ZALL 卓尔智联
Zall Smart Commerce Group Ltd.
卓爾智聯集團有限公司
（Incorporated in the Cayman Islands with limited liability）
Stock Code: 2098.HK

LOGISTICS

DIGITAL CLOUD SERVICES

SUPPLY CHAIN FINANCE

INDUSTRIAL E-COMMERCE

LIVE STREAMING

WHOLESALE MARKET

WAREHOUSING

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2023

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About the Report

This Report is the Environmental, Social and Governance ("ESG") Report (the "Report") of Zall Smart Commerce Group Ltd. (the "Company" and its subsidiaries collectively, "Zall Smart Commerce Group", "we" or the "Group") for the period from 1 January 2023 to 31 December 2023 (the "Reporting Period" or the "Year" or "FY2023") to demonstrate the Group's policies, measures and performance on environmental, social and governance ("ESG") during the Reporting Period.

REPORTING PERIOD

This Report describes the Group's overall environmental and social performance for the period from 1 January 2023 to 31 December 2023.

BUSINESS PROFILE AND SCOPE OF THE REPORT

Striving to become the world's leading digital trading platform, Zall Smart Commerce Group has applied digital technologies such as big data, artificial intelligence, and blockchain to build a system of "B2B trading service + supply chain service + digital technology cloud service", and is involved in property, transactions, cross-border trading, warehousing, logistics, finance, supply chain management and other comprehensive supply chain services. Its smart trading platforms include "Shenzhen Sinoagri", "HSH", and "Zall Steel", etc. Shenzhen Sinoagri is a comprehensive service platform for the whole agricultural industry chain, its business involves diversified trading categories such as sweetener, feed, silk, pepper, coffee, and provides full circulation solutions for the producers, processors, suppliers, and end sellers in the upstream and downstream of the industry. HSH is an integrated service platform for the chemical and plastics industry chain. Through the accumulation of services and transaction data, it utilizes the advantages of its industrial experience and information technology to provide supply chain services suitable for chemical and plastics industry customers, covering aspects such as information, transactions, finance, logistics, and warehousing. Zall Steel is an Internet integrated service platform for the black bulk commodity industry. With smart trading as its mainstay and supply chain services and technology services as its two arms, it applied blockchain, big data and other technologies to build up six service platforms covering "smart trading, supply chain services, SaaS cloud services, warehouse IoT, smart logistics and data information". In order to get involved in the "dual circulation" paradigm and facilitate smooth international trading, the Group's Commodities Intelligence Centre Pte. Ltd. ("CIC") provides digital trade matching, supply chain finance, market information and analysis services to global traders. In addition, the Group's "Zall International Trade Group" provides one-stop comprehensive foreign trade and value-added services to import and export companies, so as to assist more domestic companies to expand overseas.

During the Reporting Period, the Group continued to construct the system of "B2B trading services + supply chain service + digital technology cloud service", and adheres to the business philosophy of "connecting global business intelligently and creating value for clients" to realize its objective of "making transactions smooth and simple through our global intelligent trading platforms", and is committed to becoming the world's leading digital trade platform and the creator of new trade methods. Going forward, the Group will cap into the "New Mode of Trading" and continue to increase its investment in research and development of digital technologies such as blockchain, artificial intelligence, and the IoTs. Research institutions represented by the Group's Zall Smart Commerce Research Institute had 505 intellectual property rights in 2023, including 154 patents, 150 trademarks, and 201 software copyrights.

On the back of its strong research and development capability in technology and industry presence in fields including agriculture, steel, chemicals and plastics, Zall Smart Commerce Group continued to apply digital technologies in the business scenario to facilitate the organic integration of information flow, logistics and capital flow across platforms, connecting the links between various parts of the whole supply chain, empower the digital transformation of micro, small and medium enterprises (SMEs), striving to achieve digital and smart trading.

About the Report (continued)

As the Group is mainly engaged in supply chain management and trading business, of which revenue from Shenzhen Sinoagri E-commerce Co., Ltd.* (深圳市中農網有限公司) ("Shenzhen Sinoagri"), HSH International Inc. ("HSH") and Shanghai Zall Steel E-commerce Co., Ltd.* (上海卓鋼鏈電子商務有限公司) ("Zall Steel") in aggregate accounted for approximately 72% of the total revenue recorded by the Group for the year ended 31 December 2023, and revenue by business nature can directly reflect the operation scale and corresponding environmental, social and governance risks, we will focus on the disclosure of ESG data of Shenzhen Sinoagri, HSH and Zall Steel. The Group is committed to continuously adjusting the reporting framework and disclosure principles to gradually cover the general disclosure and key performance indicators at different aspects in various environmental and social scopes in the new amendments to the ESG Guide. Any discrepancy in the scope and boundary of specific content has been set out in the relevant parts of the Report. Revenue distribution of the Group for the Year is set out below:

