



2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

YesAsia Holdings Limited

(Incorporated in Hong Kong with limited liability)

Stock Code : 2209

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ABOUT THIS REPORT

Welcome to YESASIA's 2022 Environmental, Social and Governance Report

This Report is YesAsia Holdings Limited's ("YesAsia" or the "Company", together with its subsidiaries, the "Group") (stock code: 2209) second environmental, social and governance ("ESG") report ("this ESG report" or "this Report") since its public listing on 9 July 2021. It covers the Group's sustainability approach and policies, and reviews its performance and strategy against ESG-related risks and targets. This ESG report is published in English on our website (<https://www.yesasiaholdings.com>) and The Hong Kong Stock Exchange Limited ("HKEx")'s website (<http://www.hkexnews.hk>) and should be read in conjunction with our 2022 Annual Report and the Corporate Governance Report contained therein.

Reporting Frameworks

Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide" or "Guide") as set out in Appendix 27 to the Rules Governing the Listing of Securities on HKEx ("Listing Rules")

- This ESG report was prepared according to new ESG Reporting Guide disclosure obligations published by the HKEx in December 2019. We comply with a series of mandatory disclosure requirements by including an explicit statement from the board of directors of the Company ("Board") setting out the Board's consideration of ESG issues, and description of our governance structure and the management of environmental and social risks. A materiality assessment has been conducted to determine our reporting on the "comply or explain" provisions in respect of the Environmental and Social Aspects as set out in Appendix 27 to the Listing Rules.
- A content index could be found in the section "The Stock Exchange's ESG Reporting Guide: Index Table" at the end of this report.
- This Report has complied with all mandatory disclosure requirements and "comply or explain" provisions outlined in the Guide. This Report also references selected disclosures, or parts of their content, from the United Nations Sustainable Development Goals ("UN SDGs").

Overview of YesAsia

Established in 1997, YesAsia is an online retailer headquartered in the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong") which engages in the procurement and sale of third-party branded and unbranded Asian fashion & lifestyle, beauty, and entertainment products to customers around the world. We primarily sell the products through our online platforms, complemented by a portion of sales of entertainment products through our offline business-to-business ("B2B") sales channel.

Our principal business activities can be divided into two business segments: (i) sales of fashion & lifestyle and beauty products on our www.YesStyle.com ("YesStyle") online B2C and mobile app platforms, and www.AsianBeautyWholesale.com ("AsianBeautyWholesale") online B2B platform; and (ii) sales of entertainment products on our www.YesAsia.com online B2C platform and through our offline B2B sales channel.

Our corporate headquarter is located in 5/F, KC100, 100 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong. As at 31 December 2022, we leased seven, one and one properties in Hong Kong, Japan, and the Republic of Korea ("South Korea"), respectively, with an aggregate gross floor area of approximately 255,354, 1,921 and 4,915 square feet respectively. We do not own any properties. Our leased properties are primarily used as offices and warehouse, as well as provision of logistics services to external customers.

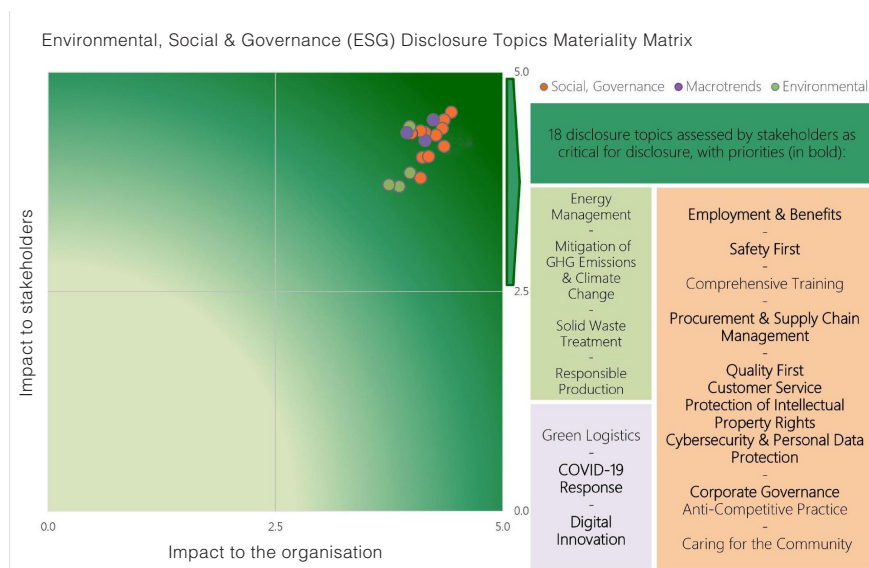
Reporting Boundary

This ESG report covers the Group’s sustainability approach, policies, performance and strategy for the financial year ended 31 December 2022 (“**Reporting Year**”), which is consistent with that of the Company’s annual report. Information and data were collected in relation to the Group’s operations, including sourcing, product trading, logistics & warehouse service and investment holding activities at (i) the offices and warehouses in Hong Kong, (ii) the office in Japan, and (iii) the office in South Korea, unless otherwise stated. These 9 facilities/sites corresponds to all of YesAsia’s operational regions and wholly-owned subsidiaries during the Reporting Year. The number of the group’s facilities/sites has decreased from 11 to 9 due to the termination of a lease agreement during the Reporting Year.

Reporting Principles

According to the Guide, the following principles are underpinned:

Materiality: During 2022, our ESG working group (“**Working Group**”), comprised of management personnel from various teams within YesAsia such as Product, Logistics & Warehouse, Human Resources (“**HR**”), Information Technology (“**It**”) and Customer Service (“**CS**”), engaged an independent third-party consultant in the design and implementation of stakeholder



engagement exercise on the topic of corporate sustainability. Apart from aligning with the framework under the Guide, macrotrends in ESG and our industry were also incorporated in the survey. 18 ESG topics were identified and assessed. Our internal and external stakeholders were invited to participate, and we received responses from the Board, customers, employees and suppliers evaluating the importance of each topic to the sustainability of the business of the Group. The exercise constitutes a crucial part of our materiality assessment process.

The survey results are mapped onto a disclosure topic materiality matrix, reflecting the relative importance of each ESG topic identified.

With 18 disclosure topics placed within Quadrant I, results show that external and internal stakeholders view all topics as material to the business and critical for disclosure.

Details on the materiality assessment process and outcomes, including an enlarged view of Quadrant I, are set out in the “Materiality assessment” section of this Report. Disclosure on material topics is set out in the “Material topics” section of this Report.

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Quantitative: Key performance indicators (“**KPIs**”) on the Group’s ESG performance are prepared and presented while ensuring that they will be measurable and comparable to historical data. *Appendix 2: Reporting Guidance on Environmental KPIs* and *Appendix 3: Reporting Guidance on Social KPIs* issued by the HKEx under its “*How to Prepare an ESG Report*” publication, and relevant internationally recognised methodologies are referenced for all quantitative calculations.

- **Greenhouse Gas (GHG) emission calculation references and methodologies** are based on the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 edition) published by the Environmental Protection Department (EPD) and the Electrical and Mechanical Services Department (EMSD) of the Hong Kong Government, the IPCC Sixth Assessment Report (AR 6).

Consistency: have been used in this report to allow meaningful comparisons of relevant data over time and changes in methodologies and reporting scope are clarified in the notes for stakeholders reference.

Balance: The Group objectively reports its performance in the environmental, social and governance areas during the Reporting Year, and discloses the results achieved, the problems encountered and the improvement areas in a responsible manner.

Review and Approval

The board (the “**Board**”) of directors (the “**Directors**”) acknowledges its overall responsibility for the Group’s ESG strategy and reporting and ensuring the integrity of the Report and to the best of their knowledge, this Report addresses all relevant material issues and fairly presents the ESG performance of the Group. The Board confirms that it has reviewed and approved the Report. The Report was reviewed and approved by the Board of the Company on 21 April 2023.

Consistency: Consistent statistical methods have been used in this report to allow meaningful comparisons of relevant data over time and changes in methodologies and reporting scope are clarified in the notes for stakeholders reference.

MATERIALITY ASSESSMENT

Methodology of Materiality Assessment

As we developed our ESG report, we engaged directly with stakeholders in the materiality assessment process. This helped us to identify and prioritize the issues that are most relevant to the business and have a significant impact on our stakeholders. The results are illustrated in this report.

1. Identifying and prioritising material topics

The Working Group enlisted the help of an independent third-party consultant to design and implement a stakeholder engagement exercise focused on corporate sustainability. This involved reviewing internal documents, company policies, consulting subject matter experts, aligning with reporting frameworks proposed by the HKEX, and incorporating the macrotrends in ESG and our industry to identify a total of 18 material topics for further assessment. Additionally, Board members were interviewed to confirm the relevance of these topics to sustainability performance management. The independent consultant conducted industry research and compared our Company's performance with peers, and identified a range of sustainability issues related to our environmental and social impacts.

2. Validating topics with internal and external stakeholders

To ensure a representative sample of external stakeholders are involved in the process, we invited long-term partners such as customers and suppliers who play a significant role in our annual revenue generation and operational success for their participation. Our internal stakeholders consist of staff members who demonstrate awareness of environmental and climate-related issues and have a good understanding of our main businesses and associated industry. We conducted an online survey independently over a period of five weeks, ensuring stakeholder anonymity and confidentiality. We invited a total of 108 stakeholders, including the Board, employees, customers and suppliers, to rate the importance of sustainability topics to our overall business operations. Additionally, we sought feedbacks on how *YesAsia's* sustainability performance has influenced and/or will shape their business relationships with us.

3. Ranking of topics and establishment of materiality matrix

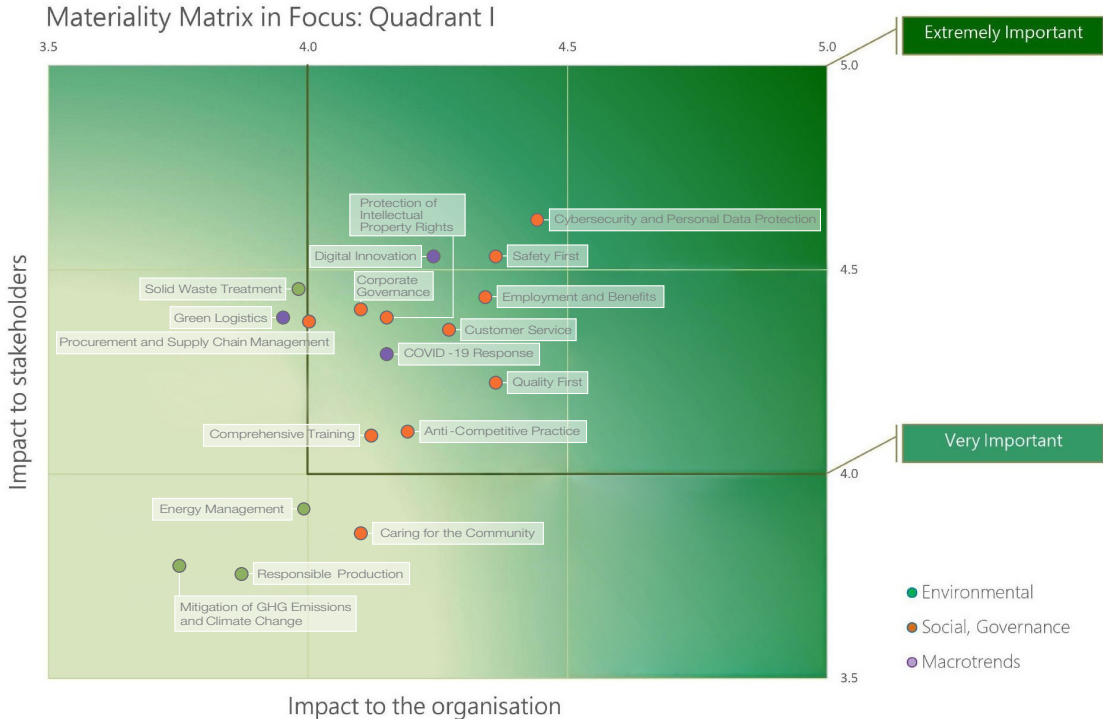
The stakeholders evaluated and ranked the sustainability topics based on their perceived level of significance. Using this information, a matrix was created to plot these topics. The resulting materiality matrix presents these topics based on their importance to our sustainability and society, as well as their relevance to the success and operations of our business.

