039</b>	<b>0.00014</b>

The Group did not encounter any problem in sourcing water that was fit for purpose and did not note any abnormal water usage during the Reporting Period.

The Group will continue to assess, record and disclose its resource usage data annually, and evaluate the effectiveness of existing measures.

In addition, the Group advocates energy and resources saving, and is committed to achieving sustainable operations. To this end, we have set preliminary directional targets in terms of energy use efficiency and water efficiency. The Group will review the progress and explore more opportunities for various environmental protection goals. In the future, we will set more specific quantitative environmental goals to nurture the environment and cherish natural resources.



**A. ENVIRONMENTAL ASPECTS** *(Continued)*

**Aspect A2: Use of Resources** *(Continued)*

Environmental aspects	Targets	Steps taken to achieve the targets
Energy Conservation	The Group will actively implement the electricity-saving plan and measures to maintain or reduce the intensity of energy consumption	<ul style="list-style-type: none"> <li>– Adopting LED lighting in some offices</li> <li>– Setting the temperature of air-conditioning system in a range between 25°C and 26°C</li> <li>– Switching off lights and unnecessary energy-consuming devices when they are not in use</li> </ul>
Water Conservation	The Group will actively implement the water-saving plan and measures to maintain or reduce the intensity of water consumption.	<ul style="list-style-type: none"> <li>– Promoting environmental protection such as saving water and electricity by slogan or poster in office</li> </ul>

Besides, the Group had developed the 2022 environmental target for energy consumption and water consumption, and the results as at the end of Reporting Period are as follow:

Environmental KPI	Targets	Baseline Year	Results as at the end of Reporting Period
The intensity of energy consumption	Maintain or reduce the intensity of energy consumption by 2022	2021	In progress
The intensity of water consumption	Maintain or reduce the intensity of water consumption by 2022	2021	In progress

## A. ENVIRONMENTAL ASPECTS *(Continued)*

### **Aspect A3: The Environment and Natural Resources**

The Group raises staff's awareness on environmental issues through education and training and enlists employees' support in improving the Group's performance, promotes environmental awareness amongst the customers, business partners and shareholders, supports community activities in relation to environmental protection and sustainability, and evaluates and monitors regularly the impact of past and present business activities upon health, safety and environmental matters. With the integration of policies mentioned in the sections headed "Aspect A1: Emissions" and "Aspect A2: Use of Resources" of this ESG Report, the Group strives to minimize the impacts on the environment and natural resources. The principal business activities of the Group do not have a significant impact on the environment and natural resources.

### **Aspect A4: Climate Change**

Climate change has caused frequent extreme weather and has an impact on the business operations of the Group. Therefore, the Group has formulated working mechanisms to identify, prevent and mitigate climate change issues that may have a significant impact. A climate risk assessment exercise has been implemented by the Group in identifying and mitigating climate-related risks. The Group's management and operating departments identify material risks via self-assessment questionnaires annually. Regarding the material risks identified, the Group organizes and develops prevention and control measures. The operating departments would then organize the supervision of material risks prevention and control, and report the material risks to the management. Relevant operating departments arrange the implementation of the material risks prevention and control measures, continuously monitor the implementation, and timely report the progress or any issues encountered to the management. At the same time, we would adjust the use of resources and energy. In response to disasters and accidents which are easily induced by extreme weather, we always enhance the capability to the disaster response.

#### ***Physical Acute Risk***

The Group has identified extreme weather such as typhoons, heavy rain and flooding that can cause physical acute risks. The potential consequences include delivery or shipment delay or even damages to employees' health and life. The above potential consequences will cause economic losses and increase operating costs to the Group.