Subsidiaries of Zall Smart Commerce Group	Business	Percentage contribution to total Group revenue
Shenzhen Sinoagri	Agricultural products	33%
HSH	Chemicals/plastics	19%
Zall Steel	Black metals	20%
Others		28%
Total		100%

REPORTING PRINCIPLES

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Guide") in Appendix C2 to the Rules Governing the Listing of Securities on the Main Board (the "Main Board Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Group has complied with all the "comply or explain" requirements set out in the ESG Guide. We also prepare the Report in strict accordance with the following four reporting principles set out in the ESG Guide:

Materiality:	We continuously collect opinions from stakeholders and determine the ESG issues to be covered and key points to be reported in the Report based on the results of materiality assessment, so as to provide important and meaningful information for stakeholders.
Quantitative:	We measured the key performance indicators with reference to the principles listed in the Environmental, Social and Governance Reporting Guide in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including collecting environmental and social data from various departments, verifying documents, calculating and disclosing data, and finally submitting the Report to the Board for review after being verified by the management. Please refer to the relevant sections in the Report for the standards, methods and assumptions (if applicable) used in calculating all performance data.
Balance:	The Report truthfully discloses the ESG information of the Group to provide an unbiased picture of our ESG performance during the Year.
Consistency:	We followed the same data statistics and conversion methodologies as adopted in previous years. Relevant data of the past have been disclosed in the Report, which enables stakeholders to have a clearer understanding and meaningful comparison of the Group's ESG performance.

The final chapter of this Report has complete index of contents for quick reference. This Report is prepared in both Chinese and English. If there is any contradiction or inconsistency between the Chinese version and the English version, the Chinese version shall prevail.

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*   *For identification purposes only*

Statement of the Board

Zall Smart Commerce Group Ltd. is pleased to present the Environmental, Social and Governance Report for the FY2023. We have set business sustainability as our primary long-term development goal, and incorporated climate change-related issues and ESG elements into our long-term business strategy planning. Assuming the most important leadership role in the Group, the Board takes full responsibility for the sustainable operations of the Group, and is responsible for formulating the Group's overall sustainable development strategies, leading and monitoring the Group's sustainable development performance, providing guidance to the management on relevant strategies, and assuming responsibility for the Group's environmental, social and governance matters.

As a responsible corporate citizen, the Group has clearly specified its short-term and long-term sustainable development vision and goals to continue with emission reduction in line with the requirements set out by local governments. Targets and strategies have been set to incorporate sustainability factors into the Group's strategic planning, business models and other decision-making processes. The Board regularly monitors and reviews the effectiveness of the management approach, including reviewing the Group's ESG performance to adjust the action plans. Since the effective implementation of ESG policies depends on the cooperation of different departments, we have established an inter-departmental risk management committee to take on responsibility for coordinating different departments to promote cooperation with the aim of delivering consistent performance that meets the expectations of stakeholders and to work together for the sustainable development goals. For details, please refer to the section headed "Environmental, Social and Governance Management Structure". The Group strives to ensure that appropriate and effective risk management and internal control systems are in place to monitor the identification and assessment of ESG and climate change-related risks and opportunities and address the challenges and impacts in the new generation.

Given the world's transition to a low-carbon economy, we have been identifying the risks and opportunities for the Group, and accelerating transformation and development since 2015. By formulating the sustainable development strategy, the Group has upgraded to an online commodity trading platform in the hope of effectively improving resource allocation in the market, and uses the online trading model to change trading habits, reduce environmental impact and increase resource utilization efficiency. This year, in order to build a green and low-carbon supply chain, we teamed up with China's professional carbon data quantification tool and service provider, EC Digital, to launch the green trading service "Zall Zero Carbon (卓零碳)", while continuously optimizing the green logistics supply system, and support upstream and downstream customers in the industry to carry out lean carbon management, so as to enhance the green and low-carbon competitiveness of our products. In addition, we have also actively developed new energy trading categories, such as lithium, and have actively discussed carbon credit trading and carbon asset management rights with our partners, and have launched eCOAL, a consulting service for carbon rights operations, so that purchasing customers can efficiently query about the coal terminal suppliers and their coal specifications and pricing, as well as digitizing full-chain trading and carbon rights records, helping the enterprises to achieve green and low-carbon development, and creating maximum value for society and other stakeholders. For more information on the measures and policies adopted by the Group in its low-carbon development strategy, please refer to the section headed "Environmental Aspects".