4. Validation and review

After analysing stakeholder survey results, the Board reviewed and determined the scope, topic boundaries and completeness of the prioritised material topics. In the Report, the management approach, key performance indicators and relevant data of the material topics are disclosed. For future reports, the Company will perform a regular review of the material topics by collecting stakeholder feedbacks and ensuring the topics align with our sustainability strategy.

Materiality Matrix and the Prioritisation of Material Topics

A materiality matrix graphically represents the engagement outcome. With 18 topics placed within Quadrant I which have scores exceeding 3.5 in both “Impact to stakeholders” and “Impact from organisation”, the results indicate that external and internal stakeholders view 18 topics as material to the business. The relative positions of each topic to one other offers insight about how we could further prioritise resources to demonstrate the resilience of our business activities and operations in relation to sustainable growth.



The results of the materiality analysis help identify the top material ESG topics and the key disclosures to be included in the Report. The prioritisation of topics also establishes the foundation for future ESG strategy and risk management.

The ESG topics are further prioritised according to their perceived materiality. ESG topics with the scoring of 4 or above in both perspectives of “Impact to stakeholders” and “Impact to the organisation” are identified as the top material ESG topics.

The top material ESG topics are:

Cybersecurity and Personal Data Protection, Quality First, Safety First, Employment and Benefits, Customer Service, Digital Innovation, Anti-Competitive Practice, Protection of Intellectual Property Rights, COVID-19 Response, Comprehensive Training, Corporate Governance, Procurement and Supply Chain Management.

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The other ESG topics are:

Green Logistics, Energy Management, Caring for the Community, Responsible Production, and Mitigation of GHG Emissions and Climate Change.

The top material ESG topics have been taken into consideration in our ESG policy development and the resource allocation in the ESG management approaches. Our information under the top material topics has been organised and shown as key disclosures in the preparation of this Report to respond to the demands and expectations of our stakeholders.

The analysis (including stakeholder engagement and materiality assessment) meets the requirements of the Stock Exchange and demonstrates the application of the four reporting principles towards the preparation of reporting content.

In order to ensure consistency with the reporting structure and highlight our full compliance with the disclosure obligations, we present the 18 ESG topics in the table below, in association with the 12 Social and Environmental Aspects defined by the HKEx:

ESG Topics	HKEX Aspect
Mitigation of GHG Emissions	A1 Emissions
Energy Management	A2 Use of Resources
Green Logistics	A2 Use of Resources
Responsible Production	A2 Use of Resources
	A3 The Environment and Natural Resources
Climate Change	A4 Climate Change
Employment and Benefit (including Fair Recruitment)	B1 Employment and Benefits B4 Labour Standard
Safety First	B2 Health and Safety
Comprehensive Training	B3 Development and Training
Procurement and Supply Chain Management	B5 Supply Chain Management
Customer Service	B6 Product Responsibility
Quality First	B6 Product Responsibility
Cybersecurity and Personal Data Protection	B6 Product Responsibility
Protection of Intellectual Property Rights	B6 Product Responsibility
Corporate Governance	B1 Employment
Anti-Competitive Practices	B7 Anti-Corruption
Caring for The Community	B8 Community Investment
Digital Innovation	A2 Use of Resources
COVID-19 Response	B2 Health and Safety

OUR APPROACH TO SUSTAINABILITY

Statement From the Board

Board Oversight

Our board is comprising eight male members and one female members, the board is sufficiently diverse in terms of gender, age, cultural and education background, knowledge and professional experience. *YesAsia's* ESG performance, management approach and strategy are overseen by our Board through the risk and compliance committee ("**Committee**") comprising Mr. Lau Kwok Chu, Ms. Chu Lai King and Mr. Chu Kin Hang, all of whom are executive Directors. Responsibilities of the Committee include establishing, adopting and reviewing ESG policies and assessing ESG-related risks of the Group on an annual basis. To ensure that ESG-related issues are fully integrated into our business strategy, the scope of work of our Board committees has been expanded to include ESG-related issues of our Group.

In order to spearhead this effort, the Working Group has been established under the Committee. The Working Group has been designated as the key task force responsible for sustainability performance review and overall reporting process of the Group with the publication of our second ESG report.

As authorized by the Committee, the Working Group is responsible for formulating ESG-related management strategies, coordinating and managing related policies and measures, as well as conducting risk assessments and engaging stakeholders for feedbacks.

Assisted by the Committee and supported by the Working Group, our Board reviews *YesAsia's* ESG performance, progress made against ESG-related goals and targets and disclosures reported annually during the annual Board meeting and advises on identified issues and areas for improvement. The Board and, if necessary, our management will review and monitor internal control procedures from time to time to ensure their effectiveness and efficiency. Besides, we have formulated ESG policies to reduce the risks related to our business, with the aim to ensure instant response to the evolving environment and threats. The Board reserves the right of final approval on the following decisions: determination of sustainability-linked executive compensation and benefits, selection of location and sites of company leased properties (e.g. offices and warehouses), and setting of mid- to long-term performance targets

ESG Target Setting and Risk Management

During the Reporting Year, to reduce the carbon footprint of our operations, the Working Group has proposed measurable mid-term environmental targets to be met by 2025, and the proposed targets have been strongly supported by endorsement by the Board. The targets will apply to ESG performance evaluation across all our operations and sites in Hong Kong, where majority of our operations are located.

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We have assessed and categorised the following ESG risks, from extremely low to high, on the basis of their potential impact and possibility of occurrence:

Risk Levels	ESG Risks
<i>Extremely Low</i>	Water management Energy efficiency Climate change mitigation Natural disaster risk (NDR) reduction
<i>Low</i>	Waste and recyclables management Research and development of own/branded product/platform Anti-competitive/anti-trust practices
<i>Medium</i>	Equal opportunities Supply chain management Green procurement Corporate governance Caring for the community
<i>High</i>	Employee benefits and welfare Occupational health and safety Talent management Product safety Product diversity Information security and personal data protection Intellectual property rights and protection Digital innovation COVID-19 response

Challenges and opportunities

We aim to achieve various objectives such as promoting environmental protection through corporate social responsibility, complying with applicable laws and regulations, expanding shareholder diversity and access to capital markets. To ensure progress towards achievement of these goals, we require continuous enhancement in corporate governance and timely reporting and assessment.

To ensure sustainability contributions from our management teams and executive members and to drive positive long-term value for our business and stakeholders, the Board will continue to strengthen its oversight on ESG-related goals and targets by reviewing and approving budgets, business objectives and targets. This will enable the Board to play a more active role in reinforcing sustainability efforts.

STAKEHOLDER ENGAGEMENT

The Company acknowledges the significant contributions by stakeholders to progress towards a sustainable developments and values their feedbacks and opinions to guide our management strategy on pertinent sustainability matters. To ensure transparent communication with stakeholders, the Company has implemented whistleblowing channels as an integral part of its corporate governance and stakeholder engagement framework. Furthermore, the Company has established various communication channels to facilitate effective engagement with diverse stakeholders and gain insight into their expectations regarding the Company’s long-term growth trajectory.

The following table provides an overview of our ongoing communication activities with key stakeholders, to identify and address their concerns:

Key Stakeholders	Main Communication Channels
Communities	<ul style="list-style-type: none"> • Company’s website and social media • ESG Reports
Customers	<ul style="list-style-type: none"> • Company’s website and social media • Customer opinion survey • Enquiry by E-mail • Product ratings
Shareholders	<ul style="list-style-type: none"> • Company’s website • Annual reports, interim reports and circulars to shareholders • General meetings with shareholders • Investor meetings • Press releases and announcements
Suppliers	<ul style="list-style-type: none"> • Company’s website and social media • Correspondence through E-mail, letters and messaging applications • Regular meetings
Employees	<ul style="list-style-type: none"> • Intranet and E-mail • Channel for anonymous complaints and feedbacks • Surveys • Regular performance reviews • All staff townhall meetings

KEY ESG AWARDS

YesAsia Holdings Limited

Say Yes To Breastfeeding Certificate of Appreciation

2022/2023

Awarded by Unicef

HKSAR 25th Anniversary Enterprise Outstanding Award in the Ecommerce Industry

2022

Awarded by Metro Broadcast

Youth Ambassador Program Award at the Hong Kong HR Awards

2021, 2022

Awarded by JobsDB

Hong Kong's Most Outstanding Business Awards

2019, 2020

Awarded by CORPHUB

PayPal Top Seller

2018, 2019

Awarded by PayPal

YesStyle.com Limited

Caring Company

2022

Awarded by The Hong Kong Council of Social Service

Happy Company

2022

Awarded by Promoting Happiness Index Foundation

Caring Company

2021

Awarded by the Hong Kong Council of Social Service

Young Ambassador Program Award from the Hong Kong HR Awards

2021

Awarded by JobsDB

Best Diversity & Inclusion Strategy Award (Gold) from the Best HR Awards

Dec 2021

Awarded by Ctgoodjobs

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Cosmetics Retailer of the Year – Hong Kong

Aug 2021

Awarded by Retail Asia Awards

Technology Excellence Award – E-commerce Retail

2020

Awarded by the Hong Kong Business

Asia's Most Prominent Online Fashion and Beauty Products Retailer Of The Year at Asia's Most Valuable Service Awards

2020

Awarded by Myth Focus

1 Beauty And Fashion Platform Of The Year, Hong Kong's Most Outstanding Service Awards

2020

Awarded by CORPHUB

Asia's Best E-tailing Awards – Best Cross-border Award 2020

2020

Awarded by ABEA

MATERIAL TOPICS

CUSTOMER SERVICE

Associated Aspect under the Guide:

Aspect B6 Product Responsibility

Connection with United Nations Sustainable Development Goals (UN SDGs):

UNSDGs covered in this chapter:



Annual performance

To address the challenges of rising food and fuel inflation and maintain our competitiveness, the Group is prioritizing cost savings and operational efficiency through new initiatives. This includes close collaboration with our strategic logistics partner, CN Logistics International Holdings Limited (“**CN Logistics**”), to optimize delivery of products to overseas markets at favourable rates compared to other providers. In addition, the Group’s wholly-owned subsidiary, YA Logistics Limited (“**YA Logistics**”), has leased a robotics warehouse to lower fulfilment labour costs and expand capacity for anticipated growth in the online business.

We strictly abide by applicable regulations of the regions where we have business operations, including advertisements regulations in Hong Kong such as Trade Marks Ordinance, The Fair Labelling and Advertising Act in Korea etc. During the Reporting Year, the Group was not aware of any major violations of applicable laws and regulations relating to health and safety, advertising, labelling and privacy matters and methods of redress that may have a significant impact on the Group.

Customer profile

Our e-commerce platform customer base typically includes end-users or small-scale business owners who may discover our websites and mobile app through search engines, third-party social media platforms, or advertisements on other websites. We are fortunate to have accumulated a varied customer base. In contrast, our offline B2B customers primarily consist of local entertainment retailers in Japan.

Customer engagement, marketing, and advertising

Connecting with customers directly and receiving instant feedbacks on our products and services is made possible through the use of social media platforms. The feedbacks from these platforms helps us to formulate targeted and effective marketing and promotion strategies and adjust our product portfolio to better match the preferences of consumers. We are proud to have more than 3.74 million social media followers across various platforms, such as Instagram, Facebook, Pinterest, Twitter, and YouTube, which ensures that we have continuous and comprehensive exposure to our customers. Our followers and visitors to our social media accounts can easily be directed to our websites and mobile app, making it more convenient for them to find items of interest.

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Our comprehensive digital marketing strategy employs a variety of media tools to maximize our exposure to our target consumers. We have internal control policies in place to monitor the content we upload to social media platforms to ensure compliance with their policies. To consistently gauge tastes and trends, we collect market feedbacks, timely assess market trends and industry dynamics, and stay up-to-date on emerging consumer trends. These policies enable us to provide a balanced assortment of goods that meet customer demands.