The Group has established different measures as set out below to prevent and minimize the negative effect of extreme weather:



## A. ENVIRONMENTAL ASPECTS *(Continued)*

### Aspect A4: Climate Change *(Continued)*

#### **Physical Acute Risk** *(Continued)*

#### **Physical Acute Risks**

##### **Extreme weather**

##### **Preventative and mitigation measures**

Typhoons

- Close office operation with advance notice
- Inform staffs to stay home if Typhoon Signal No.8 is hoisted during working hours
- Inform and negotiate with clients and forwarders regarding potential shipment delays in advance

Heavy rain and Flooding

- Inform staff to stay home if Black Rainstorm Warning is hoisted during working hours
- Require staff who are already at work staying in office unless the location is dangerous

#### **Physical Chronic Risks**

The Group has identified extreme weather such as extremely hot weather which can cause physical chronic risks. The potential consequences include a higher chance of getting heatstroke for employees, increasing turnover rate and work-related injuries. The demand for cooling for the working environment will be increased, which may lead to an increase in power demand and operating costs of the Group.

The Group has established different measures as set out below to prevent and minimize the negative effects of extreme weather.

#### **Physical Chronic Risks**

##### **Extreme weather**

##### **Preventative and mitigation measures**

Extremely hot weather

- Keep windows open to facilitate ventilation
- Keep a first-aid kit convenient
- Keep cold water available at all times





## A. ENVIRONMENTAL ASPECTS *(Continued)*

### Aspect A4: Climate Change *(Continued)*

#### **Transitional Risks**

The Group has identified related matters such as the tightened laws and regulations imposed by the government which can cause transitional risks. The potential consequences include a higher chance of breach of relevant laws and regulations.

The Group has established different measures as described below to prevent and minimize the negative effects of transitional risks.

#### **Transitional Risks**

##### **Climate-related risks description**

##### **Preventative and mitigation measures**

###### **Legal risk**

We have to adapt to the tightened laws and regulations imposed by the government or any regulatory bodies due to climate change, as well as bear the risk of potential litigation once we fail to obligate the new regulations.

- Monitored the updates of environmental laws and regulations in advance
- Continued monitoring of the ESG reporting standards of the Hong Kong Listing Rules

###### **Market risk**

More customers are concerned about climate-related risks and opportunities, which may lead to changes in customer preference.

- Fulfilled the climate-related regulations by the government or any requirements by our customers
- Prioritize the climate change as a high concern in the market decisions to show to the clients that the company is concerned about the problem of climate change

## B. SOCIAL ASPECTS

### Aspect B1: Employment

We believe that we have always maintained a good working relationship with our employees.

The Group believes that a key to our success is our ability to recruit, retain, motivate and develop talented and experienced staff members. We have a recruitment policy in place to maintain a fair and effective recruitment procedure. Under such policy, we normally recruit employees with the appropriate skills, both technical and personal, in order to meet our current and future needs and to ensure that the employees appointed are qualified and competent to carry out the duties. We believe that we have always maintained a good working relationship with our employees.

We entered into individual labour contracts with each of our employees in accordance with the applicable labour laws in Hong Kong and the People's Republic of China ("PRC"), which cover matters such as wages, employee benefits and grounds for termination. The remuneration package which our Group offers to our employees includes salary, bonuses, allowances and medical benefits. In general, we determine an employee's salary based on each employee's qualifications, experience, capability as well as the prevailing market remuneration rate.

The Group strictly complies with national and local government regulations, including but not limited to the Labor Law of the PRC\*(《中華人民共和國勞動法》), the Employment Promotion Law of the PRC\*(《中華人民共和國就業促進法》), the Labor Contract Law of the PRC\*(《中華人民共和國勞動合同法》) and the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong), the Race Discrimination Ordinance (Chapter 602 of the Laws of Hong Kong), the Family Status Discrimination Ordinance (Chapter 527 of the Laws of Hong Kong), by adopting a fair, just and open recruitment process to eliminate discrimination in the recruitment process, whose employees face no discrimination regardless of race, gender, colour, age, family background, ethnic tradition, religion, physical fitness and nationality, thus allowing them to enjoy a fair treatment in every aspect including recruitment, salary, training and promotion, labour contract termination and retirement, with an endeavour to attract professionals with diverse backgrounds joining the Group. The Group is committed to providing equal opportunities in all respects and maintaining employee diversity, and strongly prohibit any unfair treatment. We also ensure that there is gender diversity when recruiting staff at middle to senior levels, engage more resources in career development and conduct female staff training with the aim of promoting them to the senior management or directorship of our Company.