In view of the influence of its intensive efforts in developing digital trading over the years, business ethics of undertaking social responsibility for public causes and achievements in promoting the digital transformation of traditional enterprises, the Group has received wide recognition from the market (including the capital market), the media and the public at large as well as various accolades and awards, and is honored with the "2023 KiloPeaks Award — Digital Supply Chain (2023千峰獎 — 數字供應鏈)", and was ranked fifth place in the "2023 China Brand Value Evaluation — Enterprises in Other Service Fields (2023中國品牌價值評價信息 — 其他服務領域企業)", and the "National E-Commerce Demonstration Enterprise (國家電子商務示範企業)".

Firmly holding onto its ideals and determined to innovate, the Group will continue to step up research and development as well as application of digital technology, help enterprises further reduce costs and boost efficiency, and strengthen its capability in boosting the synergy of trading, warehousing, logistics and capital efficiency. Meanwhile, focusing on the vision of becoming a globally leading digital trading platform, we will continue to strengthen the digital, smart and international supply chain service capability of our digital trading and service platforms, persevere in intensive development of the industry and continue to expand the penetration and application of digital supply chains in the industry, so that we can truly make transactions smooth and simple.

Looking ahead, the Board will continue to review and monitor the Group's ESG performance and provide stakeholders with material ESG information that is reliable, consistent and comparable, so as to contribute to a better environment.

Environmental, Social and Governance Management Structure

RESPONSIBILITY OF THE BOARD

Sustainable development is an important part of the vision, mission and core values of Zall Smart Commerce Group, and is given high priority by the Group's Board. The Board is fully responsible for the Group's sustainable operations, and for directly managing and monitoring the Group's ESG issues and their progress.

The Board formulates the overall environmental, social and governance management framework and delegates the governance and execution powers to the senior management of the Group and various departments. The management then implements these environmental, social and governance elements into daily operations based on the Group's environmental, social and governance concepts. The management is also required to identify and assess risks and opportunities concerning environmental, social and governance issues relating to the operation of its functions and report the same to the Board.

To manage the Group's internal risks in a more systematic manner, we have established the risk management committee comprising certain board members, the risk management and monitoring team, as well as the legal affairs department to provide guidance on identifying, evaluating and managing major environmental, social and governance risks. Through this mechanism, we ensure that our operations' risks are minimised and properly handled. The audit committee under the Board assesses overall risks for the Group at its annual meeting and ensures that an appropriate and effective internal control system is in place to manage them. For details, please refer to the Corporate Governance Report of the Group. The Board also reviews and approves the disclosures in the Group's ESG Report to ensure that an accurate, timely and comprehensive view of its environmental, social and governance performance is provided.

RISK MANAGEMENT COMMITTEE

The Group's risk management committee is responsible for coordinating and handling all risk-related works, including environmental, social and governance risk management matters. The main functions and responsibilities of the risk management committee are:

- Overseeing the cultivation of a corporate risk management culture;

- Formulating risk management strategies;

- Reviewing and approving the plan to establish a risk management organisation and its responsibilities;

- Reviewing and approving the Group's risk management system and risk control process;

- Supervising senior management's implementation of comprehensive risk management;

- Reviewing and approving the comprehensive risk management report;

- Reviewing and approving the disclosure of comprehensive and significant risks;

- Reviewing and approving risk assessment reports for major decision-making and major events, as well as the operational mechanism and criteria for determination of key business processes; and

- Other responsibilities relating to risk management that should be undertaken by the Group's risk management committee.

Environmental, Social and Governance Management Structure (continued)

The risk management committee holds regular meetings to report to the Board on the Group's performance and the latest developments of environmental, social and governance risks, as well as discuss how to review and optimise current environmental, social and governance management policies. The chairman of the risk management committee also convenes unscheduled meetings as necessary to ensure the timely and effective correction of environmental, social and governance issues and risks.

During the Year, the Group continued to deepen the construction of risk management system for each business platform, including strengthening risk management culture and unifying, reviewing and improving risk management rules and regulations for the business platforms, assigning dedicated personnel for risk management and clarifying their job responsibilities, and strengthening the Group's mechanism for collection and reporting of risk management information to enhance the Group's ability to predict and address risks.

GROUP LEGAL AFFAIRS DEPARTMENT

The Group takes corporate compliance seriously, and has set up a legal risk prevention mechanism. For business compliance, we have developed a legal risk accountability system which is led by the management and implemented by the legal affairs department, to seek professional advice from legal counsels, and engages all employees. In addition, the Group has set up an independent legal compliance department, which further demonstrated the importance attached by the Group to legal compliance affairs. The legal compliance department comprises employees with a legal background to monitor the Group's compliance function and status. Its major responsibilities include:

- Drafting, reviewing and revising the Group's contract templates and legal documents (including but not limited to contracts, agreements, official letters, etc.);

- Identifying legal risks in business (including potential environmental, social and governance related legal risks);

- Providing legal advice and guidance as necessary to the Group's management, functional departments, subsidiaries and investees;

- Participating in the legal due diligence of the Group's external investment and M&A activities; and

- Liaising with and managing external lawyers and assisting external lawyers in legal proceedings.