Apart from social media marketing, we have also adopted performance marketing, retention marketing, and influencer marketing initiatives. We capitalize on the broad follower base of influencers and key opinion leaders (“KOLs”) to enhance our exposure and strengthen customer interactions. We launched our KOL initiative and ‘YesStyle Influencer Program’ in January 2018 and February 2019, respectively, which allowed us to cooperate with KOLs and influencers on different platforms to better understand customer demand, expand our reach to consumers, and promote the sales of our products.

Our influencer marketing initiatives have been successful, with approximately 279,000 KOLs and influencers from around the world joining us as of 31 December 2022. This has provided us with a broad follower base of millions of users, enabling us to reach a wider audience and increase our sales.

Our brand image is highly influenced by the multitude of influencers and KOLs we engage with to promote our products. The success of our marketing strategies hinges on our ability to carefully select appropriate influencers and KOLs. We do not rely on external agencies for this purpose but source our influencers and KOLs through our own channels. Our rigorous selection and management policies ensure that we maintain a consistent brand image and effectively leverage the popularity of these influencers and KOLs.

When selecting influencers and KOLs, we consider various factors, including their number of followers, historical post content, product categories, market trends and target audience. We award our KOLs with coupons for their self-created content and offer those who wish to receive commissions the opportunity to join our affiliate marketing program with a US-based affiliate marketing network. These criteria and policies help us to effectively manage and maintain our relationships with our KOLs while promoting our products to a wider audience.

Our commitment to selecting and managing our influencers and KOLs with care has been key to the success of our marketing efforts. By partnering with individuals who align with our brand values and target audience, we have been able to increase our reach and enhance our brand image. We will continue to leverage the power of influencers and KOLs to promote our products while maintaining a consistent brand image and upholding our values.

Customer retention

The quality and effectiveness of our customer service and operations play a critical role in retaining our customers. These functions are managed by both our in-house personnel and third-party service providers. Although outsourcing certain customer service activities, such as our help centre, could compromise our ability to maintain consistency across all our customer service processes, we have established a rigorous selection process to vet our service provider and monitor its performance.

Methods of redress

Our customers are welcomed to share their opinions and feedbacks on our websites, mobile app, and social media platforms. We have established policies to monitor and handle any inappropriate, false, or hostile product reviews. Additionally, we collect comments and feedbacks from visitors and customers to enhance our content and provide our suppliers and brand partners with current market insights. Our content is available in seven major global languages – English, French, German, Spanish, Italian, Dutch and Chinese – to cater to our diverse international audience.

Return and exchange policies

Throughout the Reporting Year, there were no significant cancellations of orders placed by our customers for any of our products. To ensure customer satisfaction and address any potential hesitation in shopping on our websites and mobile app, we have implemented flexible return and exchange policies. Depending on the product category and specific conditions, our customers may return or exchange their purchases within a 14-day period without providing any explanation. By prioritizing customer experience and loyalty, we can effectively acquire and retain customers, ultimately contributing to our success.

The *YesStyle Elite Club* retention marketing strategy involves the implementation of a loyalty program that incentivizes repeat purchases and fosters customer loyalty. The program, which is constantly under review, operates through a four-tier membership structure – Regular, Bronze, Silver, and Gold – with each tier offering unique membership discounts, coupons, and special promotions such as birthday offers. Members can progress to higher tiers by accumulating program tokens through various activities, including making purchases, writing product reviews, and downloading applications.

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In 2022, we have specific return and exchange policies for each of our platforms and product categories:

- *YesStyle* provides customers the option to return purchases of specific fashion, accessories, lifestyle, beauty, personal hygiene, and grooming products within a 14-day return period. Customers may request to return unwanted items, replace defective products, or exchange for a different size, subject to certain prescribed time periods, generally 14 days from the receipt of the order, depending on the product type. For certain fashion and lifestyle items, customers can request a size exchange within 14 days. It is important to note that returned items must be in their original packaging and in mint, unused condition. Incomplete returns may not be accepted.
- *YesAsia's* E-commerce platform allows customers who purchase video, music, selected TV, concerts and music videos, anime, and collectibles and toys to return their purchases within a 14-day return period. If the items are defective, we typically offer an exchange, except for selected game items and TV set-top boxes.
- Regarding *AsianBeautyWholesale* and offline B2B customers, returns or exchanges are typically only accepted for defective items. We cover the shipping cost for replacement items shipped to customers, regardless of whether the original product is defective or requested for exchange. However, customers are typically responsible for shipping expenses when returning a product to us, except for defective item returns or exchanges.

Our suppliers hold full responsibility for ensuring the quality of the products they provide. Defective products received by us may, at our sole discretion, be returned to the suppliers, and we generally do not incur losses for product returns. We would like to highlight that, to the extent permissible under relevant laws and regulations in Hong Kong, we typically do not offer warranties on products sold by us, including merchantability and fitness for a specific purpose. However, in cases where our suppliers offer product warranties for defects in materials or workmanship, we may, at our sole discretion, assist our customers in shipping the products to the relevant suppliers for repair or exchange.

To ensure that we deliver only the best quality products to our customers, our warehouse team performs a thorough check on products upon arrival, tags them with barcodes, and connects them to our inventory management system. Furthermore, we undertake a second round of checks when we pack the customer orders to minimize errors in delivering defective or incorrect goods.

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Enquiries handling

Our customer service team diligently records, scrutinizes, and evaluates all inquiries pertaining to our products and delivery services. Should any issues arise, our logistics and service team promptly address them in accordance with the directives of our customer service department. Additionally, our dedicated customer service staff is committed to responding to all inquiries via the original communication channel and follows up with customers daily to ensure their satisfaction. To monitor our staff's performance, each member has their own login account, which we use for performance analysis.

If there are concerns about product quality, we do our utmost to resolve this in a timely and efficient manner. We first review the comments and collect all the facts in detail to holistically understand the issues. Our quality team will first assess potential variations in our operating procedures. We will then involve our supplier to understand their process and initiate an investigation with the manufacturer when it is needed to identify any inaccuracy, oversight, or error during the whole production or quality assurance process. We will then plan and take measures to address the incidence, such as repair, replacement, or offer a discount. We finally follow up with customers to ensure they are satisfied with the solutions offered.

During the Reporting Year, our Group received 46,559 product- and service-related enquiries, which were all resolved satisfactorily. However, we did not receive any material complaint from our customers that had materially and adversely affected our business, nor did our Group make any material compensation to our customers as a result of any product liability claims or complaints from our customers.

	Total number of enquiries		Number of cases resolved satisfactorily	
	2022	2021	2022	2021
Product and service-related enquiries received ¹	46,559	41,229	46,559	41,229

The Group provides customer service through our customer relationship management (“**CRM**”) system, which is powered by advanced conversational AI technology. This technology enables us to automatically parse data, intent, and tasks from comprehensive customer interactions on a 24/7 basis, allowing us to provide prompt and efficient assistance to our customers at all times.

In addition to offering high-quality customer service, our CRM system also allows us to create tailored user journeys based on customer behaviour. By tracking customer interactions and purchases across different communication channels and monitoring the customer repeat order rate, we can gain valuable insights into which channels are most effective at generating revenue. This information helps us to optimize our communication strategy, allowing us to better target our marketing efforts and maximize revenue.

¹ Our customer service team defines and considers “enquiries” as all emails and enquiries received in relation to product exchange or refund.

Overall, our use of advanced conversational AI technology in our CRM system allows us to provide exceptional customer service while also maximizing revenue for our business. By leveraging data and insights to create tailored user journeys, we are able to deliver a highly personalized experience for each and every customer, ensuring their satisfaction and loyalty to our brand. Additionally, our customers can make queries and file complaints via various channels such as online written instant messaging, phone call, our official accounts on various social media platforms, and through emails to our customer service team or even directly to our CEO.

We have engaged different service providers located in certain key countries where we derive our revenue from, such as United States and Canada to provide our customers with return merchandise authorization service, customer relationship management as well as customer contact management solutions and services including email and other electronic channel support.

CYBERSECURITY AND PERSONAL DATA PROTECTION

Associated Aspect under the Guide:

Aspect B6 Product Responsibility

Connection with UN SDGs:

UNSDGs covered in this chapter:



Cybersecurity

The Company takes the protection of electronic information very seriously. We ensure that the confidentiality, integrity, and availability of all electronic data is safeguarded at all times. To achieve this, we have developed our own software, systems, and other technical tools, or we obtain them from reputable third-party technology service providers. Our IT infrastructure is composed of various in-house developed technology, which supports our front-end, back-end, catalogue, and data-mining systems. We have strict policies in place to ensure the secure transmission of confidential information over public networks, which is a top priority for us. To maintain continuous and undisturbed operations, we have partnered with a third-party service provider to manage our servers. In addition, we have obtained insurance coverage that protects us from any increased costs incurred due to business interruption caused by IT system breakdowns. Furthermore, we are also committed to maintaining the utmost level of security and protection for all electronic information in our care.

During the Reporting Year, we have hired an IT consultant in Hong Kong to conduct a thorough review of our IT systems and internal control policies related to personal data protection measures. The objective is to ensure compliance with relevant data privacy laws and regulations (“**Relevant Data Privacy Laws and Regulations**”) across our key business jurisdictions which include but are not limited to Personal Data (Privacy) Ordinance in Hong Kong, General Data Protection Regulation (“**GDPR**”) in European Union and California Consumer Privacy Act in the US, Personal Information Protection Act (PIPA) in Korea and The Protection of Personal Information Act in Japan etc.,. This comprehensive review involves a readiness assessment, gap analysis, gap fixing and remediation, and a re-assessment of our key business process areas. Our top priority is to ensure that the Company is maintaining a secure environment while accepting, processing, storing, or transmitting credit card information of customers. In this regard, we conducted a penetration test in November 2021, which was followed by a verification test (re-test after fixes) in September 2022. The focus of these tests was on meeting the requirements of the Payment Card Industry Data Security Standard (“**PCI DSS**”).

In the near future, we have exciting plans to enhance our technology stack even further. We have recently completed migrating our services to cloud data centres, which will result in faster speeds, improved reliability, and cost savings. With the development of our websites and mobile app, we anticipate a surge in real-time traffic and orders. To accommodate this growth, we will be implementing additional cyber security measures such as IDS, DDoS protection, WAF, and load balancing to ensure the safety and privacy of the personal data of our customers.

We take great pride in keeping our websites and mobile app up-to-date, ensuring that our customers have a seamless and enjoyable experience while reinforcing our professional brand image. As a testament to our commitment to serving a global audience, we recently introduced a Dutch version of our *YesStyle* website in 2022.

In addition, we have implemented a sophisticated CRM system that enables us to track customer entry points and product preferences, allowing us to provide tailored welcome journeys to our users. Moreover, we have launched integrated *YesStyle* App and Web journeys, which offer a range of exciting new features such as the ability to search for products by uploading images, and location-based personalization.

2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Product orders and transactions

Currently, product orders and payments for products we offer are made through our websites and systems. In such transactions, maintaining complete security for the transmission of confidential information, such as our customers credit card information, personal information, as well as billing and delivery addresses, is essential to maintain consumer confidence in visiting and purchasing on our platforms.

During the Reporting Year, we have not received any claims related to breach of confidential information due to platform vulnerabilities or confidentiality violations by our Group or our third-party service providers (e.g. courier companies), nor suffered any material adverse impact arisen therefrom.

Payment methods

Our acceptance of a diverse range of payment methods exposes us to risks associated with third-party payment processing. We provide our customers with several payment options, including bank transfers, credit cards, and third-party online payment platforms like PayPal, Apple Pay, Credit card, Sofort, iDeal, and Google Pay. To facilitate these transactions, we partner with payment gateway companies that constantly monitor our merchant accounts. Additionally, we have implemented a fraud detection system to flag potential fraudulent transactions. Our credit online team scrutinizes such transactions on a case-by-case basis.

During the Reporting Year, we have not encountered any material payment fraud that had materially and adversely affected our business or financial position. We are also subject to various rules, regulations and requirements, regulatory or otherwise, governing electronic funds transfers.