During the Reporting Period, there was no material non-compliance regarding recruitment and promotion, compensation and dismissal, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare being brought against the Group or its employees.

## B. SOCIAL ASPECTS *(Continued)*

### Aspect B1: Employment *(Continued)*

Below is a detailed breakdown of our Group's employees by gender, age group, employee category, geographical region and employment type as at 31 December 2022 and as at 31 December 2021:

	2022		2021	
	Number of staff	% of total	Number of staff	% of total
<b>By gender</b>				
Male	20	51.3	19	47.5
Female	19	48.7	21	52.5
Total	39	100.0	40	100.0
<b>By age group</b>				
25 or below	–	–	3	7.5
26-40	18	46.2	17	42.5
41-50	16	41.0	17	42.5
51 or above	5	12.8	3	7.5
Total	39	100.0	40	100.0
<b>By employee category</b>				
General	20	51.3	21	52.5
Supervisor	9	23.1	7	17.5
Middle and Senior Management	10	25.6	12	30.0
Total	39	100.0	40	100.0
<b>By geographical region</b>				
Hong Kong	25	64.1	26	65.0
PRC	14	35.9	14	35.0
Total	39	100.0	40	100.0
<b>By employment type</b>				
Full-time	38	97.4	38	97.5
Part-time	1	2.6	1	2.5
Total	39	100.0	40	100.0

## B. SOCIAL ASPECTS (Continued)

### Aspect B1: Employment (Continued)

Below is a detailed breakdown of turnover rate of our employees employed under our Group and all regional offices in Hong Kong and the PRC by gender, age group and geographical region as at 31 December 2022 and as at 31 December 2021. They are defined by the categories of employees leaving employment divided by the average number of employees in those specified categories during the Reporting Period.

	2022		2021	
	Number of staff	% of total	Number of staff	% of total
<b>Turnover rate by gender</b>				
Male	3	15.4	2	10.8
Female	6	30.0	4	19.0
Total	9	22.8	6	15.2
<b>Turnover rate by age group</b>				
25 or below	2	133.3	–	–
26-40	2	11.4	2	11.4
41-50	2	12.1	3	18.2
51 or above	3	75.0	1	33.3
Total	9	22.8	6	15.2
<b>Turnover rate by geographical region</b>				
Hong Kong	7	27.5	6	22.6
PRC	2	14.3	–	–
Total	9	22.8	6	15.2



## **B. SOCIAL ASPECTS** *(Continued)*

### **Aspect B2: Health and Safety**

We place a strong emphasis on occupational safety of our staff. To indicate our care for employees' health and safety, the Group established a safe and healthy working environment and policy for all employees by establishing monitoring procedures for safety management. The policies include but not limited to the following:

- post warning signs on bright and transparent glass doors, where appropriate, to avoid collision;
- caution employees to carefully store and work with sharp items such as paper knives, scissors and tacks to prevent injury;
- caution employees to keep long hair or loose clothing away from the shredder's feed opening and turn off the shredder before removing and emptying the waste box or cleaning the shredder;
- place computer screens at right angles to the window to avoid unfavorable reflection of light;
- prohibit smoking in the office premises;
- prohibit storage of excessive inflammables in the office premises;
- prohibit blocking or locking exit doors (which should give access to an open and safe area) or passageways;
- prevent obstruction to access to fire facilities and educate employees on the usage of fire equipment such as fire extinguishers and fire hose and reel;
- recommend employees to take a break after long period of continuous work;
- recommend employees to keep a comfortable viewing distance from the computer screen; and
- educate employees on the correct postures when handling heavy objects.