The daily compliance management process of business departments mainly includes:

- All business contracts and agreements of business departments are required to be reviewed and approved by the relevant legal compliance department to reduce the contract performance risks;

- The legal affairs department organises training on laws and regulations to enhance the compliance awareness of business departments;

- The legal affairs staff provide legal consultation and guidance on business, contact with external legal professional institutions, and support business development; and

- The Group's risk control department conducts compliance checks on all departments, while the internal audit centre regularly audits the Group's subsidiaries and proposes specific improvement suggestions, and subsequently supervises the improvement performance.

Environmental, Social and Governance Management Structure (continued)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONCEPTS AND VISION

CONNECTING GLOBAL BUSINESS INTELLIGENTLY AND CREATING VALUE FOR CLIENTS

Committed to becoming the world's leading digital trading platform, Zall Smart Commerce Group taps into the "New Mode of Trading" and leverages digital technologies such as big data, artificial intelligence and blockchain to construct the "B2B trading service + supply chain service + digital technology cloud service" system, with a view to facilitate enterprises on cost reduction, increase efficiency, and further boost the synergy of, among others, transaction efficiency, warehousing, logistics and capital efficiency. We transform and upgrade traditional industries through core technologies and innovative models, make continuous efforts to promote infiltration of digital resources into each component of the industrial chain through multiple forms, and bridge the gap between the demand side and the supply side to achieve the upgrade from over-reliance on the demand side to attaching equal importance to demand increase and supply efficiency improvement, so as to release more value in the industrial chain. We endeavour to achieve smart operation for enterprises, thereby improving business efficiency, changing the value chain of each industry and ultimately helping enterprises and SMEs in China and around the world to reduce transaction costs, arriving at the best solutions to their procurement, distribution, payment, and logistical needs.

Under its sustainable development strategy, the Group hopes to effectively improve resource allocation in the market and change trading habits with the online trading by upgrading to online trading platforms. During the Year, the Group teamed up with China's professional carbon data quantification tool and service provider, EC Digital, to launch the green trading service "Zall Zero Carbon (卓零碳)", as well as eCOAL, an online consulting service for carbon rights operations, thereby reducing its environmental impact and increasing the efficiency of resources utilisation, assisting enterprises to achieve green and low-carbon development, and maximising its value to the society and other stakeholders.

The Group hopes to lead the merchandise trading industry towards sustainable development and operation, and continue to uphold our business motto of "Connecting global business intelligently and creating value for clients", and through our global intelligent trading platform, we achieve the goal of "making transactions smooth and simple, allowing essentials to flow without borders". We are committed to becoming the world's leading digital trading platform and the creator of new trading methods.

Sustainable Development Policy

DIGITAL TRADING PLATFORM

Zall Smart Commerce Group launched business operations in the industrial real estate field that subsequently changed to industrial commercial wholesale, and has risen to be one of the largest operators of consumer goods trading market in China. Commencing from 2015, we committed ourselves to the industrial Internet sector and strived for coordinated development between online and offline operations instead of mere offline operation, gradually shifting from a leading commercial logistics player to the constructor and operator of a global B2B intelligent trading platform. In the future, Zall Smart Commerce Group will continue to tap into the "New Mode of Trading" and leverage such digital technologies as big data, artificial intelligence and blockchain to construct the "B2B trading service + supply chain service + digital technology cloud service" system with respect to its core business, continue to uphold the operation concept of "connecting global business intelligently and creating value for clients", fulfil the mission of "making transactions smooth and simple", committed to becoming a creator of new trading methods.

SUPPLY CHAIN MANAGEMENT

To actively respond to the national "double carbon" policy, the Group has been improving its supply chain management, including standardising management elements, conducting risk assessment, establishing evaluation and access mechanisms for suppliers, and supervising other aspects of the product lifecycle, such as warehousing and logistics. In addition to improving basic supply chains, we also noticed the impact of the supply chain on the overall sustainable development process, including carbon emissions, material selection, employee rights and interests of the suppliers, etc. along the supply chain. Therefore, we will dedicate ourselves to introducing more sustainable development elements to the current supply chain management framework through research, and further strengthen and improve the supervision and transparency of the supply chain, in a bid to enhance the management effectiveness. Details are described in the section headed "Sustainable Supply Chain Management" of this Report.