Employee training

Every year, we take security very seriously by planning and conducting comprehensive training sessions to equip our employees with the necessary knowledge to navigate any risks that might come our way during our day-to-day operations. Our team works hard to provide engaging training materials, informative seminars, and challenging email quizzes to ensure that our employees remain informed and prepared.

Moreover, our IT team is always on the lookout for new software features to deploy and continuously train our employees on their use. We understand the importance of staying up-to-date in the ever-evolving E-commerce industry, which is why we provide specialized training that focuses on technological advancements and consumer trends.

Privacy and personal data protection

Security of customer accounts is one of our top priorities. Through customer's online sales order, newsletter subscription, account registration, as well as our influencer program and other marketing and promotional campaigns, we collect, receive, store, and process a variety of personal, transactional and behavioural data from our customers within the storage and retention period prescribed by applicable laws and regulations, after which the personal information will be securely deleted. We have measures in place to obtain explicit consent from data subject prior to the collection of their personal data and procedures for them to opt-out of their consent. Processing of personal data by the Company is governed by the organization-wide privacy policy, terms of use, and IT security policy. Our privacy and security policy is available on our websites and mobile app, and we suggested to our customers to read them when they sign up for their account on the relevant platform.

Based on the review procedures performed, our IT consultant is of the view that our Group's internal control functions on personal data protection are adequate and effective, with no significant control deficiencies noted. Our Group, in material respect, has complied with all the major provisions in the European Union's General Data Protection Regulation, which data privacy regulation has a worldwide coverage regardless of the registered location of the business. We believe that we have applied adequate measures for safeguarding our visitors' and customers' personal information.

We employ a secure server, through which all information input by our customers is encrypted by the Secure Sockets Layer (SSL) before being sent and is securely protected against unauthorised access. We normally store these data in our own encrypted database. We collect these data mainly for our procurement, promotional and customer service purposes, and will only share such data within our Group and, if necessary for normal business operations, to certain key service providers, such as shipping vendors, billing and refund vendors and payment processors. Data processing activities within our Group are registered and maintained in a record with data classification, legal justification and retention schedule defined. A data protection impact assessment is performed following the registry of each data processing activity and approved by our data protection officer. Our customers may also contact us to remove their personal information from our database.

Protection of personal information, including that of customers and staff members, is important to our business. We have published our privacy policy on our online platforms and mobile app to inform our customers how their personal information is collected and used and their respective rights. For our staff members, we have issued internal policies for personal data handling.

2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In-house training

We take the protection of personal data seriously and prioritize the implementation of organizational and technical safeguards to ensure its safety. To this end, we provide annual training to our employees on data-related matters and privacy practices. We expect all our employees to adhere to the established business principles and ethical responsibilities outlined in the employee handbook, which governs the handling of personal data. These policies are communicated to all employees and help ensure confidentiality and data privacy compliance across our organization.

To ensure the highest level of privacy protection, all staff handling personal identifiable information are required to attend an annual data privacy training. Additionally, all employees are expected to sign a general non-disclosure agreement statement upon employment. Any updates to the employee handbook are shared with all employees via email, and they are expected to review and understand the updated provisions.

We also implement physical and logical access control management, which we update as necessary, and adopt secure browsing and electronic data transfer configurations to ensure the utmost security.

Regulations and compliance

During the Reporting Year, the Company has been in compliance with the Relevant Data Privacy Laws and Regulations in the operation of the business, and with no non-compliance cases observed.

QUALITY FIRST
Associated Aspect under the Guide:
Aspect B6 Product Responsibility
Connection with UN SDGs:
UNSDGs covered in this chapter:



Quality control of products

Our top priority is to maintain superior product quality and minimize any inconvenience caused to our customers due to incorrectly packed items. To achieve this, we meticulously scrutinize our suppliers right from the vendor selection process. We rely on market data, customer feedback, and reviews to evaluate their reputation and brand value. Our product support team conducts random inspections to ensure our product standards are met, and any concerns raised by customers are promptly addressed by our operations support team.

When packages from our suppliers reach our premises, we conduct a thorough quality check to identify any defects or damages. Our product team works closely with our suppliers to resolve any issues that may arise and ensure effective and efficient resolution.

Prior to delivery, our logistics team verifies every package against the customer's order record stored in our system. Each product is carefully scanned to ensure that the specifications and quantity are in accordance with the customer's order. Our commitment to quality control is unwavering, and we take pride in delivering products that meet our customer's expectations.

We constantly monitor the reviews that our customers post about the products available on our E-commerce platforms. Our E-commerce platforms have clear and easily accessible policies and procedures for returns. Whenever a customer contacts us with an inquiry about a product, we carefully examine and investigate the product to ensure that it meets the quality standards specified on our E-commerce platforms. Thanks to our well-established relationships with our suppliers, we are able to promptly address our customers' requests for returns and exchanges.

We provide our customers with various communication channels, including chatbots, email support, and direct communication with our CEO, through which they can raise any concerns they may have about a product. If we receive a complaint about a product, we conduct an investigation to determine if there is a genuine issue with the product. If we determine that there is a genuine issue, we provide feedback to the relevant supplier and hold them accountable by requiring them to issue a refund or provide a replacement. Furthermore, we compensate affected customers in the form of either a refund or product replacement.

Health and safety matters related to products and services provided

We require upstream suppliers to ensure that products sourced from them are complied with the regulations by Registration, Evaluation, Authorisation and Restriction of Chemicals in European Union ("**REACH**"). Our fashion, lifestyle, and entertainment products are generally not limited by an expiry date or specific product life cycle. However, beauty products with expiry dates typically have a shelf life of two to three years from the manufacturing date. When dealing with products containing chemicals, we usually request that our suppliers provide testing reports or certificates for their products. In the absence of such documentation, we obtain information on the product's ingredients to ensure that they are free from harmful chemicals before offering them for sale on our platforms.

During the Reporting Year, we did not experience any material product quality issue, or any product recalls due to health and safety concerns. During the Reporting Year, the Company was not aware of any major violations of applicable laws and regulations relating to health and safety that may have a significant impact on the Company which include but are not limited to Consumer Goods Safety Ordinance in Hong Kong, The Four Product Safety Acts in Japan and Product Liability Act in Korea etc.

We perform product recalls in the event of potential safety or quality issues of our products sold. There were no such recalls during the Reporting Year.

2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Inventory management

Our Company closely monitors our inventory levels to minimize the risk of inventory obsolescence. Our inventory control team provides monthly reports while the operation team conducts annual stock-takes to ensure that we maintain optimal inventory levels. Slow-moving inventories, which refer to products that have not been sold within a designated timeframe, are identified by our inventory control and marketing teams. To promote the sale of these products, our marketing team analyses the data and sets discounts for each of the slow-moving inventories. We then sell these products at reduced prices during our clearance sales campaign or discount section. Our inventory turnover days for the past two years in 2022 and 2021 were approximately 69 and 47 days, respectively.

To prevent inventory write-offs, our operation support team regularly assesses products that are in poor packaging conditions or close to expiration, as applicable. We first check with our suppliers for possible product exchanges before making write-off requests. In addition, our inventory control team may request write-offs for slow-moving products that cannot be sold through clearance sales or discounts. During the past three years, our inventory write-offs have been insignificant. Most beauty products have a shelf life of two years, so the bulk purchases made in or prior to 2022 are still within their shelf life.

Labelling

During the Reporting Year, we procured our products from numerous suppliers located in Asia and North America. Generally, we utilize the product descriptions, claims, and labelling provided by these suppliers. However, it is important to note that some of the products we receive from our suppliers may have defects, be of substandard quality, or lack adequate descriptions, warnings, or labels.

During the Reporting Year, we have not received any material claims related to product liability, product description, warnings and labelling, or suffered any material adverse impact caused by such claims. During the Reporting Year, the Company was not aware of any major violations of product responsibility laws and regulations relating to labelling which include but are not limited to The Fair Packaging and Labeling Act (“**FPLA**”) in the United States and General Product Safety Directive 2001/95/EC (“**GPSD**”) in the European Union, Trade Descriptions Ordinance in Hong Kong etc. that may have a significant impact on the Company.

We have content monitoring processes in place and maintain product liability insurance. In relation to incidents and claims related to product description and warning between 2017 to 2022, we have adopted additional internal control measures to prevent reoccurrence of similar incidents in the future:

- (i) As advised by our US legal advisors, we have displayed requisite compliant warning to customers in California who intend to purchase products from our E-commerce platforms which contain chemicals within the scope regulated by Proposition 65. We have also provided guidance to our employees to apply appropriate warning labels on certain products if such products require warning labels under the laws of California;
- (ii) In relation to labelling and warning instructions on our products, our product team conducts annual review on the updated product safety and consumer protection legislations. The Group will update its internal control policies and operation protocols in response to any changes to the relevant laws and regulations as and when necessary;

- (iii) We only publish product information obtained from official sources and/or from suppliers, including websites of the suppliers;
- (iv) We have and will continue to request for the signing of vendor acknowledgement letters with suppliers of our key products to enhance our legal protection on product information provided by our suppliers and displayed on our websites; and
- (v) We will engage legal advisers to review whether our Group's obligations on product description and warning have been discharged under our commercial arrangement with product suppliers and our customers to ensure compliance as and when necessary.

Quality control of our customer review content

To ensure the quality of our customers' online reviews, we have put in place relevant internal control measures. For reviews that only contain text, we have installed an internal word filter that identifies reviews based on certain criteria. If a review is flagged, it will be further analysed by our editorial team before it can be posted on our websites and mobile app. Additionally, our content team carefully examines all aspects of customer reviews, including any attached photos and videos, before publishing them.

SAFETY FIRST

Associated Aspect under the Guide:

Aspect B2 Health and Safety

Connection with UN SDGs:



At our Company, the safety and well-being of our employees is of paramount importance. We are deeply committed to meeting all health and safety statutory requirements and go above and beyond wherever possible. To ensure that our employees are well-equipped to handle any potential occupational safety hazards, we require all warehouse staff to attend comprehensive safety training at the beginning of their employment.

We understand that unexpected events such as natural disasters or other unforeseeable circumstances can disrupt our operations. It is the reason why we have established a robust business continuity plan to prepare for such contingencies. Our teams at all company sites work tirelessly to implement preventive measures, so as to minimize the risks of injury and operational disruptions. In the event of an emergency, evacuation procedures are in place and assigned personnel will assist in the evacuation process and conduct a roll call at their designated assembly points.

To further ensure the safety and well-being of our employees, smoking is strictly prohibited in all enclosed areas in our offices, including private offices, conference rooms, warehouse, common areas, pantries, washrooms, and reception areas. This policy is strictly enforced across all our facilities.

2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We take our occupational safety and health measures very seriously. Our respective human resources and administration department, as well as department heads, conduct periodic spot checks to ensure that all our safety protocols are being implemented and followed.

Insurance policies

We have maintained the following insurance policies based on the location of our headquarters and key operation sites in Hong Kong:

- (i) an employees' compensation insurance in compliance with the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) to cover compensation and costs liable by our Group for personal injuries to employees in Hong Kong in the course of employment with us;
- (ii) a group life insurance to cover death and disablement of the employees in Hong Kong in the course of employment with us;
- (iii) a group medical and dental insurance to cover hospitalization, surgical and clinical expenses of the employees in Hong Kong in the course of employment with us;
- (iv) a cyber security and privacy protection insurance to insure loss arising from data privacy breach, security and privacy liability and cyber extortion threat;
- (v) a directors' and officers' liability insurance to cover legal actions against the directors and officers of the Company; and
- (vi) an office insurance for our office premises and office equipment in Hong Kong (where the underlying policy mainly covers loss resulting from burglary, damages made to insured property, and increased cost due to business interruptions).

Our Company abides by labour insurance regulations in Japan and South Korea. In Japan, we meet our legal responsibilities by paying health, welfare, and labour insurance. All our offices in Hong Kong, Japan and South Korea and warehouses in Hong Kong had no significant workplace accidents or work-related deaths in the Reporting Year, and we recorded no lost workdays due to injuries during the Reporting Year. Furthermore, we have no knowledge of any significant violations of laws and regulations related to workplace safety and employee protection against occupational hazards, including the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) during the Reporting Year.