During the Reporting Period, there were no material accidents nor claims for personal or property damage. There were also no interruptions or non-compliances in our business which may or have a significant impact on our Group during the Reporting Period.

We also maintain insurance coverage of employees' compensation, medical, and social securities and public liability insurance.

## **B. SOCIAL ASPECTS** *(Continued)*

### **Aspect B2: Health and Safety** *(Continued)*

In each of the past three years including the Reporting Period, no work-related fatalities or lost days due to work injury were recorded; and the Group was not aware of any material non-compliance with the relevant laws and regulations, such as the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), which are related to providing a safe working environment and protecting employees from occupational hazards and have significant impacts on the Group.

In light of the COVID-19 pandemic, the Group has strictly complied with the requirements and public health and safety measures from the PRC government and the Hong Kong government. In addition, the Group has also promptly implemented new health and safety measures in response to COVID-19, including: (i) allowing the Group's staff who is infected by COVID-19/being the close contact of confirmed case to work from home; (ii) imposing temperature measurement on all employees before entering the office premises; (iii) prohibiting individuals who do not wear face masks and/or have any symptoms of COVID-19 from entering the office premises; (iv) arranging frequent sterilisation within the office premises; (v) allowing staffs to enjoy paid sick leave for vaccinations.; (vi) providing staffs with flexible working hours to reduce the risk of infection; and (vii) distributing test kits to staff.

The Group has established an internal management team which is responsible for monitoring the implementation of the aforementioned occupational health and safety policies and measures.

### **Aspect B3: Development and Training**

Our management considers our employees as key assets which play a pivotal role in our continuous growth. It is our policy to maximize the potential of our employees through training and development. Our employee training and development aim at equipping our employees with the knowledge and skills necessary to perform their job functions and enhance their capability.

We encourage our staff to participate in the training courses requested by relevant government departments, such as Civil Aviation Department as a practitioner in logistics field.

During the Reporting Period, we arranged our staff to take part in the Dangerous Goods Regulations and Regulated Agent courses hosted by a consultancy corporation. We believe it is a win-win approach for achieving both employees and corporate goals as a whole.

## B. SOCIAL ASPECTS *(Continued)*

### Aspect B3: Development and Training *(Continued)*

Below is a detailed breakdown of the percentage of employees received training by gender and employee category during the Reporting Period and the corresponding period in 2021:

	2022		2021	
	Number of staff received training	Percentage of staff received training in the category	Number of staff received training	Percentage of staff received training in the category
<b>By employee category</b>				
General	8	40.0	9	42.9
Supervisor	7	77.8	5	71.4
Middle and Senior Management	3	30.0	–	–
<b>Total</b>	<b>18</b>	<b>46.2</b>	<b>14</b>	<b>35.0</b>
<b>By gender</b>				
Male	10	50.0	9	47.4
Female	8	42.1	5	23.8
<b>Total</b>	<b>18</b>	<b>46.2</b>	<b>14</b>	<b>35.0</b>

## B. SOCIAL ASPECTS *(Continued)*

### Aspect B3: Development and Training *(Continued)*

Below is a detailed breakdown of training hours received by employees by gender and employee category during the Reporting Period and the corresponding period in 2021:

	2022		2021	
	Total number of training hours	Average Number of training hours per employee	Total number of training hours	Average Number of training hours per employee
<b>By employee category</b>				
General	125	6.3	80	3.8
Supervisor	76	8.4	96	13.7
Middle and Senior Management	6	0.6	–	–
<b>Total</b>	<b>207</b>	<b>5.3</b>	<b>176</b>	<b>4.4</b>
<b>By gender</b>				
Male	98	4.9	120	6.3
Female	109	5.8	56	2.7
<b>Total</b>	<b>207</b>	<b>5.3</b>	<b>176</b>	<b>4.4</b>