CLIMATE CHANGE

Climate change not only exerts a visible impact on the environment and ecology, but also changes the mode of social operation and business management. According to the report released by the United Nations Intergovernmental Panel on Climate Change (IPCC) in 2018, we must work together to reduce carbon emissions by 45% by 2030 and achieve net zero carbon emissions by 2050, in order to prevent serious disasters caused by climate change. As the leader of the supply chain industry undertaking the mission of becoming an industry model, we will closely control the impact of business operations on the environment, and continue to conduct research on climate change solutions in order to achieve the "double carbon" national goal, so as to facilitate transforming crisis to opportunities. Details of the Group's climate change related issues are described in the section headed "Climate Change-Related Issues" of this Report.

SOCIAL INVESTMENT

Following the principle of "from society, to society", the Group has been actively engaging in various charitable undertakings and offering help to those in need in the society leveraging the resources of the Group, aiming to improve and enhance overall social well-being. For details on the social investment by the Group during the Reporting Period, please refer to the section headed "Community".

CORPORATE GOVERNANCE

The Group always maintains high-standard corporate governance principles and operates in a clean and honest manner to ensure that the Group operates under a framework of compliance and legality. The Group also strictly follows national policies and initiatives on sustainability, formulates its green development strategy, seeks energy conservation, pollution reduction and energy efficiency improvement in day-to-day operations, and incorporates environmental protection into its values and corporate culture. In terms of business operations, we care for our employees and strive to create a safe, equal and inclusive workplace for employees to give full play to their strengths, while maintaining good relations with business partners. Looking ahead, the Group will continue to improve its industrial chain ecosystem, in a drive to create greater value for the environment, society and stakeholders.

Stakeholder Engagement

Stakeholder participation is vital to the Group's achievement of sustainable development. As such, the Group has established a variety of channels to maintain continuous communication with its various departments and external stakeholders, and to gain a full understanding of its business operations' impact on stakeholders and the community's expectations in regard to environmental, social and governance matters.

Through regular communications, surveys, community activities and other means, the Group is apprised of business risks, opportunities and scope for improvement, which helps it to meet the needs of stakeholders. The Group categorises key stakeholders into six groups, and lists below the methods to communicate with them:

Stakeholders	Significance of stakeholders	Communication channels
Investors and shareholders	• Respond to the expectations of investors and shareholders; pursue and create long-term and stable financial returns	• Company annual general meetings • Annual reports, interim reports, environmental, social and governance reports and other publicly available information • Press releases and announcements • Investor relations website
Employees	• As employees are the most valuable assets of the Company, we pay close attention to the sustainable development issues of concern to the employees	• Internal emails and publications • Group website and social media • Meetings • Job performance assessment • Networking activities
Customers	• Meeting the sustainable development expectations of customers may consolidate the cooperative relationship and achieve long-term win-win results	• Group website • Customer service hotline • Customer questionnaire survey • Interviews and meetings
Suppliers	• As the performance of suppliers has a great impact on the overall sustainable development performance of the Group, we must work together with suppliers and business partners on important issues	• Annual and interim reports • Business meetings • Audit and evaluation • Field trips • Environmental, social and governance report
Government and regulatory authorities	• As a responsible enterprise, we pay close attention to the policies and regulations of the government and regulatory authorities, and maintain close contact with relevant authorities	• Government regulations and websites • Government public consultation • Email communication with regulatory authorities
Community organisations, media and public	• We pay attention to the voices in the community, and hope to improve people's quality of life through the Group's business activities and community investment	• Group website and social media • Press releases • Corporate social responsibility activities

Stakeholder Engagement (continued)

MATERIALITY ASSESSMENT

In preparing this Report, the Group directly engaged with the following stakeholder groups as part of the materiality assessment process to identify and prioritise the issues to be covered in this Report that have a significant impact on the business and stakeholders of the Group.

PROCESS

Stage 1 — Identification

We selected ESG issues that may reasonably be considered important to the Group and its stakeholders from various sources (including listing rules requirement, industry trends and internal policies). 28 issues were identified and grouped into 4 categories: Environment, Employment and Labour Practices, Operating Practices and Community.

Stage 2 — Prioritisation

We conducted online surveys to rate the materiality of each issue from the perspective of a stakeholder and the Group using a scale of 1 to 5.

We developed the materiality matrix based on the scores of the surveys, set the threshold for materiality (e.g. at a score of average) and prioritised a list of sustainability issues.

Stage 3 — Validation

Management reviewed the materiality matrix and the threshold for materiality. ESG issues, with a score of average or above from the perspective of a stakeholder and the Group, were prioritised as the most important sustainability issues for the Group to address and report on.

