



圓通國際



# 2022

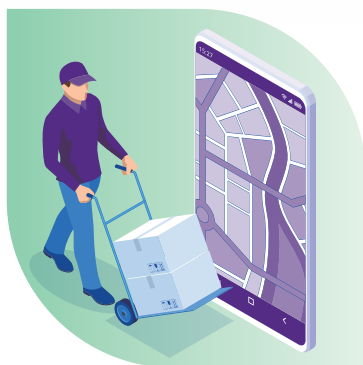
Environmental, Social and  
Governance Report

**YTO International Express and Supply Chain Technology Limited**  
**圓通國際快遞供應鏈科技有限公司**

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

# CONTENTS

ABOUT THIS REPORT	2
REPORTING GUIDELINES	2
REPORTING SCOPE AND BOUNDARY	2
FEEDBACK	2
ABOUT US	3



## SUSTAINABILITY GOVERNANCE 4

Chairman's Message	4
Board Statement	5
Response to UNSDGs	6
Stakeholder Engagement and Management of Material Topics	7

## ENVIRONMENTAL PROTECTION 10

Responding to Climate Change	10
Use of Resources	11
Emission Management	12
Waste Management	14
The Environment and Natural Resources	14



## EMPLOYEE PROTECTION 15

Employee Profile	15
Recruitment and Dismissal	17
Employee Benefits and Allowances	17
Employee Rights, Equal Opportunities and Diversity	18
Labour Standards	18
Occupational Health and Safety	18
Training and Development	19

## OPERATIONAL EXCELLENCE 22

Supply Chain Management	22
Supplier Selection and Risk Management	22
Sustainable Procurement	22
Product Responsibility	23
Quality Assurance	23
Product Sales and Labelling	24
Customer Satisfaction	24
Intellectual Property and Data Privacy Protection	24
Privacy Protection	24
Anti-corruption	25
Community Involvement	27

## APPENDIX 28

Appendix 1: Performance Data Summary	28
Appendix 2: HKEX ESG Content Index	32
Appendix 3: Applicable Laws and Regulations	38

## ABOUT THIS REPORT

This is the seventh Environmental, Social and Governance (“ESG”) Report published by the Group, covering its management approach and performance in environmental and social aspects. 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 66 to 93 of the Annual Report.

### REPORTING GUIDELINES

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”). We have followed the reporting principles of Materiality, Quantitative, Balance and Consistency in preparing this report. This Report also benchmarked against the United Nations Sustainable Development Goals (“UNSDGs”) as appropriate.

### REPORTING SCOPE AND BOUNDARY

The boundary of this report follows that of the annual report, which covers the Group’s operations comprising air freight and ocean freight services in Hong Kong and Shanghai in the financial year from 1 January 2022 to 31 December 2022.

### FEEDBACK

Your comments and opinions are critical to continuous improvement of our sustainability efforts. If you have any questions or comments, please contact us at:

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## ABOUT US

YTO International Express and Supply Chain Technology Limited ("YTO International Express" 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 and headquartered in Hong Kong. On Time Group is a subsidiary of YTO International Express and was established in 1995. As a leading international logistics service provider, the Group has core business in air and ocean freight forwarding, providing the logistics-related services including warehousing, distribution and customs clearance, international express and parcel services and other businesses such as combined shipments, trucking, general sales agency and hand-carry services. The Group is committed to providing efficient and environmentally friendly delivery methods to its stakeholders.



*YTO International Express's five business segments*

Air freight forwarding is the principal business of the Group, which includes arranging shipments upon receipt of booking instructions from customers, obtaining cargo space from airlines, preparing relevant documentation, and arranging customs clearance and cargo handling upon delivery to destinations. The Group is well-recognised in the logistics industry, and has received numerous accolades from international organisations and major airlines since 2000, including "Top Agent Award" from Cathay Pacific Cargo each year since 2006. Consequently, the Group has become one of the preferred business partners of renowned companies from around the world, ranging from the garment, footwear and electronic industries to delivery of small parcels for e-commerce businesses among others.

With the vision of becoming a leading integrated logistics service provider, the Group will continue to enhance and refine its business strategies to expand its market share and strive to provide comprehensive services to meet the diverse needs of customers in response to the new challenges under the changing market trends. During the reporting period, most countries around the world are gradually easing the pandemic controls policy and travel bans. Although the city lockdown caused by the pandemic prevention in Shanghai, China in the first half of the year caused an impact on the business to a certain extent, the Group remains cautiously optimistic about the impact of the pandemic on the industry and business. The Group intends to seize the opportunities arising from the weakened pandemic prevention and control and rapid market growth to expand its international express and parcel services business.



## SUSTAINABILITY GOVERNANCE



### Chairman's Message

Looking back at 2022, the COVID-19 pandemic still looms largest as a risk to the global trade and economy, the logistics industry has slowly started to recover again with COVID-19 related rules and restrictions relaxing and borders. With the vision of becoming a leading integrated logistics service provider, the Group understands that sustainable development is crucial to its long-term development and stability of the enterprise. Over the past few years, we have been committed to integrating the concept of Environmental, Social and Governance ("ESG") into our business operations. We are pleased to present our YTO International Express's Environmental, Social and Governance Report for 2022 and share our performance and achievements on ESG.

Headed and supervised by the Board, the ESG committee has been set up, comprising several members of senior management. Our ESG Committee is responsible for identifying and reviewing ESG issues, risks and opportunities, overseeing ESG performance and recommending improvement strategies. During the year, we support for the United Nations Sustainable Development Goals (UNSDGs) aligns with our commitment to achieve a better sustainable future. We actively communicated with stakeholders to identify eight material topics that may impact the Group's operations and take corresponding management measures. To strengthen the integrity of all employees of the Group in an ethical and proper manner, we updated the Anti-corruption Policy and the Policy for Employees to Raise Concerns about Improprieties during the reporting period.

The Group is committed to fulfilling its environmental responsibilities by ensuring compliance with all applicable laws and mitigating the environmental impact of its business operations. To ensure continuous improvement of our environmental performance, we set and regularly review environment-related targets. In order to effectively respond to the potential impacts of climate change, the Group has formulated a climate change policy and made relevant disclosures in accordance with recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Employees are our greatest assets. We comply with all labour standards and strive to cultivate a pleasant, inclusive and productive work environment to ensure employees' rights and benefits. We have in place relevant occupational health and safety standards. To ensure workplace safety, we provide relevant safety training to our employees and conduct regular fire safety inspections.

The Group attaches great importance to quality management and has obtained ISO 9001 : 2015 quality management system certification. To ensure safe and timely delivery of goods to our customers, we strictly implement the Operation Workflow Manual, the standardised process of air and sea freight operations, and have established the procedures for handling dangerous goods. In addition, the Group actively seeks feedback from its customers through various communication channels to continuously improve customer satisfaction.

In the upcoming year, the Group will continue actively fulfilling its social responsibilities and supporting community development through various charitable and volunteer activities. Looking ahead, we will continue to actively cooperate with stakeholders, evaluate our ESG performance, improve our management approach. We shall further identify opportunities for improvement in our operations for greater sustainability. On behalf of the Board, I would like to take this opportunity to express my gratitude to all stakeholders for the continuing support and their dedication.

### **Yu Huijiao**

*Chairman*

YTO International Express and Supply Chain Technology Limited

## Board Statement

As a leading logistics services provider, the Group understands the importance of sustainable development to its business operations. We actively implement ESG principles, fulfil our corporate social responsibility, and are gradually incorporating sustainable development into our daily operations and business decisions to reduce the impact of our business operations on the environment and provide long-term returns to our stakeholders.

Effective management of environmental, social and ethical risks and risks associated with the freight forwarding business are the Group's top priority. The Board of Directors of the Group oversees the risks and opportunities related to sustainable development. The ESG Committee, comprising senior management, is responsible for formulating ESG-related strategies, policies and goals. The Group incorporates material ESG topics into its management system to ensure effective risk management. The Group has adopted internal controls and risk management systems. The management is responsible for assessing the effectiveness of the internal controls and risk management systems and reporting to the Board and the Audit Committee annually.

The Group's Board of Directors confirms that it has reviewed and approved this 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 Group in a transparent and fair manner.



***During the reporting period, the Group was awarded the “2022 CSR Corporate Social Responsibility Award-Greater Bay Area ESG Sustainable Development Enterprise Award”.***



## Response to UNSDGs

The Group actively responds to the United Nations Sustainable Development Goals and is committed to integrating the concept of sustainable development into its daily operations. During the reporting period, the Group identified seven United Nations Sustainable Development Goals related to its business operations based on its own operations and took the corresponding actions.