## B. SOCIAL ASPECTS *(Continued)*

### Aspect B4: Labour Standards

The Group is fully aware that child labour and forced labour violate fundamental human rights and pose threat to sustainable social and economic development. The Group strictly complies with relevant labour laws in Hong Kong and PRC, such as the Labour Law of the PRC\*(《中華人民共和國勞動法》), the Labour Contract Law of the PRC\*(《中華人民共和國勞動合同法》), the Regulations on Paid Annual Leave for Employees of the PRC\*(《中華人民共和國職工帶薪年休假條例》), the Social Insurance Law of the PRC\*(《中華人民共和國社會保險法》) and Regulations on Management of Housing Provident Fund of the PRC \*(《中華人民共和國住房公積金管理條例》), as well as the Employment Ordinance (Chapter 57 of the Laws of Hong Kong).

The Group strictly prohibits the employment of any child labour and forced labour. To prevent any form of child labour in the business operation, employment will only be permitted for staff at the legal age of employment. New employees are required to provide true and accurate personal data when they are employed. Recruiters should strictly review the entry data including medical examination reports, academic credentials, ID cards, household registration, degree certificates and other information. The Group has established comprehensive recruitment procedures to check the background of candidates in order to prevent any child labour or forced labour in operation. Once any violation is found, the Group will follow up in a more serious manner and handle such case in accordance with national and local laws and regulations, and the group's internal rules depending on the actual situation. For example, we will timely examine the child's education status, and timely contact the local education department and its guardian to escort the child home.

The Group and its employees signed legal labour contracts in accordance with laws, which ensures that employees can resign within the terms of their employment contract, so that there is no compulsory use of labour. For the use of false information or in violation of the provisions of the Group, the Group will terminate the probation period or the labour contract immediately.

Employment contracts and other records documenting all relevant details of the employees (including age) are properly maintained for verification by relevant statutory body upon request.

During the Reporting Period, (i) we did not identify any issue relating to child labour or forced labour within the Group that had a significant impact on the Group; and (ii) we had complied with all the laws and regulations as mentioned above.

## B. SOCIAL ASPECTS (Continued)

### Aspect B5: Supply Chain Management

Our suppliers include airlines, freight forwarders and shipping liners for cargo space and other suppliers for logistics related services such as transportation and warehousing related services. We had 231 suppliers (2021: 232) during the Reporting Period mainly from the PRC (including Hong Kong, Macau and Taiwan), etc. Below is a detailed breakdown of our Group's suppliers by geographical region during the Reporting Period and the corresponding period in 2021:

	2022		2021	
	Number of suppliers	% of total	Number of suppliers	% of total
<b>By geographical region</b>				
The PRC (including Hong Kong, Macau and Taiwan)	222	96.1	216	93.1
Other regions	9	3.9	16	6.9
<b>Total</b>	<b>231</b>	<b>100.0</b>	232	100.0

We source cargo spaces from our suppliers under different arrangements including direct booking, block space arrangements and flight charters. We have long established business relationships with various international airlines since 2009. Our relationship with airlines has been recognized, as we were granted various awards by different airlines in the past years. To maximize our flexibility in securing cargo spaces, we also source cargo spaces from other freight forwarders depending on their cargo spaces' availability, capacity, routing and timing. Our ability to secure cargo spaces from these airlines as well as other freight forwarders enable us to reach a wide range of destinations.