	2022	2021	2020
Number and rate of work-related fatalities	0(0%)	0(0%)	0(0%)
Lost days due to work injury	0	0	0

PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

Associated Aspect under the Guide:

Aspect B6 Product Responsibility

Connection with Un SDGs:



Our Company offers products that are produced by third-party manufacturers, and it is possible that some of these products could infringe on the intellectual property rights of third parties if proper authorization is not in place. To address this concern, we take measures to minimize the risk by incorporating relevant terms and conditions in the supplier agreement. Additionally, we shall conduct background checks of our new supplier for the past three years before collaborating with them, who are primarily brand owners and authorized distributors. Whenever we enter into agreements with our brand partners or suppliers, they usually grant us licenses that permit us to utilize their intellectual property for the purpose of selling and promoting their products. These licenses have an expiration date that corresponds with the duration of the respective supplier agreements.

Taking into account of the two intellectual property claims in 2019, we have adopted the following additional internal control measures to prevent the reoccurrence of similar incidents in the future.

- (i) We have removed the alleged products and other similar products available for sale on our websites promptly upon internal investigation;
- (ii) We have strengthened our internal control measures over product information displayed on our websites and mobile app. The product information, such as product description and photos must be provided by the suppliers and reviewed by our product team and content team before publishing on our E-commerce platforms and mobile app;
- (iii) We regularly check product information and images to be displayed on our E-commerce platforms and mobile app against our internal database for any potential copyright or trademark infringements; and
- (iv) We have and will continue to request for the signing of vendor acknowledgement letters with suppliers of our key products to enhance our legal protection on product information provided by our suppliers and displayed on our websites and mobile app.

We have not received any intellectual property claims or make any such claims in the Reporting Year.

2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Year, we were not involved in any material disputes or claims, regarding infringement of intellectual property rights with third parties.

	2022	2021
Material dispute or claims, regarding infringement of intellectual property rights with third parties	0	0

Content monitoring

At our Company, we take great care in ensuring that the content we share on our websites, mobile app, and social media platforms is of high quality. To achieve this, we either create original photos and videos or use materials provided by our suppliers. In order to protect ourselves against any potential legal claims, we request that our suppliers sign vendor acknowledgement letters for our key products. This ensures that we are not held liable for any issues that may arise from promoting or selling their products, such as third-party intellectual property rights infringement or non-compliance with applicable laws and regulations or product labelling or safety matters. Our registered users are also able to upload various types of content to our platform, including user profiles and product reviews. However, before registration, we require our users to confirm that their content complies with relevant laws and regulations and does not infringe on the legal rights of others, including copyright. Furthermore, we have internal procedures in place to prevent the display of prohibited or pirated content on our platform, and we have a dedicated content monitoring team that works to prevent the public release of inappropriate or illegal content.

Insurance policies

In order to reduce the potential impact of intellectual rights infringement, we have acquired a cyber insurance policy. This policy offers protection against a variety of legal issues, including copyright, trademark, and domain name infringement, invasion of privacy, plagiarism, false light, and other media-related liabilities.

FAIR RECRUITMENT

Associated Aspect under the Guide:

Aspect B4 Labour Standards

Connection with UN SDGs:



Our Company, which operates as an E-commerce platform and has its headquarters in Hong Kong, benefits from a diverse workforce consisting of employees from 17 countries and regions, which include Hong Kong, South Korea, Japan, the United States, Australia, the United Kingdom, Canada, the People’s Republic of China (excluding Hong Kong) (“**PRC**”), France, Germany, Republic of Guatemala, the Philippines, Belgium, Indonesia, Netherlands, Singapore, and Taiwan. This diversity among our employees provides us with valuable insights and knowledge of local markets.

2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee Headcount as of 31 December

	Employee Headcount			
	2022	%	2021	%
Total	489	100	588	100
Male	147	30.1	167	28.4
Female	342	69.9	421	71.6

It is the Company's policy to welcome talents of all ages, gender and aspirations to join us with equal opportunity. We are dedicated to using fair and performance-based methods to recruit talented individuals. Through our rigorous and transparent hiring procedures, we evaluate applicants based on their experience, attitude, and potential. We value the skills and knowledge of senior staff, as well as the energy and flexibility of younger candidates.

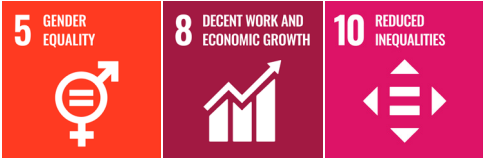
We strongly condemn unfair and unjust termination and strictly prohibit it within the Company. We terminate employees when there is evidence of criminal misconduct, severe misbehaviour, unethical or corrupt practices, and similar violations. Employees are dismissed based on reasonable and legitimate reasons and are provided with notification of termination of their employment contract in writing.

Our procedures and policies advocate the protection of human rights and indicate the elimination of all forms of child and forced labor in our operations, which have been clearly communicated to our staff members through induction programmes and staff handbook. The Company conducts an annual employment practice review (including due diligence exercises to identify any child and forced labour) to ensure the operation is free from such malpractices and to initiate systematic improvement in case such malpractice is found.

The Company guarantees that no employee is made to work against his/her will, or work as forced labour, or subject to coercion related to work. Recruitment of child labour or forced labour is strictly prohibited, once discovered, immediate dismissal of the employees will be taken.

During the Reporting Year, the Company complied with relevant laws and regulations relating to preventing child and forced labour. We were not aware of any major violations of laws and regulations relating to preventing child and forced labour that may have a significant impact on the Group, including but not limited to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and relevant regulations in South Korea and Japan.

Corporate Governance
Associated Aspect under the Guide:
Aspect B1 Employment
Connection with UN SDGs:



Governance structure

Our Company is committed to upholding high standards of corporate governance in line with the requirements of the Corporate Governance Code. To this end, we have established several committees under the Board, including the Audit Committee, the Nomination Committee, and the Remuneration Committee, to ensure compliance with the Listing Rules and other applicable laws and regulations. In addition, we have set up the Tax Committee and the Risk and Compliance Committee to further strengthen our corporate governance practices. Our efforts in this area have paid off, as we fully complied with the provisions of the Corporate Governance Code in 2022 apart from the deviation from provision D.2.5 on the establishment of internal audit function. Furthermore, we are proud to report that no legal cases related to corrupt practices were launched or brought against our Company and employees during the Reporting Year.

To maintain our commitment to corporate governance excellence, our Directors regularly participate in professional development activities, including physical and e-learning programs. We leverage arrangements made by our legal counsellor, attend seminars hosted by accounting regulatory bodies, and stay abreast of updates to listing requirements on the HKEx and other applicable laws and regulations.

Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year. We will continue to adhere to the “comply or explain” principle and provide a detailed report on our corporate governance practices in our annual reports after Listing. We are committed to maintaining the highest standards of corporate governance and will work tirelessly to achieve this goal.

Board Diversity

We have implemented the board diversity policy of the Group (the “**Board Diversity Policy**”) to ensure that our Board is diverse and effective in supporting our business strategy. Our policy aims to select Board members who have the necessary skills, expertise, and perspectives to enhance the execution of our business strategy. We will consider various factors, such as skills, professional experience, educational background, knowledge, expertise, culture, independence, age, and gender when selecting new Directors.

We believe that appointing Directors based on merit and contribution will enable us to best serve our Shareholders and other stakeholders. Currently, our Board consists of nine members, including a balanced mix of Executive, Non-executive, and Independent Non-executive Directors. Our Directors have a diverse range of experiences in management, strategic development, and finance and accounting. We have a good balance of new and experienced Directors who can bring valuable knowledge and insights to our Group.

We value gender diversity and are committed to promoting it at all levels, including our Board. As of 31 December 2022, our Board comprises eight male members and one female member, which results in a 11% female representation. We remain dedicated to maintaining gender diversity at the Board level and continue to promote it at all levels of the Group.

To monitor the implementation of the Board Diversity Policy, our Nomination Committee will report annually on our Board’s composition and review the policy’s effectiveness regularly. Any revisions deemed necessary will be recommended to our Board for consideration and approval.

Corruption preventive measures & whistle-blowing procedures

During the Reporting Year, no cases related to corruption and whistle-blowing issues have been received by our Group, including our HR & Admin Departments and the Audit Committee. During the Reporting Year, the Group was not aware of any major violations of anti-corruption laws and regulations related to bribery, extortion, fraud and money laundering that may have a significant impact on the Group, including but not limited to the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong), and relevant regulations in South Korea and Japan. There was no concluded or ongoing legal cases regarding corruption practices brought against the Group or its employees during the Reporting Year.

	2022	2021
Number of concluded or ongoing legal cases regarding corrupt practices brought against the Group or its employees	0	0

Our Group distributes an employee handbook to all employees, contractors, and subcontractors, which outlines expectations such as refraining from engaging in any form of corruption and bribery, as well as the whistle-blowing procedures that should be followed in case of any violations discovered. In order to improve the quality of our corporate governance, we provide training opportunities for Board members and our staff on topics related to corporate governance and operational integrity, including anti-corruption and anti-bribery measures. This training is mandatory for all team members at assistant manager level or above and is available to all other team members. Through this training, team members gain knowledge about anti-corruption laws, increase awareness about corruption temptations in daily work, and develop skills to make ethical decisions and manage corruption risks.

2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Our internal control manual stipulates that if any corruption or misconduct is suspected, our team members should report directly and anonymously to our Audit Committee through whistleblowing channels established by the Company. The whistleblower’s information is kept confidential. The Company conducts investigations with a fair and zero-tolerance attitude toward all types of violations, including bribery, fraud, corruption, and money laundering. All reports are handled with care and fairness to ensure that whistleblowers are protected against unfair dismissal and unwarranted disciplinary action.

Anti-corruption training

	Category subtotal		Unit
	2022	2021	
Total attendance	28	110	people
	28.0	110.0	hours
By employee category			
Director	23	3	people
	23.0	3.0	hours
Management and general staff	5	107	people
	5.0	107.0	hours

EMPLOYMENT AND BENEFITS
Associated Aspect under the Guide:
Aspect B1 Employment
Connection with UN SDGs:



Once employees complete their probation, they become eligible for discretionary performance bonuses and medical insurance coverage. As required by the Mandatory Provident Fund Schemes Ordinance, we provide a defined contribution to the Mandatory Provident Fund for eligible employees in Hong Kong, based on a percentage of their basic salary. Our Employee Handbook outlines our policies and procedures, covering everything from recruitment and dismissal to benefits and welfare, working hours, rest arrangements, equal opportunities, anti-discrimination, and other rights and benefits for our team members.

We regularly review our employees' performance and use these reviews as a basis for discretionary performance bonuses, salary reviews, and promotions. Our goal is to attract and retain talented employees. Our corporate culture is infused with the DNA of our founders. We recognize that the future success of our business is largely dependent on the efforts of our key personnel, particularly our founders, and our ability to attract, train, and retain qualified personnel, particularly in management, technical, marketing, and other operational roles, in various geographic locations. We have built a strong mid-level management team responsible for various business functions.

Our management has fostered a customer-centric corporate culture that emphasizes respect, dignity, teamwork, innovation, and high-quality work. These values, combined with people development programs and incentive plans, have greatly attracted and motivated our employees. Many of our employees have been with us for a long time, and as of 31 December 2022, the average length of employment for our senior and mid-level employees (of assistant manager rank or above) was over 10.7 years. We are committed to complying with all employment laws and regulations related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. During the Reporting Year, we were not aware of any major violations of these laws and regulations that could significantly impact our Group, including but not limited to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Sex Discrimination Ordinance (SDO), the Disability Discrimination Ordinance (DDO), the Family Status Discrimination Ordinance (FSDO), and the Race Discrimination Ordinance (RDO) and relevant regulations in South Korea and Japan.

Business development team in South Korea

Apart from having local product teams in South Korea, Japan, and Hong Kong, we have also formed a business development unit under our Korean product team. This newly established team enhances the sourcing capacity of our Korean product team by establishing and maintaining positive relationships with existing and potential suppliers and gathering feedback. The members of this business development team are proficient in Korean and have a deep understanding of the South Korean market. Given the current situation, we intend to maintain the team's size and have no plans to expand the Korean business development team.