Stakeholder Engagement (continued)

MATERIALITY MATRIX

Based on the materiality matrix, the Board believes the most pertinent sustainability issues which are material to both the Group and stakeholders include the following:

Materiality Matrix
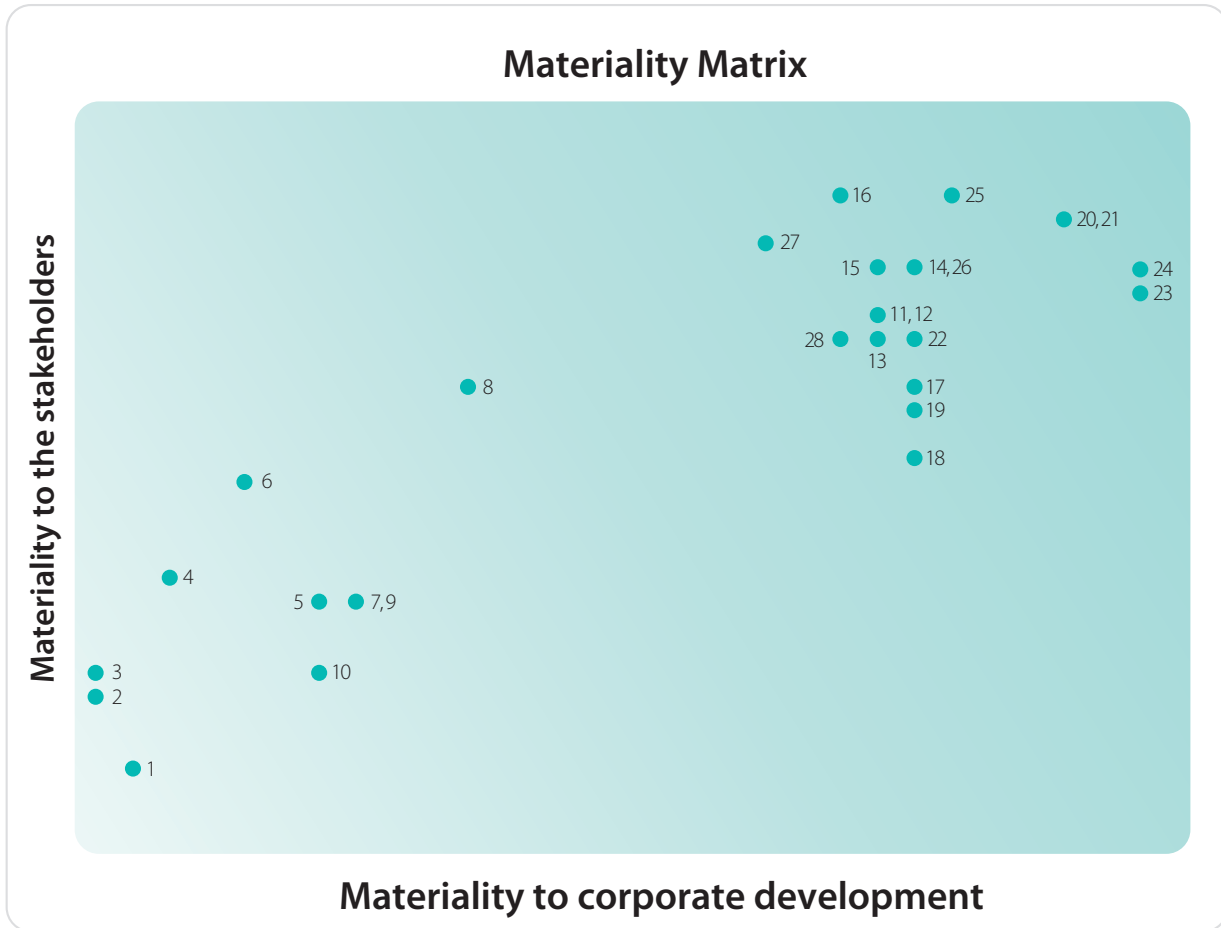
Stakeholder Engagement (continued)

In 2023, the identified important issues are as follows:

Highly important issues	11 Employment practices
	12 Employee diversity and equal opportunities
	13 Anti-discrimination
	14 Staff occupational health and safety
	15 Staff development and training
	16 Prevention of child labour or forced labour
	17 Responsible supply chain management
	20 Customer privacy and data confidentiality
	21 Customer satisfaction
	22 Intellectual property
	23 Service/product safety
	24 Service/product quality
	25 Business ethics
	26 Anti-corruption training for management and staff
	27 Contributions to the community
	28 Communication and connection with local community
Moderately important issues	8 Environmental compliance
	18 Environmental friendliness on procured products and services
	19 Compliance with marketing, product and service labelling regulations
Less important issues	1 Air emissions
	2 Greenhouse gas emissions
	3 Effluents management
	4 Waste management
	5 Energy efficiency
	6 Water use efficiency
	7 Use of raw materials and packaging materials
	9 Land use, pollution and restoration
	10 Climate change

Environmental Aspects

ENVIRONMENTAL PROTECTION

Environmental protection has become the new mainstream of global government regulation and market development. China is currently striding towards sustainable and balanced development. According to President Xi Jinping's speech at the Climate Ambition Summit, China will increase its nationally determined contributions, adopt more powerful policies and measures, and strive to achieve the peak of carbon dioxide emissions by 2030 and achieve carbon neutrality by 2060.