## **B. SOCIAL ASPECTS** *(Continued)*

### **Aspect B5: Supply Chain Management** *(Continued)*

The Group selects cargo space suppliers for each shipment by taking into account of various factors, such as rate, delivery schedule and availability of cargo spaces. The Group works closely with its suppliers who are committed to high quality, environmental, health and safety standards. They are not considered to pose any significant environmental and social risks to the Group's business operations. The Group has maintained high level of ethical standards for choosing the right providers through careful selection and continuous measurement. For selection of suppliers, in order to ensure the quality of our suppliers, we implement certain quality control procedures over our suppliers:

- (i) Suppliers' selection – We maintain a list of approved suppliers which we review and update from time to time. We generally select suppliers based on their track record, their availability, ability or capability to handle relevant orders and the cost of service. In addition, we evaluate if the suppliers consider the environmental and social criteria including the prohibition on the recruitment of child and forced labour, eliminating discrimination to employees, providing a safe working environment, considering if the products and services provided are beneficial to environmental protection and fulfilling the Group's internal environmental requirement while minimizing the negative impact on the natural environment, and strictly obeying the law.
- (ii) Price and performance review – We review the performance, turnaround time and pricing terms offered by our suppliers on a routine basis. We also assess whether a supplier has sufficient resources and skills to fulfill our requirements. If any suppliers repeated fail to meet our quality standards without immediate rectification, we may terminate the agreement with the suppliers.
- (iii) Licenses check – We will check whether the supplier possess the relevant licenses for operating their business.

The Group has established an internal management team which is responsible for monitoring the implementation of the aforementioned procedures.

## **B. SOCIAL ASPECTS** *(Continued)*

### **Aspect B6: Product Responsibility**

Our customers include freight forwarders and direct customers (i.e. customers that are not freight forwarders who purchase cargo spaces from our Group and directly ship their consignments, for example, manufacturers which directly ship their products to their customers through purchasing cargo spaces directly from our Group, or buyers of goods which arrange shipment by themselves).

The Group strictly adheres to the applicable laws and did not identify any material non-compliance with the relevant laws and regulations on health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress during the Reporting Period.

#### ***Quality control***

We believe our established reputation and track record are important factors affecting customers' choice over freight forwarders. We have provided freight forwarding services to hundreds of customers, including direct customers and freight forwarders during the Reporting Period. We have maintained business relationships with our customers for years. We believe that this is an indication of the customers' loyalty and recognition of our service quality. We are of the view that even though our Group does not enter into fixed-term contracts with its customers, our Group, with its good reputation and track record, is able to retain existing customers and attract new customers.

In addition, having established a foothold in the freight forwarding market in Hong Kong since 2002 and expanded our Group's presence into the PRC since 2004, our directors believe that our Group's established reputation and our track record of over 20 years are important factors affecting customers' choice over freight forwarders. Over the 20 years track record, our Group has weathered various crisis in the global economy, in particular, the global financial crisis in 2008 and 2012, and successfully operated in the past difficult business/financial environments. Over the years, our Group has adapted to the ever-changing global economy by establishing a sustainable and proven business model to position our Group to meet the demands of the freight forwarding market in Hong Kong by striving for a larger market share when the opportunities arise, and maintaining a sustainable business operation when the market condition is challenging.



## **B. SOCIAL ASPECTS** *(Continued)*

### **Aspect B6: Product Responsibility** *(Continued)*

#### **Quality control** *(Continued)*

Further, our quality of service has been recognized by The International Air Transport Association (“**IATA**”) as evidenced by the certificates issued by the association to us for more than 9 years. It is an industry practice that airlines generally only offer cargo spaces to freight forwarders who are IATA accredited agents. In order to become an IATA accredited agent, an applicant has to, among other requirements, have at least two staff members who have attended recognized training courses on handling dangerous goods. An applicant also has to submit its audited financial statements, insurance policies and sales reports on IATA member airlines for inspection by IATA to demonstrate that it has sufficient financial resources which is satisfactory to IATA. By being an IATA accredited agent, we believe that our quality of service is recognized by the association. At the same time, during the Reporting Period, with the quality of our freight forwarding services, our comprehensive knowledge and excellent performance in freight and logistics, we have acquired the membership of International Federation of Freight Forwarders Associations (“**FIATA**”) and World Cargo Alliance (“**WCA**”) China Global. Since, the performance of suppliers are closely related to the service quality we provide, being a member of these associations will enable us to find qualified and reliable freight forwarders, and establish long-term cooperation with overseas partners, so as to provide high-quality services for our customers. Such accreditation also serves as an entry barrier to the freight forwarding industry as it takes time to build up the reputation in the industry. We consider such recognitions as one of the key factors leading to our success.