Sustainable Development Goals	Sustainability Approach	Actions Taken by the Group
	<p><b>Environmental Protection</b></p> <p>With the goals of energy conservation, emission reduction and “dual carbon”, we reduce the negative impact of operations on the environment, and strengthen the ability to resist and adapt to climate change</p>	<ul style="list-style-type: none"> <li>• Obtained ISO 14001 Environmental Management System Certification</li> <li>• Promote green office policy</li> <li>• Educate and train employees on energy conservation and emission reduction to reduce the impact on the environment</li> <li>• Develop and update policies to address climate change</li> <li>• Lower business travel carbon emissions</li> </ul>
	<p><b>Employee Protection</b></p> <p>Create a diverse, equal, healthy and safe working environment to attract and nurture talents</p>	<ul style="list-style-type: none"> <li>• Comply with labour standards and relevant laws and regulations</li> <li>• Establish the Recruitment and Hiring Policy to ensure equal, diversified and fair recruitment</li> <li>• Provide competitive remuneration and benefits and recognise outstanding employees</li> <li>• Provide diversified employee activities and training</li> <li>• Protect employees’ occupational health and safety</li> </ul>
	<p><b>Operational Excellence</b></p> <p>Improve the supply chain and product management system to better hence the procurement and service processes, develop the community engagement by reducing all forms of corruption</p>	<ul style="list-style-type: none"> <li>• Communicate with stakeholders regularly to maintain good relationship</li> <li>• Ensure product quality and protect intellectual property rights and data privacy</li> <li>• Develop anti-corruption related policies and provide relevant training to employees</li> <li>• Actively participate in community activities and investment to fulfil corporate social responsibility</li> </ul>

## Stakeholder Engagement and Management of Material Topics

The Group attaches great importance to communication with stakeholders and management of material topics. During the reporting period, the Group invited different stakeholders to participate in identification and assessment of material topics through online questionnaire in order to define the significant impact on the Group's business operations. The Group will further actively take corresponding measures to manage material topics and promote sustainable development practices. 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.

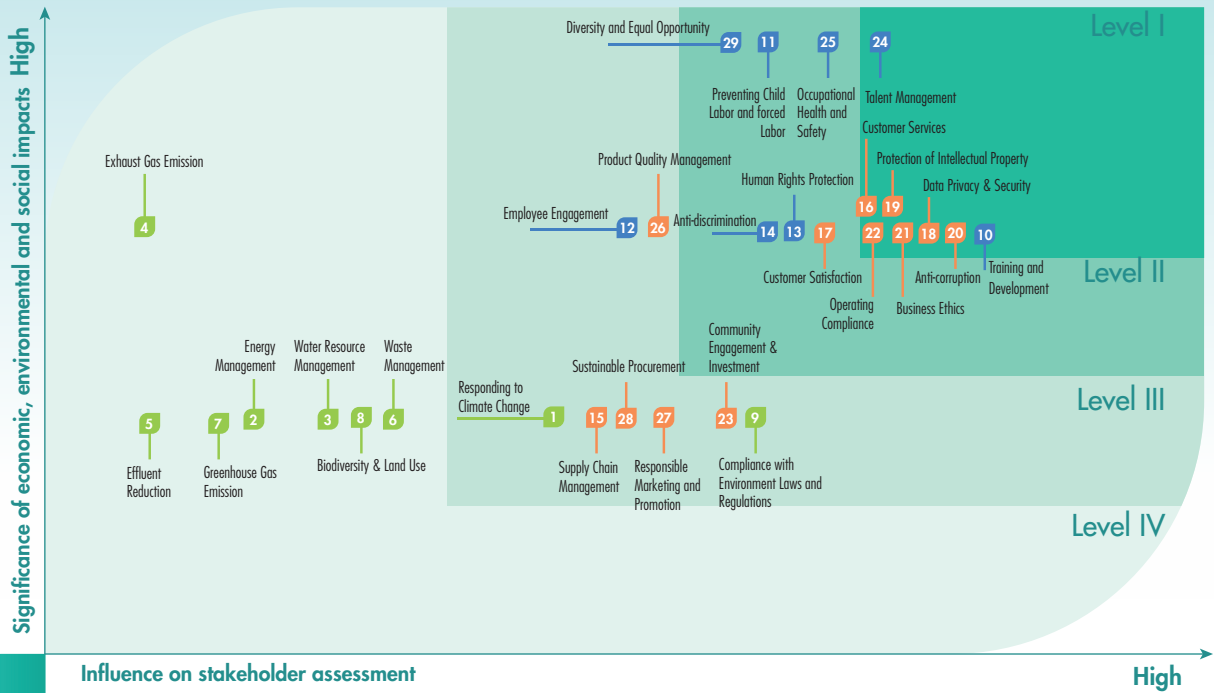
Stakeholders		Communication Channels
Internal Stakeholders	<ul style="list-style-type: none"> <li>• Board of Directors</li> <li>• Management</li> <li>• Employees</li> </ul>	<ul style="list-style-type: none"> <li>• Annual general meeting</li> <li>• Annual report and interim report</li> <li>• Meeting</li>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

The Group follows four steps for assessing materiality: identification, prioritisation, validation and review. A total of 29 potential issues were identified in this assessment, covering environmental, social and governance aspects. Based on the results of the online questionnaires, potential issues were prioritised into four levels and 8 issues were identified as material topics that have a significant impact on the Group's operations. Our materiality matrix is shown below:

The management of the Group has reviewed and validated outcome of the survey conducted for identification of material topics, and has actively communicated with stakeholders and adopted corresponding management measures.







■ Environmental Topics

■ Employee Topics

■ Operational Topics

Level I

- 24 Talent Management
- 10 Training and Development
- 20 Anti-corruption
- 18 Data Privacy & Security
- 21 Business Ethics
- 22 Operating Compliance
- 16 Customer Services
- 19 Protection of Intellectual Property

Level II

- 25 Occupational Health and Safety
- 11 Preventing Child Labor and Forced Labor
- 29 Diversity and Equal Opportunity
- 13 Human Rights Protection
- 14 Anti-discrimination
- 17 Customer Satisfaction

Level III

- 26 Product Quality Management
- 12 Employee Engagement
- 23 Community Engagement & Investment
- 9 Compliance with Environment Laws and Regulations
- 27 Responsible Marketing and Promotion
- 28 Sustainable Procurement
- 15 Supply Chain Management
- 1 Responding to Climate Change

Level IV

- 4 Exhaust Gas Emission
- 6 Waste Management
- 8 Biodiversity & Land Use
- 3 Water Resource Management
- 2 Energy Management
- 7 Greenhouse Gas Emission
- 5 Effluent Reduction

Material Topics	Actions taken by the Group	Communication channels with stakeholders
<ul style="list-style-type: none"> <li>Talent Management</li> </ul>	<ul style="list-style-type: none"> <li>Recruit talents according to rules and regulations to ensure fairness, transparency and consistency</li> <li>Offer competitive salaries, benefits and holidays to attract outstanding talents</li> <li>Regularly recognize and incentivize good performance of employees</li> </ul>	<ul style="list-style-type: none"> <li>Regular employee feedback</li> </ul>
<ul style="list-style-type: none"> <li>Training and Development</li> </ul>	<ul style="list-style-type: none"> <li>Develop Training and Development policy and designate relevant responsible persons</li> <li>Organise employee training and development programmes</li> <li>Provide internal and external training with corresponding assessment system</li> </ul>	<ul style="list-style-type: none"> <li>Keep employees' training records and regularly review employee training and development recommendations</li> </ul>
<ul style="list-style-type: none"> <li>Anti-corruption</li> </ul>	<ul style="list-style-type: none"> <li>Update and improve the anti-corruption policy</li> <li>Provide anti-corruption training</li> <li>Establish a whistle-blowing mechanism and protect the privacy of whistle-blowers</li> </ul>	<ul style="list-style-type: none"> <li>Employee Reporting Procedures</li> <li>External Personnel Reporting Procedures</li> </ul>
<ul style="list-style-type: none"> <li>Data Privacy and Security</li> </ul>	<ul style="list-style-type: none"> <li>Comply with relevant privacy protection policies in the operating regions</li> <li>Formulate the Code of Conduct and require employees to strictly protect customer information</li> </ul>	<ul style="list-style-type: none"> <li>Regularly oversee cybersecurity within the company and report the findings</li> </ul>
<ul style="list-style-type: none"> <li>Business Ethics</li> </ul>	<ul style="list-style-type: none"> <li>Fair competition</li> <li>Establish communication channels with stakeholders to avoid conflicts of interest</li> <li>Maintain good relationships with partners and suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Feedback channels</li> </ul>
<ul style="list-style-type: none"> <li>Operating Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Full compliance with all applicable laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Feedback channels</li> </ul>
<ul style="list-style-type: none"> <li>Customer Services</li> </ul>	<ul style="list-style-type: none"> <li>Conduct safety inspection before delivery of products and establish relevant procedures and guidelines</li> <li>Provide detailed product labelling</li> <li>Expand market share and diversify customer services</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction survey</li> </ul>
<ul style="list-style-type: none"> <li>Protection of Intellectual Property</li> </ul>	<ul style="list-style-type: none"> <li>Full compliance with all applicable laws and regulations</li> <li>Improving the standardised management of intellectual property rights and related patents</li> <li>The Company's Human Resources Department is responsible for providing intellectual property guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Feedback channels</li> </ul>



## ENVIRONMENTAL PROTECTION

To mitigate the environmental impacts, the Group realises sustainable development through effective environmental management and reduces the impact of its business on the environment, and regularly evaluates its environmental performance. The Group's environmental management system has been certified with reference to ISO 14001: 2015. We regularly review our environmental protection measures and their respective outcomes. The Group is committed to adopting a wide range of mitigation measures on air and greenhouse gas emissions, minimise waste generation and energy saving, water and materials consumption.