The Group profoundly understands its social responsibilities as a listed company and contributes to the country's green development in line with the direction of national development. To this end, we have set clear targets to reduce all emissions (including air pollutants, greenhouse gases, hazardous and non-hazardous waste and sewage), energy use (including electricity and heat) and resource consumption (including water consumption and paper usage) by 3% before 2026 compared with figures of 2022. Green development for Zall Smart Commerce Group is by no means "empty talk". We need to balance economic, environmental and social needs to ensure sustainable development. In addition, the Group has developed a systematic framework for environmental management to reduce negative impacts on the environment, improve resource efficiency, and reduce waste and emissions. Since 2021, the Group has obtained the environmental management system certification of GB/T 24001-2016/ISO 14001:2015, covering pre-packaged food, chemical products, steel sales, black bulk commodity e-commerce and sales, and computer application software development. The system and related certifications not only help improve the Company's environmental performance, but has also laid down a solid foundation for the Group's environmental sustainability and business success.

Through the joint efforts of the Group, customers and stakeholders, we hope to develop and implement sustainable solutions that meet the needs of society, integrate economic growth with sustainable resource consumption, and achieve a "win-win" balance between the development and environment.

Environmental Aspects (continued)

GREEN OFFICE

In accordance with relevant laws, regulations and requirements, the Group has formulated a 7S Management System (《7S管理制度》) during the Reporting Period to guide its efforts to manage and conserve resources with Sort, Straighten, Sweep, Sanitary, Sentiment, Safety and Save as the seven major principles. The Group has established a 7S Implementation Team (7S推行組), and has clarified the responsibilities of the team leader, members and specialists, thus effectively guided the resource conservation and management efforts. At the same time, the Group has established the Energy and Resource Management System (《能源、資源管理制度》) and the Office Civility Convention (《辦公樓文明公約》) based on the principles of environment protection, to reduce resource consumption by effectively and rationally utilizing the Company's energy and resources. In addition, the Group's green office and energy conservation measures are described as follows:

Saving electricity

- Switch off computers, printers, photocopiers, air-conditioner, water dispenser and other office equipment immediately after work to reduce standby time.
- The air conditioning shall be set at not lower than 26°C in summer and the indoor heating shall be set at not higher than 20°C in winter, and should be turned off half hour before closing time.
- Minimise use of artificial lighting during daytime, or in vacant office spaces. Lighting shall be switched off in sunny day, when fewer employees are in office or at the end of the workday. Desks should be positioned to maximise exposure to natural light.
- Replace and apply energy-efficient products where possible, such as energy-efficient lightings and air conditioners.
- Reasonably adjust the number and configuration of electric water dispensers in the office building with reasonable operating time, and reduce ineffective power consumption.
- Use central air-conditioning control system in the office; the administrative department sets upper and lower limits of air-conditioning temperature according to weather conditions.
- Reminders are posted next to each power-consuming equipment and power switches to remind users to save energy.
- Obsolete high power consumption equipment in favour of new energy-saving technologies and equipment. Adopt new and energy efficient technologies and products for infrastructure construction and equipment upgrading.

Saving administrative resources

- Each department makes monthly applications in advance for office supply procurement and sets targets for reasonable use of office supplies.
- Strictly implement reception standards, control the scale of official activities, stress simplicity, frugality and efficiency, and strive to reduce administrative costs.
- Strengthen management of equipment; promote sharing of high-quality resources.
- The person who is the last to leave work must ensure that non-essential lighting facilities and electronic equipment in the office area are turned off.

Indoor air quality

- Engage a professional indoor air quality testing company to conduct testing in accordance with the National Indoor Air Quality Standard, in order to ensure that the indoor air quality is up to standard.
- The administration department inspects the sanitary conditions of each office every week, and plants green plants to a certain density in each office to regulate the indoor air quality.
- For any newly renovated office, air quality testing must be conducted before entering the office, and the office can only be used after the air quality is up to standard.

Saving paper

- Proactively promote office automation and networking and advocate the revision of manuscripts through electronic media, and encourage the use of digital documents and electronic business cards to reduce paper consumption.
- Advocate double-sided printing which is the default for printing of all computer files to save paper.
- The printing room is equipped with a recycling box to collect single-sided printed paper for secondary printing of non-important documents.
- Simplify documents. Matters for which there is no need to issue printed documents should be handled through meetings if possible. When printed documents are needed, the printing quantity shall be accurately calculated to avoid excess printing.