#### **Customer services**

We generally do not have any specific agreement with our customers on liability for damage of goods during transit and we maintain insurance policies to cover such losses, which is an industry norm. We maintain insurance policies to cover claims against us from our customers for damage or loss on their goods. We did not encounter any incident relating to liability for damage of goods of a material nature, did not recall any items due to safety and health reasons, and did not implement any recall procedures, as our business operation did not involve the sales of products during the Reporting Period.

Our customer service team handles general enquiries, complaints and feedback from customers. We did not receive any material complaint or claim from our customers in relation to our services during the Reporting Period.

## **B. SOCIAL ASPECTS** *(Continued)*

### **Aspect B6: Product Responsibility** *(Continued)*

#### ***Intellectual Property Rights***

The Group makes timely applications to register its new trademarks, labels and product designs to protect its intellectual property rights. Internal legal personnel and external legal advisers are hired to provide legal advice on the protection and infringement (if any) of intellectual property rights. The Group also requires its employees to keep trade secrets and other proprietary intellectual property rights of the Group confidential.

The Group is the registrant of around 10 domain names and had registered one trademark in Hong Kong. We had not experienced any infringement to our intellectual property during the Reporting Period which had a material adverse effect on our business, results of operations, financial condition and prospects, and we had not received any infringement claims nor had we filed any infringement claims against any third party during the Reporting Period.

#### ***Consumer Data Protection and Privacy***

The Group values the privacy of personal data. We strictly comply with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and Personal Information Protection Law of the PRC\*(《中華人民共和國個人信息保護法》) in our operation and adopt them as our Personal Data Privacy Policy.

The collective objective of the data protection principle is to ensure that personal data is collected on a fully informed basis and in a fair manner, with due consideration towards minimizing the amount of personal data collected. Once collected, the personal data should be processed in a secure manner and should only be kept for as long as necessary for the fulfilment of the purposes of using the data. Use of the data should be limited or related to the original collection purpose. Data subjects are given the right to access and make correction to their data.

The Group has established an internal management team which is responsible for monitoring the implementation of the aforementioned policy.

#### **Aspect B7: Anti-corruption**

To ensure operational efficiency and employees' development in a fair and honest working environment, the Group has formulated whistleblowing policy in the corporate governance manual to promote business ethics and integrity so as to avoid suspected corruption, extortion and money laundering. Our employees are encouraged to report suspected cases of corruption within the Group through channels such as letter and email. All these practical actions not only win the trust of customers, but also enhance the sense of belonging and fair play among our employees.

## **B. SOCIAL ASPECTS** *(Continued)*

### **Aspect B7: Anti-corruption** *(Continued)*

During the Reporting Period, we had engaged an external professional agency to provide anti-corruption training, including lectures and case studies, to our directors and staff. Looking ahead, we will continue to invest more resources to our anti-corruption training and expand the scope of anti-corruption training data disclosure.

The Group has been in strict compliance with laws and regulations related to anti-corruption and the prevention of bribery, extortion, fraud and money laundering, including but not limited to the Company Law of the PRC\*(《中華人民共和國公司法》), the Tendering and Bidding Law of the PRC\*(《中華人民共和國招標投標法》), and the Prohibition of Commercial Bribery Interim Provisions of the PRC\*(《中華人民共和國禁止商業賄賂行為的暫行規定》) and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong) and the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong).