To ensure continuous improvement of our environmental performance, we have set targets on different aspects of environmental protection and regularly track our performance. The environmental targets are shown in the table below:

Types of resources	Goal
<b>Greenhouse Gas Emissions</b>	Implement emissions reduction measures annually
<b>Energy Efficiency</b>	Prefer to acquire electric equipment with energy efficiency label
<b>Water Use</b>	Prefer to acquire water related equipment with Grade 1 efficiency label
<b>Waste</b>	Increase the use of recycled paper

During the reporting period, the Group was not aware of any non-compliance with laws and regulations<sup>1</sup> that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

### Responding to Climate Change

Climate change has become one of the major global challenges, and its impact is becoming increasingly significant. As a responsible logistics operator, the Group is proactive with respect to identifying and assessing the potential impacts of climate change, and continuously improves its adaptation and mitigation capabilities. The Group has established a climate change policy to keep abreast of the latest climate models and trends against climate change. During the reporting period, with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we identified the risks associated with climate change and the potential financial impact on the Group's operations.

Climate Change Risk Types	Risk description	Possible Financial Effects
<b>Physical risks</b>		
Acute risks (Extreme weather such as typhoons, floods, etc.)	Extreme weather such as typhoons and floods will cause certain damage to YTO International Express's infrastructure such as warehouses, office buildings, transportation facilities and equipment	Increase in equipment maintenance costs
	Rise in temperature may reduce the work efficiency of YTO International Express's employees and negatively affect their health and safety	Increase in staff medical costs
	Extreme weather such as typhoons and floods have a certain degree of impact on normal operations and efficiency of logistics and transportation business of YTO International Express	Decrease in revenue
Chronic risks (e.g. global warming, sea level rise, etc.)	Rising sea level may directly affect the operation of YTO International Express in coastal areas, resulting in relocation of facilities, equipment and business	Increase in operating costs

<sup>1</sup> Please refer to the section headed "Appendix 3 Applicable Laws and Regulations" for Environment-related laws and regulations.

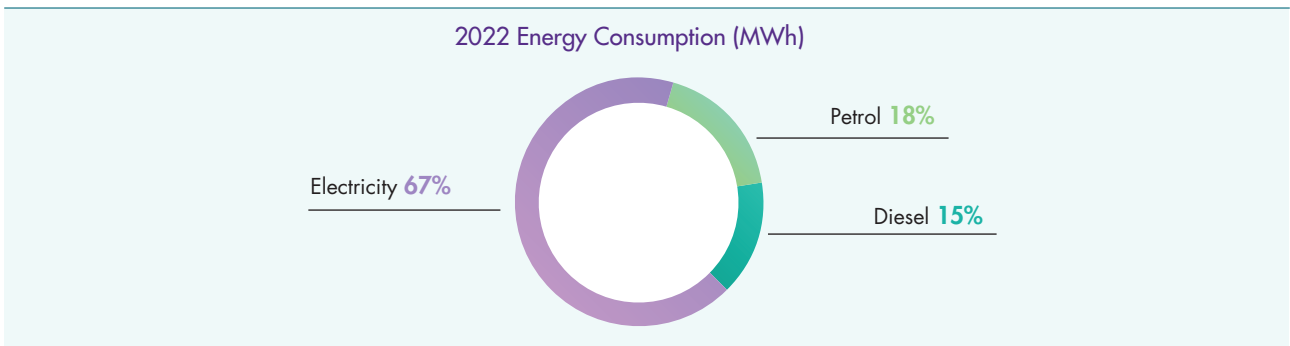
Climate Change Risk Types	Risk description	Possible Financial Effects
<b>Transition risks</b>		
Policies and Regulations	The tightening of laws and regulations related to climate change will impose more stringent requirements in various aspects such as vehicle emissions and energy consumption in the logistics process of YTO International Express, resulting in investing more resources for compliance assurance	Increase in compliance costs
Technology	YTO International Express needs to invest more resources in the low-carbon transformation process (e.g. using low-carbon energy and technology, purchasing low-carbon equipment)	Increase in operating costs
Reputation	Stakeholders are paying more attention to actions taken by the Group in respect of climate change. If the Group fails to take timely actions and respond to stakeholders, it may lead to customer and investor attrition	Decrease in revenue and investments
Marketplace	Logistics services with low carbon attributes are more recognised by the market. If YTO International Express fails to continuously promote sustainable logistics services, it may lose consumers' favorability and lead to loss of customers	Decrease in revenue

**Use of Resources**

Resources consumed in our operations include electricity, petrol, diesel, paper and water. Our operations do not involve any packaging materials.

**Energy Consumption**

During the reporting period, the Group consumed a total of 355.9 MWh of energy, with an energy intensity of 0.09 MWh per square metre. Electricity consumption was 238.7 MWh, accounting for 67.1% of total energy consumption, attributable to the use of office equipment.



Energy consumption (Unit: MWh)	2022	2021
Petrol	63.6	124.9
Diesel	53.6	13.4
Electricity	238.7	405.4
Total Energy Consumption	355.9	543.7
Energy intensity by floor area (MWh/m <sup>2</sup> )	0.09	0.14

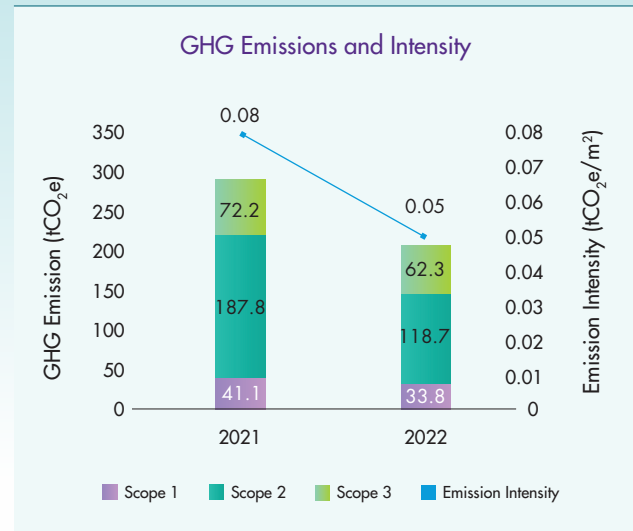


## Emission Management

### Greenhouse Gas Emissions

Greenhouse gas ("GHG") emissions emanating from the Group's 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, paper waste disposed at landfills, fresh water and sewage processing (Scope 3).

During the reporting period, the Group's total GHG emissions were 214.8 tCO<sub>2</sub>e, and the emission intensity was 0.05 tCO<sub>2</sub>e per square meter of floor area. Greenhouse gas emissions are mainly generated from the use of electricity, accounting for approximately 55.2% of total greenhouse gas emissions.






GHG Emissions (Unit: tCO <sub>2</sub> e)	2022	2021
Scope 1 Direct emissions	33.8	41.1
Scope 2 Energy indirect emissions	118.7	187.8
Scope 3 Other indirect emissions	62.3	72.2
Total greenhouse gas emissions	214.8	301.1
GHG intensity by floor area (tCO <sub>2</sub> e/m <sup>2</sup> )	0.05	0.08

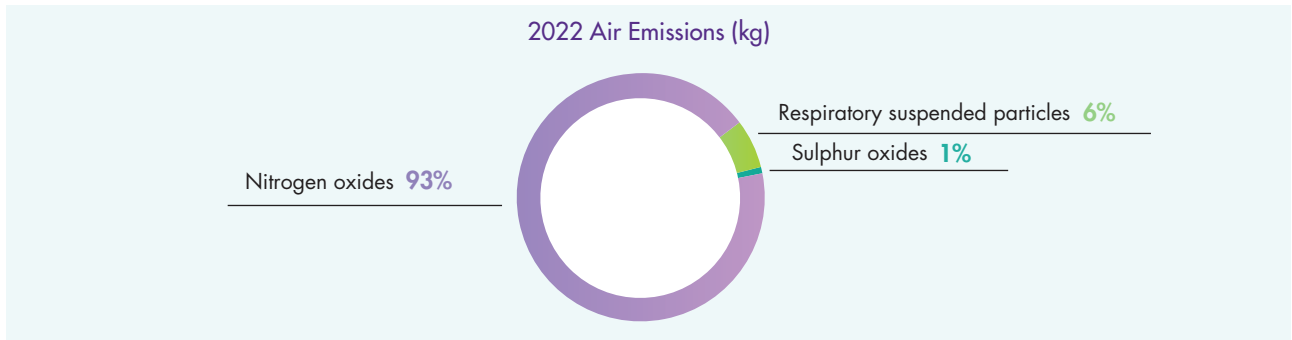
The Group continues to take a range of emissions reduction measures to manage and mitigate our carbon footprint in our daily business operation. These measures include reducing the frequency of business travel by using online communication channels, replacing low energy-efficiency equipment with higher efficiency ones and optimising operations flow in warehouses.