2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee turnover rate and headcount as of 31 December of the relevant financial year are as follow:

	Number of people		Turnover rate (%) ¹	
	2022	2021	2022	2021
Total	489	588	33.5	21.6
Gender				
Male	147	167	22.4	23.4
Female	342	421	38.3	20.9
Employment type				
Full-time	473	555	30.0	18.0
Part-time	16	33	138.0^{2,3}	74.0
Age group				
18-24	53	79	34.0	50.6
25-34	217	272	47.9	22.8
35-44	120	131	13.3	12.2
45-54	82	87	25.6	8.0
55-64	17	19	29.4	10.5
Geographical region				
Hong Kong	466	567	33.7	21.7
Japan	6	6	0	0
South Korea	17	16	41.2	25.0
Employee level				
Senior management	27	24	18.5	4.2
Middle management	114	119	10.5	11.8
General Staff	348	445	42.2	25.2

1 Turnover rate = Number of employees resigned in sub-category / total number of employees in sub-category x 100%

2 Due to the change in employee number during a reporting year, the turnover rate may exceed 100%

3 Part-time position is contract-based, it may explain the increase of turnover rate

ANTI-COMPETITIVE PRACTICE

Associated Aspect under with the Guide:

Aspect B7 Anti-corruption

Connection with UN SDGs:



As a brand-neutral E-commerce platform, we enjoy the freedom to source products from an extensive gallery of brands and suppliers. Our business model is attractive to popular brands and their distributors, particularly new and emerging Korean beauty brands and suppliers seeking to promote and sell their products in the international market. Coupled with our innovative marketing approach and strong social media presence, we are able to offer a one-stop service for these brands and suppliers, from free brand promotion and product marketing to customer-generated content and relevant data analysis. It also enables us to control the risk of supplier disintermediation. Apart from receiving a variety of complimentary product samples from the suppliers from time to time for brand and product promotions, we do not receive any compensation, monetary or otherwise, from such arrangement.

The five largest product suppliers and the five largest other suppliers in the Reporting Year are independent third parties. To the best knowledge and belief of our directors, none of the Directors or their close associates or any Shareholders (which, to the best knowledge of the Directors, beneficially own more than 5% of the Shares) had any interest in any of the five largest suppliers of the Group in 2022. None of our five largest product suppliers and the five largest other suppliers (other than product suppliers) were our customers during the Reporting Year.

COVID-19 RESPONSE

Associated Aspect under the Guide:

Aspect B2 Health and Safety

Connection with UN SDGs:



Office and workforce arrangements

During the Reporting Year, despite the ongoing COVID-19 pandemic sweeping the globe, the Company remains vigilant and committed to taking necessary preventive measures and anti-epidemic protocols to ensure the health and safety of its staff while maintaining uninterrupted service to customers and minimizing disruption to business operations. Although there are signs of improvement in the COVID-19 situation in Hong Kong, the Company continues to implement a work-from-home policy and special working hour arrangements to mitigate the risks of infection. In addition, the Company has issued hygiene guidelines for all employees to follow to maintain basic hygienic standards in the workplace. Air purification systems have been installed in offices and warehouses to eliminate volatile organic compounds that may pose health risks to employees. Furthermore, the Hong Kong office has implemented transparent plastic dividers to separate individual workstations and reduce the transmission of airborne viruses. To minimize infection risks, virus protection kits, which include surgical masks, alcohol gel, and vitamin C tablets, are available on-demand. The Korea and Japan offices have also followed workplace protocols and travel guidelines, where applicable, and have adopted work-from-home arrangements with the approval of local team leaders. Additionally, surgical masks are provided in both the Korea and Japan offices.

Contingency plans

Despite the outbreak of COVID-19, we believe that our business operations have not been materially impacted due to the measures taken. In the first half of 2022, employees were encouraged to work from home to reduce the risk of infection, and normal operations resumed on June 6th 2022. Throughout the pandemic, our company has focused on sustainability in ESG, with a particular emphasis on the impact of COVID-19 on people and employment. We have made efforts to do the right thing by our team members, including distributing almost 40,000 surgical masks and arranging disinfection services in the workplace. Human resource department has also provided over four guidelines and more than 15 updates to keep team members informed of any changes. Additionally, human resource department has addressed over 840 cases related to team members' inquiries and support, with a focus on issues such as work flexibility, homeworking, mental health, and employee engagement during and after extended lockdowns. These efforts have made human resource management a priority in the boardroom and present an opportunity for HR and management to design and implement recovery efforts.

PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

Associated Aspect under the Guide:

Aspect B5 Supply Chain Management

Connection with UN SDGs:



Based in Hong Kong, which serves as a prominent logistics hub worldwide, our Group consistently maintains high levels of efficiency for our warehousing, fulfilment, and delivery functions. To ensure that we provide products that align with our customers' needs, we have established local product teams in South Korea, Japan, and Hong Kong, responsible for sourcing suppliers and products.

Our suppliers are classified into two categories, product suppliers and other suppliers. The former primarily supplies our fashion and lifestyle, beauty, and entertainment products, while the latter provides logistics services, payment gateway services, and online advertising services. To deliver our products, we utilize third-party couriers, and collaborate with major local and international courier companies.

In 2022, we mainly sourced our products from brand owners and resellers in Asia and North America, either directly or through third-party e-commerce platforms. Our primary product suppliers were located in two countries, South Korea and the PRC.

Our company strives to maintain strong relationships with both existing and new suppliers who are able to keep up with rapidly changing consumer preferences and offer attractive products. In selecting new suppliers, we rely on our industry knowledge and market research, which includes gathering feedbacks from current customers about brands and products. Additionally, we conduct thorough inspections to ensure that suppliers meet our standards for quality, safety, occupational health, training, and anti-corruption measures. If a supplier does not pass our yearly evaluation, they are required to take corrective action or risk being suspended or removed from our approved vendor list. Once we are satisfied with a new supplier's products and believe they align with our market position and requirements, our product support team conducts random sample checks to ensure consistent quality.

We established criteria for selecting suppliers and business partners based on environmental impact. We utilized references and standards like ISO 20400, as well as those developed by Ceres and the Hong Kong Productivity Council. These criteria focus on reducing plastic consumption, increasing recycled content in packaging materials, and decreasing paper usage, among other environmentally preferable practices.

We updated our ESG policy last year to reflect our commitment to working with suppliers who prioritize ESG factors including migration of social and environmental risks. For our beauty products, which often involve the use of chemicals, we require testing reports or certificates from our product suppliers to confirm that the products we sell do not contain harmful chemicals. Specifically, we ensure that our beauty products sourced from South Korea have not undergone any animal testing during their production processes.

As part of our ongoing supplier assessment, the Group conducts annual review to evaluate the sustainability practices of our existing suppliers. If the supplier consistently fails to comply with our expectations, we may consider terminating the engagement or, in extreme cases, blacklisting the supplier.

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Our company does not heavily depend on any specific product or service supplier. We typically establish service agreements with third-party providers, such as technology service providers, couriers, goods transition centres, contact centres, outsourced labour for our Hong Kong warehouses, and payment gateway service providers. These agreements can be terminated with short notice if necessary.

The number of suppliers by geographical region and number of suppliers where the practices relating to engaging suppliers are implemented during the Reporting Year are as follows:

Suppliers³ by geographic region and supplier category

	Number of Suppliers	
	2022	2021
Total	18,662	22,661
Geographic region		
Hong Kong	97	74
Japan	52⁴	47 ⁵
South Korea	373	401
PRC	18,107	22,108
Asia (except regions mentioned above)	27	22
Americas	6	9
Assessment Criteria		
New suppliers	7,822	11,534
New suppliers assessed	7,822	11,534
Existing suppliers assessed	10,840	11,127
Number of suppliers relevant for corporate social responsibility assessment	88⁶	87 ⁷

COVID-19

The pandemic has presented obstacles throughout the industry, including *YesAsia*. The disruptions in business operations and logistics arrangements have been caused by the implementation of unprecedented measures such as city lockdowns, travel restrictions, quarantines, and business shutdowns. Local governments have reinstated these measures in 2022 in regions and countries where we conduct our business operations, including Hong Kong, Japan, and South Korea. These measures have also been implemented in key countries that generate revenue for us, such as the United States, the United Kingdom, Australia, Canada, and the European Union.

In countries including South Korea and the PRC, there have been no material supply disruption by our product suppliers during the Reporting Year, as the restrictions did not generally apply to cross-border land transportation, cargo flights or overseas freight forwarding service providers engaged by our suppliers.

³ For the purposes of this KPI (B5.1, 5.2), only product suppliers have been considered.

^{4,5} Includes consignment suppliers

⁶ 88 (100%) of our South Korea beauty product suppliers provided us with cruelty-free, vegan products.

⁷ 87 (100%) of our South Korea beauty product suppliers provided us with cruelty-free, vegan products.

DIGITAL INNOVATION

Associated Aspect under the Guide:

Aspect A2 Use of Resources

Connection with Un SDGs:



Innovation and technology continue to play an important role in helping the logistics industry improve and grow. Harnessing the power of technology helps the Company to find new ways of adapting to the evolving needs of its customers and build resilience into supply chains that serve rapidly changing markets. The Group is ambitious in its adoption of new technology as it strives to provide sustainable solutions and take a lead on accelerating the transformation of the industry.

Robotics and automation

The Company has recently built a smart warehouse in Tsing Yi, Hong Kong, situated at the Goodman Interlink, which is one of the tallest warehouse facilities across the globe. This warehouse boasts of 145 autonomous mobile robots (“AMRs”) that are equipped with voice-picking technology for better order processing efficiency, and it also has improved storage racks to streamline inventory management. This facility is among the largest e-fulfilment warehouses in Hong Kong, with the primary objective of increasing accuracy and efficiency while reducing employee injuries. Thanks to this smart logistics solution, there has been a considerable improvement in the accuracy and efficiency of the pick and pack process. The AMRs operate 24/7, processing e-commerce orders from different time zones, which allows the Company to expedite delivery turnaround time and offer exceptional service to its global customers. Additionally, the AMRs automatically transfer the goods to warehouse operators, leading to an overall fulfilment process that is more accurate and efficient.

Case study: Digital innovation in supply chain optimization

We are developing an AI-empowered operating system that first navigates the internet then generates an analysis of the latest consumer trend and features. Meanwhile, through various interactive channels, influencers understand the demands of their fans and feed the information back to us and the supply chain. Our supply chain then adjusts to the designing of products and passes along the products to influencers to test the reaction of the market. With pre-sale arrangements, our supply chain is able to reduce the burden of heavy inventory stocking. Compared with traditional online retailing supply chains, flexible supply chains can respond to market demands faster and launch more trendy items with less product obsolescence or waste, hence promoting the sustainable development of the online retailing industry.

COMPREHENSIVE TRAINING

**Associated Aspect under the Guide:
Aspect B3 Development and Training
Connection with UN SDGs:**



To enhance the knowledge and skills of our employees for effective job performance, increase overall efficiency, employee loyalty, and retention, we offer technical and operational on-the-job training, development programs, stock option plans, performance bonuses, and opportunities for career advancement.

Our company has implemented a learning and development policy and plan for 2022 that focuses on employer branding and utilizes *YesAsia's* corporate culture and values to inspire learning across the organization. This program covers various areas such as corporate culture, leadership skills, and activity-based learning. Its objective is to support the personal growth and development of our employees in different roles, while also promoting their skills and potential. In 2022, 465 team members participated in all the training programs, accumulating over 1,700 training hours.

Employees trained

	Percentage of employees trained (%) ⁸	
	2022	2021 ⁹
Total	45.2	36.0
Gender		
Male	31.2	34.4
Female	68.8	65.6
By Employee Category		
Senior management	5.8	8.1
Middle management	24.9	37.6
General staff	69.2	54.3

⁸ Number of trained employees in sub-category / total number of trained employees × 100%
⁹ The data in 2021 is restated by applying the same calculation methodology in 2022 after data review

Training hours completed

	Average training hours of employees ¹⁰ (hrs)	
	2022	2021
By Gender Category		
Male	3.79	5.30
Female	3.56	8.78
By Employee Category		
Senior management	4.48	3.78
Middle management	6.55	8.00
General staff	2.60	7.87

Caring for the Community

Associated Aspect under the Guide:

Aspect B8 Community Investment

Connection with UN SDGs:



The Group is dedicated to engaging in corporate social responsibility endeavors that benefit the surrounding communities. The Group encourages its team members to actively participate in volunteer services and community projects. Moving forward, the Group aims to continue participating in various community projects and generate positive impacts on the society.