Whistle-blowers can report verbally or in writing to the audit committee of the Company for any suspected misconducts with supporting evidence. The audit committee of the Company will conduct investigations against any suspicious or illegal behavior to protect the Group's interests. The Group has established an effective grievance mechanism to protect the whistle-blowers from unfair dismissal or victimization. Where any crime is suspected by the Group, a report will be submitted promptly to the relevant regulators or law enforcement authorities when the management of the Group considers it necessary. The management of the Group is responsible for overseeing the implementation and monitoring of the Group's measures to prevent bribery, extortion, fraud and money laundering and whistleblowing procedures.

During the Reporting Period, the Group did not identify any material non-compliance of laws and regulations related to the prevention of bribery, extortion, fraud and money laundering, and there was no legal case regarding corrupt practices, extortion and money laundering brought against the Group or its employees.

### **Aspect B8: Community Investment**

As a socially responsible company, the Group is committed to understanding the needs of the communities in which we operate. The Group strives to develop long-term relationship with our stakeholders and seek to make contributions to programmes which have a positive impact on community development. The Group has all along concerned about the health issue of the vulnerable groups. During the Reporting Period, the Group made charitable contributions totalling HK\$30,000 to "Share For Good" via Hongkong Association of Freight Forwarding and Logistics Ltd. (HAFFA) in the fight against COVID-19 in Hong Kong (2021: nil).

## REFERENCES TO THE ESG GUIDE

Subject areas, aspects, general disclosures and KPIs		Chapter/ Disclosure	Page
<b>A. Environmental</b>			
<b>Aspect A1: Emissions</b>			
<b>General Disclosure</b>	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.	Emissions	7-10
<b>KPI A1.1</b>	The types of emissions and respective emissions data.	Emissions	9
<b>KPI A1.2</b>	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and, where appropriate, intensity.	Emissions	10
<b>KPI A1.3</b>	Total hazardous waste produced and, where appropriate, intensity.	Emissions	7
<b>KPI A1.4</b>	Total non-hazardous waste produced and, where appropriate, intensity.	Emissions	7
<b>KPI A1.5</b>	Description of emissions target(s) set and steps taken to achieve them.	Emissions	8
<b>KPI A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions	7



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<b>KPI A2.3</b>	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources	13
<b>KPI A2.4</b>	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources	12-13
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<b>KPI A3.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Emissions, Use of Resources and The Environment and Natural Resources	7-14
<b>Aspect A4: Climate Change</b>			
<b>General Disclosure</b>	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change	14-16
<b>KPI A4.1</b>	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change	14-16

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<b>B. Social</b>			
<b>Employment and Labour Practices</b>			
<b>Aspect B1: Employment</b>			
<b>General Disclosure</b>	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.	Employment	17-19
<b>KPI B1.1</b>	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment	18
<b>KPI B1.2</b>	Employee turnover rate by gender, age group and geographical region.	Employment	19
<b>Aspect B2: Health and Safety</b>			
<b>General Disclosure</b>	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.	Health and Safety	20-21
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<b>KPI B2.3</b>	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety	20-21
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<b>Aspect B4: Labour Standards</b>			
<b>General Disclosure</b>	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to preventing child and forced labour.	Labour Standards	24
<b>KPI B4.1</b>	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards	24
<b>KPI B4.2</b>	Description of steps taken to eliminate such practices when discovered.	Labour Standards	24

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<b>KPI B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management	25-26
<b>KPI B5.3</b>	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management	26
<b>KPI B5.4</b>	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management	26
<b>Aspect B6: Product Responsibility</b>			
<b>General Disclosure</b>	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, labeling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility	27-29



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<b>KPI B6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility	28
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<b>KPI B6.3</b>	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility	29
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<b>Aspect B7: Anti-corruption</b>			
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<b>KPI B7.1</b>	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.	Anti-Corruption	30
<b>KPI B7.2</b>	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-Corruption	30
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\* For identification purpose only