**Resources Conservation**

The Group continues to implement a green office policy and deploy a range of measures for conserving energy, water and paper consumed in its operations to ensure efficient management and use of resources. In addition, we reduce the use of carbon-dependent energy and other natural resources by adopting more energy-efficient processes and green technologies. Guidelines on energy saving, water saving, and paper saving are provided to all employees. Through encouragement and education, we hope to save energy and natural resources together with our employees.

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

**Air Emissions<sup>2</sup>**



The Group’s air emissions mainly attributed from petrol and diesel combustion by its vehicles. During the reporting period, the Group’s operations emitted 1.7 kg of sulphur oxides (SOx), 200.9 kg of nitrogen oxides (NOx) and 13.2 kg of respiratory suspended particles (RSP).

Air Emissions (Unit: kg)	2022	2021
Sulphur oxides (SOx)	1.7	0.8
Nitrogen oxides (NOx)	200.9	160.4
Respiratory suspended particles (RSP)	13.2	11.5

The increase in air emissions mainly contributed by the rise in gasoline and diesel consumption and mileage of vehicles due to a gradual recovery of business operation affected by the epidemic. To better manage and reduce air emissions, the Group controls and minimises the use of vehicles by setting out clear guidelines. These measures include switching off idling engines, conducting regular vehicle maintenance and encouraging employees to travel by public transportation. To continuously reduce emissions, we regularly review the effectiveness of emission reduction measures.

<sup>2</sup> In order to comply with the latest motor vehicle emission standards in Mainland China, we have updated the calculation method of air pollutants caused by vehicles and recalculated the air emission results for 2021.



## Waste Management

Hazardous wastes generated from the Group's operations include toner cartridges and fluorescent lamps, as well as non-hazardous wastes such as domestic wastes. During the reporting period, the Group generated a total of 0.07 tonnes of hazardous waste and 19.6 tonnes of non-hazardous waste. Hazardous waste intensity by floor area was 0.018 tonnes per thousand square metres, and non-hazardous waste intensity was 0.005 tonnes per square metre.

Waste (Units: Tonnes)	2022	2021
Hazardous Waste	0.07	0.05
Hazardous Waste intensity by floor area (tonnes/thousand m <sup>2</sup> )	0.018	0.012
Non-hazardous Waste	19.6	23.7
Non-hazardous Waste intensity by floor area (tonnes/m <sup>2</sup> )	0.005	0.006

The Group endeavors to provide education and training to its staff for handling waste in a sustainable manner. For example, recycling bins are placed in the office to foster concept of recycling. Employees should recycle and reuse materials as much as possible before disposal. Hazardous waste is regularly collected by licensed waste collectors and non-hazardous waste is disposed of at landfills.

## The Environment and Natural Resources

The Group understands that its business operations have certain impact on the environment and natural resources. We strive to conduct effective assessment and the corresponding impact management. By encouraging the use of green technologies and cooperating with partners to promote sustainable logistics, we align with the principle of conserving natural resources and protecting the environment by reducing our carbon footprint.

### Water Consumption

During the reporting period, the Group's Hong Kong office consumed 87 cubic meters of municipal water, with an intensity of 0.05 cubic meters per square meter in terms of floor area. The Group did not have any issue in sourcing water that is fit for the purpose.

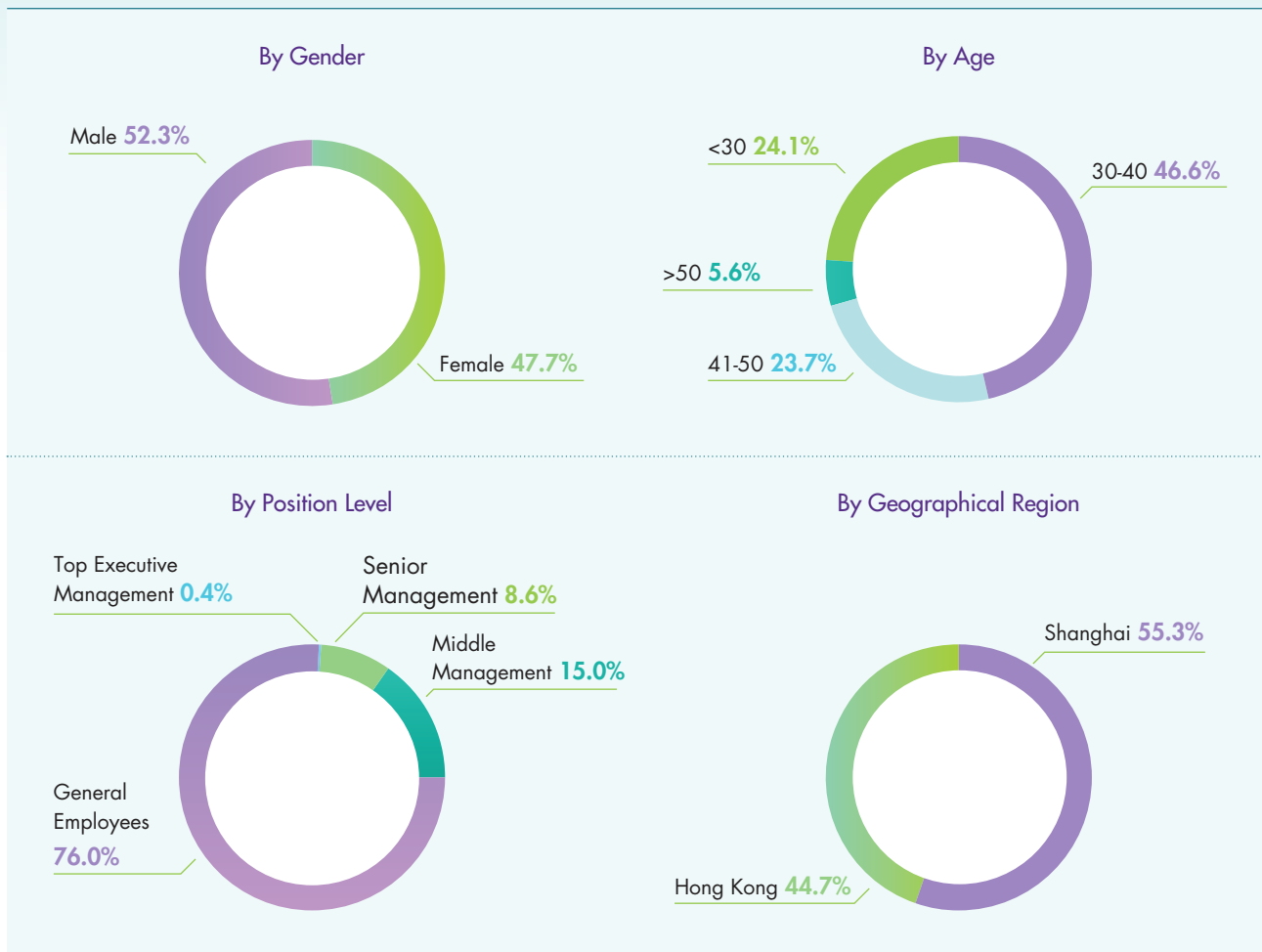
### Paper Consumption

Paper consumption of the Group is mainly contributed by office paper (A4 paper) and sanitary paper. During the reporting period, the Group consumed 11,371.18 kg of office paper (A4 paper) and 843.12 kg of sanitary paper.