We are proud to have been recognized for our efforts in promoting corporate social responsibility. We have received the 'Caring Company' award from the Hong Kong Council of Social Service for 15 consecutive years, from 2007 to 2022. Additionally, we were awarded the Youth Ambassador Program Award by JobsDB for our effective engagement programs with young job seekers and future talent.

We prioritize transparency and visibility for all company events, activities, and policy updates. Our upgraded Human Resources Information System (HRIS) system has enabled the Employee Self Services platform, which has helped reduce the distribution of paper-printed payslips. To promote team building, we have organized various events such as Online Game Competitions, Enchanted Mid-Autumn Festival Activities, and World Cup FIFA Competitions in our Hong Kong, Japan, and Korea offices.

Furthermore, our Employee Assistant Program (EAP) volunteers have joined the Hong Kong Family Welfare Society (HKFWS) to support children from low-income families. This has provided them with social opportunities and strengthened their interpersonal skills.

During the Reporting Period, we have contributed 24 hours of voluntary work for social good and donated HK\$3,000 to the community.

¹⁰ Total training hours of employees in sub-category / total number of trained employees in sub-category

OTHER STANDARD DISCLOSURES – ENVIRONMENTAL

DISCUSSION OVERVIEW

In 2022, we established an ESG policy with the objective of minimizing our impact on the environment. We identified and evaluated environmental risks based on relevant legal requirements and environmental consequences. During the Reporting Period, we did not receive any complaints from our customers, business partners, or any other parties concerning any ESG issues. Additionally, we did not encounter any significant environmental incidents originating from our operations. Moreover, our Group did not engage in any significant non-compliance matters with applicable environmental laws and regulations, which include the Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), the Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), the Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong), and related regulations in South Korea and Japan. As a practitioner of the E-commerce industry and given the non-manufacturing nature of our business, we believe that our operations are not one of the major sources of environmental pollution as they do not involve any significant direct air emissions, wastewater emissions, noise emissions and waste generations. Hence, we are not aware of any relevant environmental laws and regulations in respect of air and greenhouse gas emissions, discharge into water and land, and generations of hazardous and non-hazardous waste that would cause a significant impact. We complied with all applicable ESG-related regulations, and we did not incur any direct ESG compliance costs, which refers to any costs on the rectification of ESG non-compliance matters.

ENVIRONMENTAL TARGETS

During the Reporting Year, to reduce the carbon footprint of our operations, we have decided to set measurable and directional targets to demonstrate our commitment to environmental protection and climate change mitigation:

Target type	Details	Achievement timeline
Quantitative targets	By 2025, reduce total paper usage intensity (by workforce) in Hong Kong offices by 10% compared to 2019	Mid-term (3-5 years)
	By 2025, reduce total paper usage intensity (by revenue) in Hong Kong warehouses by 10% compared to 2019	Mid-term (3-5 years)
Qualitative targets	Establish paper usage reduction mechanism in Hong Kong offices and Hong Kong warehouses by 2023	

Our target setting process was initiated by our Working Group and involved engaging an external consultant to put forward a proposal for the quantitative and qualitative targets. We then amended the proposal according to our needs and sought review by our top executives – Chief Financial Officer and Chief Executive Officer – prior to approval by the Board.

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Papermaking on the industrial level is a water-intensive process. Heavy paper consumption contributes to deforestation and accounts for around a quarter of landfill waste if used paper are not diverted to recycling¹¹. We have determined that short- to mid-term targets shall be set for paper recycling and waste reduction by 2023 and 2025 against a 2021 baseline, when we first started collecting measurable data on paper usage. The targets apply to the whole Group with progress evaluation and monitoring actions across all our business operations and sites.

Target categories	2022	2021 performance baseline ¹²	Locations
Total paper usage (ton)	5.26	17.90	Hong Kong offices and warehouses
	0.06	0.21	Japan office
	0.35	0.46	South Korea office
Total paper usage intensity by revenue (ton/USD)	4.40994x10⁻⁸	1.14538x10 ⁻⁷	Offices and warehouses across
Total paper usage intensity by workforce (ton/headcount)	0.011	0.031	Hong Kong, Japan and South Korea

Under the materiality assessment, we consider target-setting for KPIs A2.3 and A2.4 under Appendix 27 to the Listing Rules are not included in the top ESG topics. The Group's business operation does not involve manufacturing or significant use of machinery and vehicles, we consider the energy use efficiency targets and water efficiency targets are not material to our operations in the Reporting Year. Despite the fact that warehouse automation generally leads to an increase in electricity usage, the electricity consumption of the Group during the Reporting Year has been lower than that of the year ended 31 December 2021. This is because last year, the Company had to deal with the COVID-19 issue and had to adopt the work from home policy, which resulted in zero electricity usage in our offices, being one of the major uses of electricity of the Group, during that period. Additionally, the Company has implemented a smart warehouse system and closed down some redundant warehouses, which has further contributed to the reduction in electricity consumption.

¹¹ The World Counts 2022, accessed on 18 March 2022, <https://www.theworldcounts.com/challenges/consumption/>

¹² The data in 2021 is restated by applying the same calculation methodology in 2022 after data review

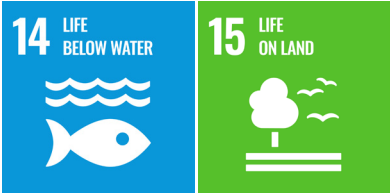
RESPONSIBLE PRODUCTION

Associated Aspect under the Guide:

Aspect A2 Use of Resources

Aspect A3 The Environment and Natural Resources

Connection with UN SDGs:



The demand for some of our best-selling products can change significantly between the time we order inventory and the anticipated sales date, due to various factors such as seasonality, new product launches, product life cycle changes, pricing, defects, changes in consumer spending patterns and tastes. As a result, we face a heightened risk of inventory obsolescence, decline in inventory values, and inventory write-downs or write-offs in the E-commerce industry. To address these risks, we have developed a business model with an effective inventory control and an optimized supply chain management.

Our business model requires us to manage our inventory effectively. We primarily use a just-in-time inventory management strategy for most of the products we sell, but we also keep an optimal amount of inventory for products that are anticipated to sell quickly. We rely on our demand forecasts to make purchase decisions and manage our inventory. Once we place our purchase orders, our suppliers check their product inventory against our orders and provide us with an expected delivery schedule. For most products, our suppliers send the goods to our Hong Kong warehouse, local offices, or third-party goods transition centers, after which we arrange further delivery to our retail or wholesale customers worldwide.

We believe that our business operations have minimal direct impact on the environment and natural resources, given the nature of our business.

E-commerce platforms

When a customer places an order, our order management system automatically processes the order and matches it against our inventory level.

If there is no inventory of the ordered products in our warehouse, we will directly place a purchase order with the corresponding supplier.

Upon our instructions, suppliers will arrange delivery of our ordered products (i) directly to our Hong Kong warehouse, (ii) directly to our relevant local offices, or (iii) to our designated third-party goods transition centres. All the products will eventually be shipped to our Hong Kong warehouse for central despatch management.

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Offline B2B sales channel

Our suppliers will normally deliver the ordered products (i) to our Hong Kong or South Korea office, where our staff will arrange for further delivery to our Japan office, or (ii) on some occasions, to our Japan office or designated third-party rental storage in Japan.

Staff in our Japan office will conduct checks on the product information against customers' orders and arrange for delivery to the customers. After the goods are received in Japan office, they are generally shipped to our customers in one to two working days. The product titles and risk of loss are generally passed to the customers upon delivery.

As an E-commerce company, we have implemented a real-time inventory monitoring system. Our product team procures most products on a back-to-back basis upon receiving orders from customers, which reduces our working capital needs and minimizes the risk of inventory obsolescence.

To manage the utilization of resources in our offices, we have adopted both a document management system and a paper management system. Our aim is to reduce the amount of paper waste used for record-keeping and avoid unnecessary printing.

Regarding the utilization of resources in our warehouses, we employ a "just-in-time" procurement strategy, which involves carefully managing our inventory to reduce overstocks and waste. When shipping products, we fully utilize ordered carton boxes, plastic boxes and bags, paper tubes, wrapping, and cushioning materials to minimize waste. We also strive to minimize packaging materials used for product fulfillment by ensuring that appropriate sizes of carton boxes are used for repacking to accommodate different sizes of products.

Packaging material consumption

Types of packaging material (metric tonnes)	Total		Hong Kong offices and warehouses		Japan office		South Korea office	
	2022	2021 ¹³	2022	2021	2022	2021	2022	2021
	Total, plastic	157.01	206.42	156.81	206.02	0.20	0.40	0.0
Total, paper	113.24	131.52	113.03	130.99	0.21	0.53	0.0	0.0

¹³ The data in 2021 is restated by applying the same calculation methodology in 2022 after data review

SOLID WASTE TREATMENT

Associated Aspect under the Guide:

Aspect A1 Emissions

Connection with UN SDGs:



Due to its nature of business, the Group does not generate hazardous waste, while non-hazardous waste production - including waste disposed to landfill and recycling collection points - was not measured or recorded, and thus is unavailable during the reporting year.

Packaging boxes received from our couriers are one of the non-hazardous waste generated in our operations. In this regard, those packaging boxes are delivered to recycling companies or factories nearby to minimise their ultimate impacts to the environment and society. As its current environmental and social impact materiality is relatively lower compared with that of the material ESG topics, the Group has not put in place internal data collection system to monitor our performance of non-hazardous waste generation. We shall endeavour to track and disclose available information about this arrangement, and to set relevant performance target when its impact becomes meaningful as considered by our Board or stakeholders in the future.

For our performance and target setting on paper usage and reduction, please see the 'Other standard disclosures – Environmental – Environmental Targets' section of this Report.

DISCHARGES INTO WATER AND LAND

Associated Aspect under the Guide:

Aspect A1 Emissions

Connection with UN SDGs:



The daily operation of the Group does not involve any product manufacturing process in its daily operation. Therefore, no production sewage is discharged to soil and water sources. There is no significant discharge of wastewater by the Group during the Reporting Period.

Climate Change

Associated Aspect under the Guide:

Aspect A4 Climate Change

Connection with UN SDGs:



The Company places a high level of importance on the reduction of environmental impact of its business operations and natural resource depletion. We are dedicated to protecting the environment and mitigating the effects of climate change. Along with adhering to relevant regulations and globally-accepted standards of conduct that prioritize climate action, the Company has integrated climate change principles into our internal management process.

Our Directors have identified that the following categories of significant climate-related risks which have or may affect our business:

- (i) Acute risk in relation to extreme weather events,
- (ii) Policy and legal risk in relation to changes in national policies and regulations,
- (iii) Market risk due to changes in consumer preferences for eco-friendly products, and
- (iv) Reputational risk due to the Group's failure to adequately demonstrate strong performance in ESG aspects, or effectively communicate with stakeholders and understand their expectations.

To reduce the impacts on our operations from extreme weather as a result from climate-change, we conduct both scheduled and ad-hoc inspections and maintenance of our warehouse facilities and servers to eliminate or reduce the impact of flooding and keeping affected customers updated of any impacted deliveries.

A stakeholder engagement exercise specific to the theme of sustainability has been conducted to improve our readiness to identify and report ESG material issues. We have promoted an eco-friendly, own-brand fashion collection to engage with environmentally responsible suppliers, and cater to eco-conscious consumers. For more on these topics, please refer to the 'Materiality assessment' and 'Procurement and supply chain management' sessions in this Report, respectively.