## EMPLOYEE PROTECTION

### Employee Profile

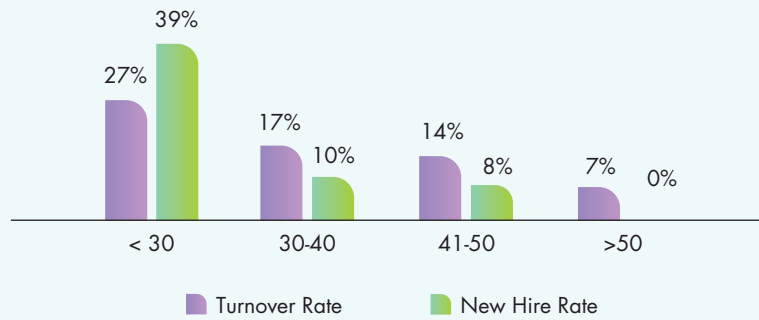
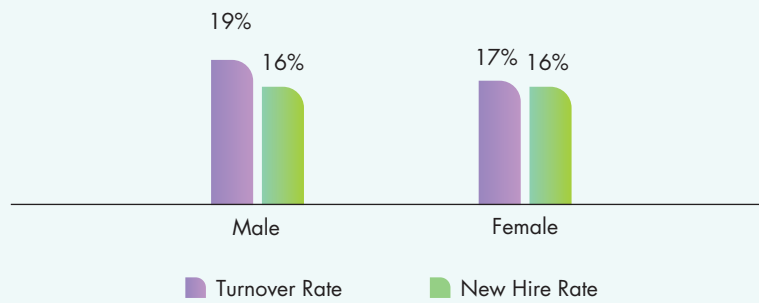
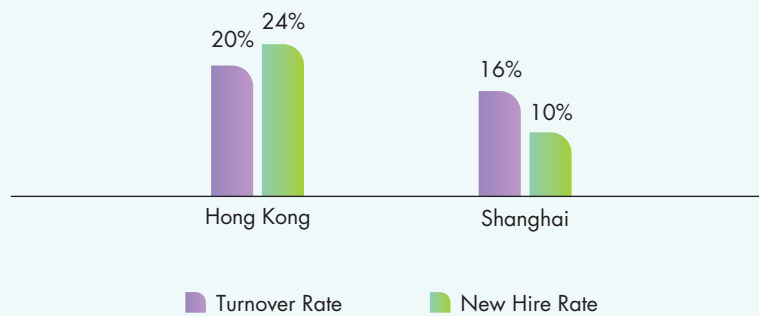
As of the end of the reporting period, the Group employed 266 full-time employees with a male-to-female ratio of 1.09 of which 119 or 44.7% of our employees were located in Hong Kong and 147 or 55.3% were located in Shanghai, the PRC. In terms of age profile, 46.6% of the Group's employees were aged between 30 and 40, and 24.1% were aged below 30. In addition, approximately 24.1% of our employees were at managerial level and 76.0% were at general employees.



During the reporting period, the Group's employee turnover rate and new hire rate were 18.0% and 15.8% respectively. Employee turnover rates and new hire rates by gender, age, and region are shown in the chart below.





2022 Turnover and New Hire Rates  
by Age2022 Turnover and New Hire Rates  
by Gender2022 Turnover and New Hire Rates  
by Geographical Region

## Recruitment and Dismissal

The Group strictly complies with employment-related laws and regulations<sup>3</sup> of the regions where it operates. We dedicated to diverse talent pool comprises candidates with their qualifications, experience and personal capabilities. To ensure fairness, transparency and consistency in the recruitment process, we have established a series of policies such as the Recruitment and Hiring Policy to guide the recruitment process to ensure fairness, transparency and consistency in the recruitment process. We have clear conditions and restrictions on the employment of an employee's relative members, it is a must for the applicants to make a declaration in order to avoid preference.

We are committed to providing employees with diversified career development opportunities and formulating standard guidelines for the promotion process so as to ensure consistency and fairness in the fixed promotion cycle. By regularly reviewing and evaluating the performance of employees, we provide a framework for adjusting the remuneration, including basic salary and promotion plan. This also facilitates communication between employees and management on job requirements and performance.

The Group's Separation of Employment Policy stipulates the procedures to be followed in the event of dismissal of employees to ensure fairness. The Human Resources Department conducts interviews to understand the reasons for resignation and collect feedback. An involuntary termination of employment occurs only in the event of serious misconduct or violation of the Group's policies.

## Employee Benefits and Allowances

The Group understands that its employees as important asset. To attract and retain talents, we offer competitive remuneration and benefits packages, including annual leave, marriage leave, maternity leave and paternity leave. We also maintain medical insurance scheme for our employees to enjoy medical benefits. In addition, we provide overtime allowance for employees who work overtime, including monetary compensation or paid leave, standby allowance and taxi allowance.

We set up Outstanding Staff Awards to recognise employees who have made outstanding contributions each year. The selection of winners is based on performance. 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.

During the reporting period, the Group celebrated International Women's Day on 8 March. Our sites around the world have launched various kinds of celebrations activities, such as giving female employees greeting cards and flowers, to thank them for their contributions to the Group's daily operations.

<sup>3</sup> Please refer to the section headed "Appendix 3 Applicable Laws and Regulations" for Employment-related laws and regulations.



## Employee Rights, Equal Opportunities and Diversity

The Group is committed to creating an equal and inclusive working environment. We strictly comply with relevant laws and regulations<sup>4</sup>, adopt a zero-tolerance attitude towards any form of discrimination based on age, gender, race or religion, and prohibit all unfair and discriminatory employment practices. In order to foster a vibrant and diverse workforce, we have formulated the Board Diversity Policy to assess the composition of the Board from a diversification perspective, including gender, age, cultural and educational background and professional experience. As an equal opportunity employer, we will continue to provide equal opportunities to all employees in all aspects and ensure our labour practices are fair and ethical, and respect fundamental human rights of all employees.

The Group has established clear standards for employee-related activities, including compensation, dismissal, recruitment, promotion and benefits, working hours and rest periods. During the reporting period, the Group was not aware of any non-compliance with 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.

## Labour Standards

The Group ensures adherence with relevant labour laws and regulations<sup>5</sup> in places of operations and prohibits all forms of unethical behaviour, which also applies to suppliers and subcontractors. As to restrain from hiring child labour or forced labour, the Human Resources Department conducts background checks on job applicants in accordance with the Background Investigation Policy to verify their identity and age during the recruitment process. The employment of child labour or forced labour is strictly prohibited, we immediately terminate the contract if it incurs.

During the reporting period, the Group was not aware of any non-compliance with laws and regulations that have a significant impact on the Group relating to prevention of child and forced labour, and we did not receive any reports of child or forced labour.

## Occupational Health and Safety

The Group sees the great importance to occupational health and safety of its employees. We are committed to improving workplace conditions and providing a workplace that meets safety and health standards.

We have integrated our health and safety policies into the ESG and ISO policies, ensuring all business operations align with occupational health and safety standards. Fire facilities and condition of emergency exit inspections are carried out regularly every half year. The fire drill is also conducted annually for all frontline employees. The Group did not record any case regarding work-related fatalities or work injuries in 2022.

To reinforce employees' safety awareness and to equip them with the necessary safety-related knowledge and skills, employees are required to attend regular safety training sessions and take precautions during their work. We have formulated a set of occupational health and safety guidelines for frontline staff in warehouse operations and placed appropriate equipment to protect them from occupational hazards and injuries. Dangerous Goods Regulations training is also provided by external parties for airfreight staff to ensure they are qualified for handling dangerous goods shipments.

<sup>4</sup> Please refer to the section headed "Appendix 3 Applicable Laws and Regulations" for Employment-related laws and regulations.

<sup>5</sup> Please refer to the section headed "Appendix 3 Applicable Laws and Regulations" for Labour-related laws and regulations.

We have launched different activities to promote employees' well-being and ensure their physical and mental health. During the reporting period, 159 employees participated in safety training, accounting for 59.8% of the total workforce. We recorded 497.5 safety training hours in total. During the reporting period, the Group was not aware of any non-compliance with relevant laws and regulations<sup>6</sup> that have a significant impact on the Group, relating to the safety and protection of employees from occupational hazards.

## Training and Development

The Group invests substantial resources in employee training and development, as it recognises the importance of equipping employees with necessary knowledge and skills and staying competitive in the fast-growing logistic services. We provide diversified training and clear career paths to motivate employees and enhance their sense of belonging.

Training is an important part of the Group's talent management. We have in place the Training and Development Policy that clearly sets the responsibility of relevant personnel and departments, as well as the coverage of training. The department managers, department heads and station managers are responsible for ensuring that training and development needs of all staff of their respective departments and arranging appropriate internal training. The human resources manager is responsible for continuously evaluating training and development recommendations received from different departments, providing employees with assistance in professional development and achieving training objectives, as well as maintaining the training records of the station and compiling yearly summary.

We provide various in-house programmes as follows:

### Mandatory Training

- A New Employee Orientation programme is provided to all newly hired regular full time staff to get an overall view on the Group 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 employees' 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.

### Other Training

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

<sup>6</sup> Please refer to the section headed "Appendix 3 Applicable Laws and Regulations" for Occupational Health and Safety-related laws and regulations.



Through the Performance Appraisal System, department managers can identify and confirm employees' training needs, validate and evaluate training and development activities on an ongoing basis. To enable employees to acquire new skills, keep abreast of industry developments and establish professional networks, employees can apply for the Staff Training Scheme, with training subsidy and reimbursement provided for job-related external courses and programmes, including training courses, seminars and workshops. We conduct evaluations after both internal and external training upon completion, so as to ensure their relevance and effectiveness. During the reporting period, we arranged both internal and external training sessions about various dangerous goods, cargo operations, warehouse in/out procedures, and regulated agent regimes.

#### Dangerous Goods Regulation Training includes:



Reference IATA Dangerous Goods Regulations manual



Choose the appropriate container for air transportation



Pack dangerous goods correctly



Prepare documentation and labelling

During the reporting period, the Group has a total of 427 training hours and 168 employees trained, covering 63.2% of the total workforce.

Percentage of employees trained (%)	2022	2021
<b>By Gender</b>		
Male	68.3%	63.0%
Female	57.5%	60.0%
<b>By Position Level</b>		
Top Executive Officer	100.0%	50.0%
Senior Management	30.4%	34.8%
Middle Management	50.0%	39.6%
General Employees	69.3%	70.0%

Average training hours (hour/person)	2022	2021
<b>By Gender</b>		
Male	2.32	1.62
Female	0.83	0.60
<b>By Position Level</b>		
Top Executive Officer	1.00	0.50
Senior Management	0.30	1.35
Middle Management	4.30	2.33
General Employees	1.22	0.50

In addition, to better build a sustainable talent pool for the Group's future business development, our Group launched a 24-month Management Trainee Program and hired five management trainees during the reporting period. The program not only enables trainees to have the opportunities to tackle business challenges with the latest total logistics and freight forwarding solutions and learn to apply total logistics solutions ranging from logistics requirements analysis to solutions consultation and implementation, but also provide the trainees with a comprehensive orientation and structured in-house training programs. After graduation, they can become logistics expert and management successors after graduation. Looking ahead, the Group will provide employees with more diversified and comprehensive training according to the needs of business development.



YTO International Express has officially become the 19th Official Logistics Service Sponsor of Asian Games Hangzhou 2022. To support the 19th Asian Games in Hangzhou, China, YTO International Express's five management trainees arrived Hangzhou from Hong Kong. In-depth understanding supply chain circle of this significant sport event across Asia.



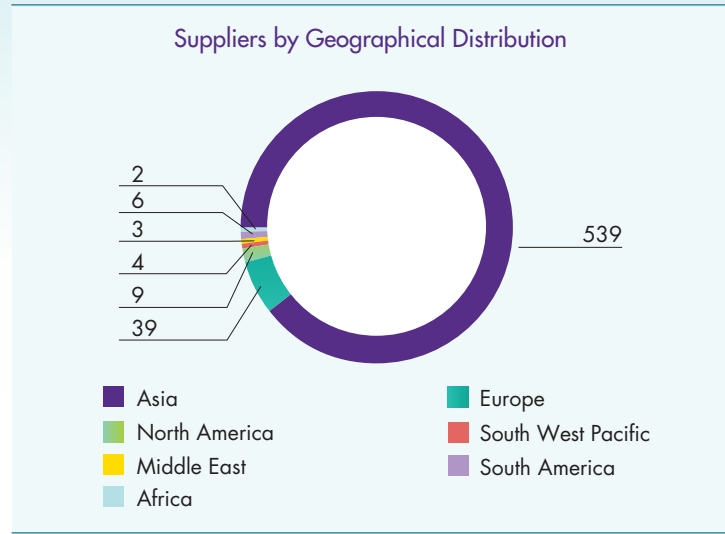
## OPERATIONAL EXCELLENCE

### Supply Chain Management

Effective supply chain management is critical to our business. In order to build a sustainable supply chain and better manage the environmental, social and governance risks of the supply chain, the Group has formulated a series of internal policies, including the Environmental and Social Responsibility Policy, the Vendor Management Policy and the Code of Conduct, which together constitute a standard and integrated supplier management system, and provide guidance for third-party procurement services.

We value the relationships with our suppliers and strive to maintain long-term and stable business relationships. To this end, the Group has established a Vendor Committee to monitor and ensure smooth selection and appointment of suppliers. The vendor committee consists of senior management team, heads of functional departments, heads of site management and heads of various departments.

In 2022, the Group had a total of 602 suppliers. Our suppliers include airlines, shipping companies, carriers, combined loaders, transportation companies and related business agents. There were 291 air freight suppliers, 309 sea freight suppliers and 2 warehousing services.



### Supplier Selection and Risk Management

We strictly review the qualifications of suppliers in accordance with the Vendor Management Policy and Code of Conduct, and are committed to establishing a long-term, mutually beneficial and win-win relationship with suppliers and continuously improving the quality of procurement services. To better manage the ESG risks associated with our suppliers, we encourage suppliers and contractors to incorporate ESG factors into their own risk management and align with our Group's relevant responsibility policies and codes of conduct.

To minimise the ESG risks involving the supply chain, we conduct due diligence in the supplier selection process. During the procurement process, we invite quotations from more than one supplier and conduct detailed background checks. In the process of supplier selection, we consider the social and environmental performance in environmental protection, occupational health and safety, quality assurance, etc. We also assign departmental managers to regularly monitor the performance of suppliers. The Group conducts annual assessment review on the suppliers and contractors engaged during the year to ensure that the service or product quality of the existing suppliers lives up to the Group's standards and expectations.

### Sustainable Procurement

The Group is proactive with respect to communicating with suppliers and motivating them to take up environmental and social responsibilities. We are committed to encouraging them to comply with the Group's Environmental and Social Responsibility Policy, conducting business in an environmentally and socially responsible manner, and supporting new technologies that may bring long-term good environmental benefits.

## Product Responsibility

An effective quality management system is an important cornerstone for ensuring the quality and safety of products and services. The Group has obtained the ISO 9001 : 2015 Quality Management System Standard Certification and has formulated and regularly updated the Operation Workflow Manual which sets out the management procedures in relation to air freight and sea freight to enhance our quality performance.

## Quality Assurance

We understand that quality and safety assurance are the top priority of product and service management. To ensure timely and safe delivery services and maintaining a high quality control process, we carefully inspect if there are any hidden dangerous cargoes, ensuring that we observe the strict limitations and controls on dangerous goods and prevent any danger to public safety. We have established a series of procedures and guidelines to standardise the handling of special cargo, including dangerous goods, commodities including batteries, temperature sensitive goods and wooden packaging materials.



### Air Freight Management Regulations

<b>Dangerous Goods ("DG")</b>	<p>At least two persons with licenses handle DG cargoes</p> <p>Only licensed holders are allowed to handle the documentation and cargoes</p> <p>Labelling, packing instructions and markings on the cargoes should strictly follow the specific requirements</p>
<b>Commodities (including batteries etc.)</b>	<p>Check battery nature and the corresponding safety information before handling</p> <p>Pass to DG Regulations certified persons to handle it as DG cargoes</p>



### Sea Freight Management Regulations

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





## Product Sales and Labelling

We use proper labelling on incoming cargoes for easy identification. There are various types of labels to display important information of the goods such as quantity, origin and destination. We ensure these labels are visible and must not cover customers' labels or marking. In addition, we are committed not to using false advertising information to provide consumers with accurate and true products and services.

Number of products and/or service related complaints	Number of recalls for safety and health reasons	Number of confirmed cases of customer data leakage, theft or loss
0	0	0

During the reporting period, the Group was not aware of any non-compliance with laws and regulations<sup>7</sup> 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.

## Customer Satisfaction

Understanding customer needs and enhancing customer satisfaction are important issues. We regularly track customer demands, provide timely feedback to customers, and collect customer feedback and opinions on service quality, on time delivery, time management and employee's performance through various communication channels.

## Intellectual Property and Data Privacy Protection

Our Group regards Intellectual property rights as a core input of the firm competitiveness and a key factor to the achievement of sustainable development. We value and respect intellectual property rights of both the Group and third parties. In order to improve the standardised management of intellectual property rights and related patents, we have established guidelines led by the Human Resources Department, and manage the property rights and information of related intangible assets systematically, such as labels, patents, trademarks and service marks, domain names, use of hardware and software, etc. The use of copyrighted materials of the Group must be authorised by the Human Resources Department.

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

## Privacy Protection

The Group attaches great importance to privacy and data security and strictly complies with relevant laws and regulations in Hong Kong and Mainland China. The Group continuously strengthens the collection, access and management of relevant information of customers, employees and other personnel, and strives to protect privacy rights and personal information security.

Stipulated in the Code of Conduct, employees are required to strictly protect the personal information of customers and other personnel, and requirements of confidentiality are made clear to them. All relevant employees authorised to access or manage proprietary information must take appropriate protective measures to prevent abuse, misuse and leakage of personal information, and all collected information about customers and other companies must be kept confidential, and copies of documents must be shredded before disposal.

<sup>7</sup> Please refer to the section headed "Appendix 3 Applicable Laws and Regulations" for Product Responsibility-related laws and regulations.

## Anti-corruption

The Group is committed to maintaining the highest standards of governance and integrity. The Group has a zero-tolerance attitude towards any form of corruption and bribery, etc. We uphold honesty, fairness and business transparency in business transactions. We investigate fraud and bribery in the company through various methods such as prevention, detection and reporting. The Group complies with the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, the Competition Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. We have established a series of anti-corruption related policies to regulate the behavior of employees and strengthen their anti-corruption awareness.