ENERGY MANAGEMENT

Associated Aspect under the Guide:

Aspect A2 Use of Resources

Connection with UN SDGs:



The conservation of resources is highly valued by the Company, as it not only benefits the ecosystem but also enhances the Company's competitiveness in the market by reducing operational costs through improved resource usage efficiency. The Company believes that environmental responsibility is critical, and this responsibility extends beyond project implementation to daily operations. To address energy management concern, employees are required to follow resource-saving initiatives and use certified energy-efficient appliances and equipment. They are also expected to activate power-saving modes of devices and maintain air-conditioned room temperatures between 20°C and 25.5°C.

The Company has a policy to reduce carbon emissions and conserve energy and other resources. We strive to adopt business practices that consider social and environmental needs for sustainability. Our energy consumption is mainly derived from electricity use in our offices and warehouses and IT servers maintained by our third-party service providers. The data centres of our third-party service providers are the main source of our indirect greenhouse gas emissions, and therefore, improving energy efficiency has been a key consideration in our operations. Currently, we have a limited role in controlling energy usage and rely on practices by our data centre operators which we will review from time to time.

We have taken measures to improve energy efficiency in our operations, such as installing LED lights and planning the use of forklift truck at our Hong Kong warehouses.

The Company's business mainly uses electricity as the source of energy. The electricity consumption level of the Group for the two years ended 31 December 2022 were estimated as follow:

Energy consumption

Types of Energy	Unit	Total consumption		Total intensity, by revenue (per USD)		Total intensity, by workforce (per headcount)	
		2022	2021 ¹⁴	2022	2021	2022	2021
Total	MWh	1544.40	1966.30	0.000012	0.000012	3.16	3.34
<i>Indirect energy consumption</i>							
Electricity purchased	kWh	1,466,318.00	1,932,908.00	0.011	0.012	2998.60	3,265.00
<i>Direct energy consumption</i>							
Diesel oil for Light Goods Vehicle	L	7,390.00	2,453.60	0.000057	0.000015	15.10	4.17
Liquified petroleum gas ("LPG") for Forklift	Kg	288.00	648.00	0.000004	0.000005	0.59	1.10

As the environmental and social impact materiality is relatively lower compared with that of the material ESG topics, the Group has not currently set its energy efficiency target. We shall continue to monitor our performance and set relevant performance target when its impact becomes meaningful as considered by our Board or stakeholders in the future.

¹⁴ The data in 2021 is restated by applying the same calculation methodology in 2022 after data review

SAVE WATER

Associated Aspect under the Guide:

Aspect A2 Use of Resources

Connection with UN SDGs:



We consider that our water consumption is insignificant as no water is required in our daily business operations apart from the small-scale domestic use by our employees. To avoid generating plastic wastes due to the use of plastic water bottles, we have installed water dispenser that filters tap water for drinking purposes at our premises. We do not have any issues in sourcing water fit for office purposes.

Water consumption

	Unit	Total		Hong Kong offices and warehouses		Japan office		South Korea office	
		2022	2021	2022 ¹⁵	2021	2022	2021	2022	2021
Total water consumption	m ³	1,865.0	2,001.0	1,865.0	2,001.0	0.0	0.0	0.0	0.0
Total intensity by revenue (per USD)	m ³ /USD	0.000015	0.000012						
Total intensity by workforce (per headcount)	m ³ /headcount	3.81	3.10						

As the environmental and social impact materiality is relatively lower compared with that of the material ESG topics, the Group has not currently set its energy efficiency target. We shall continue to monitor our performance and set relevant performance target when its impact becomes meaningful as considered by our Board or stakeholders in the future.

MITIGATION OF GHG EMISSIONS AND CLIMATE CHANGE

Associated Aspect under the Guide:

Aspect A1 Emissions

Connection with UN SDGs:



Due to our business nature, the major source of greenhouse gas emissions generated by the Company is indirectly generated and is attributable to the gasoline and diesel consumed by the external transportation fleet engaged by the Group to deliver goods from our suppliers to our warehouses and to the ultimate consumer shipping destinations. As we have outsourced the transportation arrangement to logistic service companies, which are independent third parties that are not owned by or controlled by us, the relevant data of such emissions is not directly available.

Our company has established partnerships with logistics service providers who share our commitment to sustainability and prioritize reducing the environmental impact of their operations. Specifically, we have chosen to work with providers who have demonstrated a higher level of environmental awareness and have implemented measures to reduce the direct GHG emissions from their transportation fleet. This includes the trucks that are utilized for the transportation of our inventories to and from our warehouses.

Furthermore, in line with our company's dedication to environmental responsibility, we have ensured that the trucks utilized for our logistics operations are environmentally friendly. These commercial vehicles have been approved by the Environmental Protection Department and have lower levels of emissions than traditional trucks. By utilizing these vehicles, we are taking an active step towards reducing our carbon footprint and minimizing our impact on the environment.

The major sources of the Company's greenhouse gas emissions are other indirect emissions from paper disposal (scope 3), energy indirect emissions from purchased electricity (scope 2) while, due to the business nature of the Group, direct (Scope 1) emissions are insignificant. During the Reporting Year, the Company emitted a total of approximately 113,655.26 tonnes of CO2 equivalent (tCO2e) of GHG. Further details of the types of emissions and respective emission data of the Group during 2022 are set out in the table below.

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Summary of the Group's Greenhouse Gas (GHG) emissions performance¹⁶

	2022	2021	Unit
Total GHG emissions (Scope 1, 2 and 3)	35,982.81	113,655.26	tCO ₂ e
Scope 1 – direct			
Stationary combustion	0.87	1.96	tCO ₂ e
Mobile combustion	20.38	6.75	tCO ₂ e
Scope 2 – energy indirect¹⁷			
Purchased electricity	573.72	724.14	tCO ₂ e
Scope 3 – other indirect			
Business air travel	0.93	0.47	tCO ₂ e
Paper disposal	35,386.91	112,921.95	tCO ₂ e
Total intensity by revenue (per USD)	0.00028	0.00070	tCO ₂ e/USD
Total intensity by workforce (per headcount)	73.58	193.30	tCO ₂ e/headcount
Air pollutants			
NOx	1,416,968.00	5,667,872.00	kg
SOx	7049.60	28,198.40	kg
PM	0.00	0.00	kg

We strive to optimize our performance on emissions reductions and will review our internal monitoring measures and procedures to work towards emissions reduction targets.

As the environmental and social impact materiality is relatively lower compared with that of the material ESG topics, the Group has not currently set its energy efficiency target. We shall continue to monitor our performance and set relevant performance target when its impact becomes meaningful as considered by our Board or stakeholders in the future.

FEEDBACK

If you have any suggestions or comments on the contents of this Report, please email to ir@yesasiaholdings.com to enable us to further improve our overall performance and keep the quality of the Report up to date with the times.

¹⁶ The calculation standards and methodologies for GHG emissions:

- Referenced the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 edition) published by the Environmental Protection Department (EPD) and the Electrical and Mechanical Services Department (EMSD) of the Hong Kong Government
- The Global Warming Potential (“GWP”) rates from the IPCC Sixth Assessment Report (AR6).

¹⁷ For the calculation methodology of indirect GHG emissions due to electricity purchased, we made reference to the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 edition). The emissions factors for Hong Kong-based operations referenced the emission intensity published by CLP Power Hong Kong Limited in 2022, and the emissions factors for the Japan-based and Korea-based operations referenced Climate Transparency Report in 2022.

APPENDIX: THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX

Aspect	KPI	Disclosure	Relevant Section
A. Environment			
A1 Emissions		General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	<ul style="list-style-type: none"> • Solid Waste Treatment • Discharges into water and land • Mitigation of GHG Emissions and Climate Change
	A1.1	The types of emissions and respective emissions data.	<ul style="list-style-type: none"> • Solid Waste Treatment • Discharges into water and land
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	<ul style="list-style-type: none"> • Mitigation of GHG Emissions and Climate Change
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	<ul style="list-style-type: none"> • Solid Waste Treatment
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	<ul style="list-style-type: none"> • Solid Waste Treatment
	A1.5	Description of emission target(s) set and steps taken to achieve them	<ul style="list-style-type: none"> • Other Standard Disclosures – Environmental
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) and steps taken to achieve them	<ul style="list-style-type: none"> • Solid Waste Treatment

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Aspect	KPI	Disclosure	Relevant Section
A. Environment			
A2 Use of Resources		General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	<ul style="list-style-type: none"> • Save Water • Energy Management • Digital Innovation • Green Logistics
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	<ul style="list-style-type: none"> • Energy Management
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	<ul style="list-style-type: none"> • Save Water
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	<ul style="list-style-type: none"> • Energy Management
	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	<ul style="list-style-type: none"> • Save Water
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	<ul style="list-style-type: none"> • Responsible Production
A3 The Environment and Natural Resources		General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources	<ul style="list-style-type: none"> • Responsible Production
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	<ul style="list-style-type: none"> • Responsible Production
A4 Climate Change		General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	<ul style="list-style-type: none"> • Responsible Production
	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.	<ul style="list-style-type: none"> • Responsible Production

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Aspect	KPI	Disclosure	Relevant Section
B. Social			
Employment and Labour Practices			
B1 Employment		General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	<ul style="list-style-type: none"> • Employment and Benefit • Corporate Governance
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	<ul style="list-style-type: none"> • Employment and Benefit
	B1.2	Employee turnover rate by gender, age group and geographical region.	<ul style="list-style-type: none"> • Employment and Benefit
B2 Health and Safety		General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	<ul style="list-style-type: none"> • Safety First • COVID-19 Response
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the Reporting Year.	<ul style="list-style-type: none"> • Safety First
	B2.2	Lost days due to work injury.	<ul style="list-style-type: none"> • Safety First
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	<ul style="list-style-type: none"> • Safety First • COVID-19 Response
B3 Development and Training		General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	<ul style="list-style-type: none"> • Comprehensive Training
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	<ul style="list-style-type: none"> • Comprehensive Training
	B3.2	The average training hours completed per employee by gender and employee category.	<ul style="list-style-type: none"> • Comprehensive Training

2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect	KPI	Disclosure	Relevant Section
B. Social			
Employment and Labour Practices			
B4 Labour Standards		General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	<ul style="list-style-type: none"> • Employment and Benefit • Fair Recruitment
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	<ul style="list-style-type: none"> • Fair Recruitment
	B4.2	Description of steps taken to eliminate such practices when discovered.	<ul style="list-style-type: none"> • Fair Recruitment
Operating Practices			
B5 Supply Chain Management		General Disclosure Policies on managing environmental and social risks of the supply chain.	<ul style="list-style-type: none"> • Procurement and Supply Chain Management
	B5.1	Number of suppliers by geographical region.	<ul style="list-style-type: none"> • Procurement and Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	<ul style="list-style-type: none"> • Procurement and Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	<ul style="list-style-type: none"> • Procurement and Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	<ul style="list-style-type: none"> • Procurement and Supply Chain Management`

Aspect	KPI	Disclosure	Relevant Section
B. Social			
Employment and Labour Practices			
B6 Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	<ul style="list-style-type: none"> • Customer Service • Quality First • Cybersecurity and Personal Data Protection • Protection of Intellectual Property Rights
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	<ul style="list-style-type: none"> • Quality First
	B6.2	Number of products and service-related complaints received and how they are dealt with.	<ul style="list-style-type: none"> • Customer Service
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	<ul style="list-style-type: none"> • Protection of Intellectual Property Rights
	B6.4	Description of quality assurance process and recall procedures.	<ul style="list-style-type: none"> • Quality First
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	<ul style="list-style-type: none"> • Cybersecurity and Personal Data Protection

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Aspect	KPI	Disclosure	Relevant Section
B. Social			
Employment and Labour Practices			
B7 Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	<ul style="list-style-type: none"> Corporate Governance Anti-Competitive Practices
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Year and the outcomes of the cases.	<ul style="list-style-type: none"> Corporate Governance
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	<ul style="list-style-type: none"> Corporate Governance
	B7.3	Description of anti-corruption training provided to directors and staff.	<ul style="list-style-type: none"> Corporate Governance
Community			
B8 Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	<ul style="list-style-type: none"> Caring for The Community
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	<ul style="list-style-type: none"> Caring for The Community
	B8.2	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	<ul style="list-style-type: none"> Caring for The Community