### Anti-corruption Policy

- The code of conduct is applicable to all directors, senior officers and employees of the Group
- Guidelines have been put in place to govern all staff's acceptance of advantages and any conflict of interest in carrying out their duties
- Training in anti-corruption is conducted regularly to ensure our people have the updates and constant understanding of anti-corruption policy of the company

### 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

During the reporting period, the Board of the Group approved and updated the Anti-corruption Policy and the Policy for Employees to Raise Concerns about Improprieties in accordance with the Corporate Governance Code updated in December 2021, which requires compliance from all directors, officers and employees of the Group and its subsidiaries. If employees of the Group discover any suspected corruption, bribery, money laundering and other illegal acts, they can report internally through the corresponding reporting mechanism and process. At the same time, the Group conducts anti-corruption training for employees on a regular basis, update relevant information on anti-corruption policies in a timely manner, so as to improve employees' awareness of what constitutes corruption and bribery, and promote the construction of a culture of integrity.

During the reporting period, the Group was not aware of any non-compliance with relevant laws and regulations<sup>8</sup> that have a significant impact on the Group relating to bribery, fraud and money laundering, nor was it involved in any corruption cases.

<sup>8</sup> Please refer to the section headed "Appendix 3 Applicable Laws and Regulations" for Anti-corruption-related laws and regulations.



### Whistleblowing Policy

The Group is endeavor to uphold internal integrity and accountability, encourage employees or external parties, such as customers, contractors and suppliers, to report any actual or suspected illegal acts involving corruption and money laundering through a confidential reporting channel. During the reporting period, the Group updated the Policy for Employees to Raise Concerns about Improprieties to provide clear reporting and investigation procedures for reporting wrong doing by internal employees or external parties.

The Group keeps the information of the complainant strictly confidential. We encourage the disclosing party to actively provide contact information, and accept anonymous reports and take appropriate actions to protect the whistleblower.

#### Employee Reporting Procedures

- Persons in charge include: heads of relevant departments, Chief Executive Officer, Chief Financial Officer and Chairman of the Board
- If the report involves the relevant person in charge, the report shall be submitted to the person in charge at the first level or submitted to the Audit Committee

#### External Personnel Reporting Procedures

- Mail to the Group's main camp in Hong Kong or direct email to [whistle@chq.ontime-express.com](mailto:whistle@chq.ontime-express.com)
- If the report involves the Chairman of the Board, raise concerns directly to the Audit Committee and send emails to the main camp in Hong Kong

Upon receipt of the report, the Group confirms and assesses the report within 5 working days to decide whether to commence an investigation. A special committee will be appointed to look into the reported matter. In the course of the investigation, the Audit Committee revises the relevant opinions to submit the final report. The Whistleblower will be informed of the final results of the investigation, wherever reasonably practicable. If the investigation results are in doubt, the relevant matters can be raised to the Audit Committee again. If the cause is reasonable, the Group conducts another investigation.

The Group makes every effort to treat all reports in strict confidentiality and in a fair manner. We strictly keep confidential of the identity and information of the reporting person, and do not disclose the identity of the Whistleblower without his or her consent. The Audit Committee reviews this policy regularly to enhance its effectiveness and encourage staff to report suspicious cases.

## Community Involvement

The Group has always been committed to actively participating in community affairs and community activities, seeking opportunities to cooperate with non-governmental organizations, so as to actively fulfill the Group's social responsibilities. We encourage our employees to take an active part in volunteer activities, dedicating their time and skills to benefit the society. Employees are entitled to an extra day off after accumulating 10 hours of volunteer service. During the reporting period, the Group has been committed to contributing to the communities we serve, developing the social sustainability and creating long-lasting value for society.

Due to continuation of class suspension and epidemic situation, students from grass-roots families lack regular social activities and their emotions are easily affected. With the relaxation of social distancing measures in Hong Kong, the Group and the Hong Kong Young Women's Christian Association (Hong Kong YWCA) co-organised the "Parent-Child Twirling Balloon Christmas Party". In addition to celebrating Christmas with 30 low-income families in the community, we shared the fun of twisting balloon with the public and sparked positivity. By helping to build a more inclusive community, the Group also distributed Christmas gift packages to all participants. The activity was designed to let all participated families and volunteers stay optimistic during a pandemic and enjoy the moment of Christmas without pressure.



### Love & Care Volunteer Day

The Group has always been committed to caring for the elderly in the community and actively fulfilling its corporate social responsibility. During the reporting period, the Group donated mooncakes to Rongguang Community during the Mid-Autumn Festival, provide the social care to the elderly. In the future, the Group will continue to respond to community needs and promote the concept of "Creating Shared Value" and work towards an inclusive society.



## APPENDIX

### Appendix 1: Performance Data Summary

ENVIRONMENTAL <sup>9</sup>	2022	2021
<b>A1 Emissions</b>		
<b>Greenhouse gases<sup>10</sup> (tCO<sub>2</sub>e)</b>		
Scope 1 Direct emissions	33.8	41.1
Scope 2 Energy indirect emissions	118.7	187.8
Scope 3 Other indirect emissions	62.3	72.2
Total greenhouse gas emissions	214.8	301.1
GHG emissions intensity by floor area (tCO <sub>2</sub> e/m <sup>2</sup> )	0.05	0.08
<b>Air Emissions (Kg)</b>		
Sulphur oxides (SO <sub>x</sub> )	1.7	0.8
Nitrogen oxides (NO <sub>x</sub> )	200.9	160.4
Respiratory suspended particles (RSP)	13.2	11.5
<b>Waste (tonnes)</b>		
Hazardous Waste	0.07	0.05
Hazardous Waste intensity by floor area (tonnes/thousand m <sup>2</sup> )	0.018	0.012
Non-hazardous Waste	19.6	23.7
Non-hazardous Waste intensity by floor area (tonnes/m <sup>2</sup> )	0.005	0.006
<b>A2 Use of Resources (MWh)</b>		
Petrol	63.6	124.9
Diesel	53.6	13.4
Electricity	238.7	405.4
Total Energy Consumption	355.9	543.7
Energy intensity by floor area (MWh/m <sup>2</sup> )	0.09	0.14
Water Consumption <sup>11</sup> (m <sup>3</sup> )	87	170
Water intensity (m <sup>3</sup> /m <sup>2</sup> )	0.05	0.04

<sup>9</sup> **Environmental KPIs calculation methodology**

Environmental KPIs stated in the report are calculated with reference to HKEX's "How to Prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs".

<sup>10</sup> **GHG calculation methodology**

GHG emissions calculations are referenced from the "Corporate Greenhouse Gas Emissions Accounting Methods and Reporting Guidelines Power – Generation Facilities" published by the Ministry of Ecology and Environment of the People's Republic of China in 2022 and the 2021 Sustainability Report of China Light and Power (CLP).

<sup>11</sup> Includes water consumption at Hong Kong offices only.

SOCIETY	2022	2021
<b>B1 Employment</b>		
<b>B1.1 Total workforce by geographical region, age group, gender and position level</b>		
<b>Total number of employees<sup>12</sup> (person)</b>	266	273
<b>Geographical distribution</b>		
Shanghai, the PRC	147	157
Hong Kong	119	116
<b>Age Distribution</b>		
< 30	64	55
30-40	124	146
41-50	63	58
> 50	15	14
<b>Gender Distribution</b>		
Male	139	138
Female	127	135
<b>Position Level Distribution</b>		
Top Executive Management	1	2
Senior Management	23	23
Middle Management	40	48
General Employees	202	200
<b>B1.2 Employee turnover rate by geographical region, age group and gender</b>		
<b>Geographical distribution</b>		
Shanghai, the PRC	16.3%	14.0%
Hong Kong	20.2%	41.4%
<b>Age Distribution</b>		
< 30	26.6%	50.9%
30-40	16.9%	17.1%
41-50	14.3%	17.2%
> 50	6.7%	50.0%
<b>Gender Distribution</b>		
Male	19.4%	26.1%
Female	16.5%	25.2%

<sup>12</sup> All employees are full-time, the Group did not employ part-time staff.



SOCIETY	2022	2021
<b>B2 Health and Safety</b>		
<b>Occupational Safety and Health Performance</b>		
Number of work-related injuries	0	0
Number of work-related injuries (person)	0	0
Lost days due to work injury (day)	0	0
Number of work-related fatalities (person)	0	0
<b>B3 Development and Training</b>		
<b>Total training hours of employees (hours)</b>	427	305
<b>Average training hours of employees (hour/person)</b>		
<b>By Gender</b>		
Male	2.32	1.62
Female	0.83	0.6
<b>By Position Level</b>		
Top Executive Management	1.00	0.50
Senior Management	0.30	1.35
Middle Management	4.30	2.33
General Employees	1.22	0.50
<b>Percentage of employees trained</b>		
<b>By Gender</b>		
Male	68%	63%
Female	57%	60%
<b>By Position Level</b>		
Top Executive Management	100%	50%
Senior Management	30%	34%
Middle Management	50%	40%
General Employees	69%	70%

SOCIETY	2022	2021
<b>B5 Supply Chain Management</b>		
<b>Total number of suppliers</b>	602	685
<b>By region</b>		
Asia	539	597
Europe	39	53
North America	9	13
South West Pacific	4	5
Middle East	3	5
South America	6	8
Africa	2	4
<b>B8 Community Investment</b>		
<b>Resources contributed to the focus area</b>		
Volunteer work (hours)	6	7





## Appendix 2: HKEX ESG Content Index

### GOVERNANCE

Indicators	HKEX ESG Reporting Guide Requirements	Section/Remarks	Page
<b>Governance Structure</b>			
General Disclosure	A statement from the Board containing: (i) Disclose the Board's oversight of ESG issues; (ii) the Board's ESG management approach and strategy, including the process of evaluating, prioritising and managing material ESG-related issues (including risks to the issuer's business); and (iii) how the Board reviews progress against ESG-related objectives and explains how they relate to the issuer's business.	Sustainability Governance — Board statement	5
<b>Reporting Principles</b>			
General Disclosure	<p>Description or explanation of how the following reporting principles have been applied in the preparation of the ESG Report:</p> <p>Materiality: The ESG Report should disclose: (i) the process for identifying and selecting material ESG factors; and (ii) if the issuer has engaged stakeholders, a description of the identified material stakeholders, and the process and results of the issuer's stakeholder engagement.</p> <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, if any, or any other relevant factors affecting a meaningful comparison.</p>	The Group has fully considered and followed the principles of materiality, quantitative and consistency when preparing the Report.	
<b>Reporting Scope</b>			
General Disclosure	An explanation of the reporting scope of the ESG Report and a description of how the entities or businesses are selected for inclusion in the ESG Report. If the scope of the report changes, the issuer should explain the differences and the reasons for the changes.	REPORTING SCOPE AND BOUNDARY	2

## ENVIRONMENTAL

Indicators	HKEX ESG Reporting Guide Requirements	Section/Remarks	Page
<b>A. ENVIRONMENTAL</b>			
<b>Aspect A1: Emissions</b>			
General Disclosure	Relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste: (a) the Policy; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer information.	ENVIRONMENTAL PROTECTION	10–14
KPI A1.1	The types of emissions and respective emissions data.	ENVIRONMENTAL PROTECTION – Emission Management	12–13
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	ENVIRONMENTAL PROTECTION – Emission Management	12
KPI A1.3	Total hazardous waste produced and intensity.	ENVIRONMENTAL PROTECTION – Waste Management	14
KPI A1.4	Total non-hazardous waste produced and intensity.	ENVIRONMENTAL PROTECTION – Waste Management	14
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	ENVIRONMENTAL PROTECTION – Emission Management	12
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	ENVIRONMENTAL PROTECTION – Waste Management	14



Indicators	HKEX ESG Reporting Guide Requirements	Section/Remarks	Page
<b>Aspect A2: Use of Resource</b>			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	ENVIRONMENTAL PROTECTION — Use of Resources	11
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	ENVIRONMENTAL PROTECTION — Use of Resources	11
KPI A2.2	Water consumption in total and intensity.	ENVIRONMENTAL PROTECTION — The Environment and Natural Resources	14
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	ENVIRONMENTAL PROTECTION — Emission Management	13
KPI A2.4	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.	ENVIRONMENTAL PROTECTION — The Environment and Natural Resources	14
KPI A2.5	Total packaging material used for finished products and with reference to per unit produced.	The Group's operations do not involve any use of packaging materials.	
<b>Aspect A3: The Environment and Natural Resources</b>			
General Disclosure	Policies on minimising the issuers' significant impact on the environment and natural resources.	ENVIRONMENTAL PROTECTION — The Environment and Natural Resources	14
KPI A3.1	Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them.	ENVIRONMENTAL PROTECTION — The Environment and Natural Resources	14
<b>Aspect A4: Climate Change</b>			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	ENVIRONMENTAL PROTECTION — Response to Climate Change	10-11
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	ENVIRONMENTAL PROTECTION — Response to Climate Change	10-11

## SOCIETY

Indicators	HKEX ESG Reporting Guide Requirements	Section/Remarks	Page
<b>B. SOCIAL</b>			
<b>Aspect B1: Employment</b>			
General Disclosure	Relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare: (a) the Policy; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer information.	EMPLOYEE PROTECTION — Recruitment and Dismissal — Employee Benefits and Allowances — Employee Rights, Equal Opportunities and Diversity	17–18
KPI B1.1	Total workforce by gender, employment type (for example, full-or parttime), age group and geographical region.	EMPLOYEE PROTECTION — Employee Profile	15
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	EMPLOYEE PROTECTION — Employee Profile	16
<b>Aspect B2: Health and Safety</b>			
General Disclosure	Information relating to providing a safe working environment and protecting employees from occupational hazards: (a) the Policy; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer information.	EMPLOYEE PROTECTION — Occupational Health and Safety	18–19
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	No work-related fatalities were recorded in the past three years.	
KPI B2.2	Lost days due to work injury.	EMPLOYEE PROTECTION — Occupational Health and Safety	18
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	EMPLOYEE PROTECTION — Occupational Health and Safety	18–19



Indicators	HKEX ESG Reporting Guide Requirements	Section/Remarks	Page
<b>Aspect B3: Development and Training</b>			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	EMPLOYEE PROTECTION — Training and Development	19–21
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	EMPLOYEE PROTECTION — Training and Development	20
KPI B3.2	The average training hours completed per employee by gender and employee category.	EMPLOYEE PROTECTION — Training and Development	20
<b>Aspect B4: Labour Standards</b>			
General Disclosure	Relating to preventing child and forced labour: (a) the Policy; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	EMPLOYEE PROTECTION — Labour Standards	18
KPI B4.1	Description of measures to review employment practises to avoid child and forced labour.	EMPLOYEE PROTECTION — Labour Standards	18
KPI B4.2	Description of steps taken to eliminate such practises when discovered.	EMPLOYEE PROTECTION — Labour Standards	18
<b>Aspect B5: Supply Chain Management</b>			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	OPERATIONAL EXCELLENCE — Supply Chain Management	22
KPI B5.1	Number of suppliers by geographical region.	OPERATIONAL EXCELLENCE — Supply Chain Management	22
KPI B5.2	Description of practises relating to engaging suppliers, number of suppliers where the practises are being implemented, how they are implemented and monitored.	OPERATIONAL EXCELLENCE — Supplier Selection and Risk Management	22
KPI B5.3	Description of practises used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	OPERATIONAL EXCELLENCE — Supply Chain Management	22
KPI B5.4	Description of practises used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	OPERATIONAL EXCELLENCE — Sustainable Procurement	22

Indicators	HKEX ESG Reporting Guide Requirements	Section/Remarks	Page
<b>Aspect B6: Product Responsibility</b>			
General Disclosure	Information relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress: (a) the Policy; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer information.	OPERATIONAL EXCELLENCE — Product Responsibility	23
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	OPERATIONAL EXCELLENCE — Product Sales and Labelling	24
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	OPERATIONAL EXCELLENCE — Quality Assurance	23
KPI B6.3	Description of practises relating to observing and protecting intellectual property rights.	OPERATIONAL EXCELLENCE — Intellectual property and data privacy protection	24
KPI B6.4	Description of quality assurance process and recall procedures.	OPERATIONAL EXCELLENCE — Quality Assurance	23
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	OPERATIONAL EXCELLENCE — Privacy Protection	24



Indicators	HKEX ESG Reporting Guide Requirements	Section/Remarks	Page
<b>Aspect B7: Anti-corruption</b>			
General Disclosure	Relating to bribery, extortion, fraud and money laundering: (a) the Policy; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer information.	OPERATIONAL EXCELLENCE – Anti-corruption	25–26
KPI B7.1	Number of concluded legal cases regarding corrupt practises brought against the issuer or its employees during the reporting period and the outcomes of the cases.	OPERATIONAL EXCELLENCE – Anti-corruption	25
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	OPERATIONAL EXCELLENCE – Anti-corruption – Whistleblowing Policy	26
KPI B7.3	Description of anti-corruption training provided to directors and employees.	OPERATIONAL EXCELLENCE – Anti-corruption – Whistleblowing Policy	26
<b>Aspect B8: Community Investment</b>			
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.	OPERATIONAL EXCELLENCE – Community Involvement	27
KPI B8.1	Focus areas of contribution.	OPERATIONAL EXCELLENCE – Community Involvement	27
KPI B8.2	Resources contributed to the focus area.	OPERATIONAL EXCELLENCE – Community Involvement	27

### Appendix 3: Applicable Laws and Regulations

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