Environmental protection and waste reduction

- Eliminate waste of water resources and strengthen the daily inspection, maintenance and management of water equipment.
- Set up dry and wet garbage bins in offices according to the national garbage classification policy.
- Use cloth bags and environment-friendly bags instead of plastic bags in response to the plastic restriction order.
- Try to use recyclable or reusable items and reduce the use of disposable items such as paper cups.
- Continuously publicise the benefits and methods of energy conservation and emission reduction to current and new employees, so as to form a corporate culture in this regard.
- Set up staff canteen and promoted "Operation Clear Plate (光碟行動)", and reduce takeout "white waste" and avoid food wastes.
- Put up reminds next to faucets to remind users to save water.
- Properly dispose of damaged and scrapped equipment and reuse old parts.
- Provide public transportation subsidies and electric vehicle charging piles to encourage employees to travel green, thus reduce pollutants and carbon emissions.
- Managers shall strictly review and control the purchase and use of materials to avoid wasting resources.

Environmental Aspects (continued)

During the Year, the Group has formulated Management Measures for Environmental Sanitation and Greening (《環境衛生與綠化管理辦法》) to clarify the rules and regulations for office environment greening, as well as the responsibilities of relevant departments and personnel. Through such management measures, the Group conducts the relevant planning and design of offices to ensure full utilization and decoration of the green area, and at the same time familiarize personnel with the varieties and characteristics of various greeneries, improve their knowledge and skills in greening maintenance and management, and implement timely cultivation and planting.

EMISSIONS MANAGEMENT

As China's leading supply chain management business operator, the Group aspires to enhance the efficiency of the traditional supply chain through technology and regards promoting green business awareness as its responsibility. As the Group's principal activity is to connect buyers and vendors of merchandise through online platforms, the environmental impact of its operations is minimal.

The Group hopes that our efficient online trading platforms and sound supporting value-added services help to change the whole supply chain ecology, change trading habits, reduce the time and resources needed in the trading process, and lead the trading industry into a new era of simpler and faster trading. Although our business has a limited impact on the environment, we firmly believe that in pursuing the above mission, we will be able to further reduce emissions, resource use and other environmental factors in business operation by applying advanced skills and innovative technologies.

The Group operates in strict compliance with the environmental protection laws and regulations of the Chinese government at all levels, including the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Water Pollution Prevention Law of the People's Republic of China (《中華人民共和國水污染防治法》), the Air Pollution Prevention Law of the People's Republic of China (《中華人民共和國大氣污染防治法》), the Solid Waste Pollution Prevention Law of the People's Republic of China (《中華人民共和國固體廢物污染環境防治法》) and others. Our compliance enables the Group to achieve its sustainable development objectives while meeting its obligations to protect the environment. Each year, the Group updates its corresponding management measures and distributes them to its departments. These outline its own analyses and understanding of newly promulgated government policies and laws and regulations. The Group also maintains awareness of energy conservation and emission reduction and ensures compliance with environmental protection regulations among its departments through trainings and regular internal audits. During the Reporting Period, the Group had not identified any material violations of the laws and regulations relating to environmental protection.

Environmental Aspects (continued)

WASTE GAS AND SEWAGE EMISSIONS

Airborne emissions directly generated by the Group mainly come from the use of fuel for logistics and administrative vehicles. Sewage emissions mainly originate from water consumed during inventory inspection and the testing of agricultural products. As the impact of the COVID-19 epidemic has subsided, the society has returned to normal operations, and the Company's business has also increased compared with previous years, resulting in a slight increase in sewage volume, vehicle usage and emissions during the Year compared to last year.

During the Reporting Period, direct waste gas and sewage emissions from the Group's business operations were as follows:

Waste gas and sewage emissions

Type of emissions[1]	Unit	2023	2022	2021
Nitrogen oxides (NO$_x$)[2]	Kg	10.3	9.17	8.49
Sulphur dioxide (SO$_x$)[3]	Kg	0.56	0.41	0.43
Particulate matter (PM)[4]	Kg	1.23	1.05	0.85
Sewage	Tonne	5,409	5,406	5,544

We have set clear emission reduction targets and strive to reduce air pollutant and sewage emissions by 3% compared with 2022 figures by 2026. The Group has made great efforts to reduce emissions from logistics vehicles and has incorporated this into its sustainable development business practice plan. We require that vehicles of third-party logistics suppliers as well as the Group's own vehicles meet national emission standards in order to ensure high fuel efficiency and minimise pollutant emissions. The Group has always advocated for public transportation and has provided public transportation subsidies. It also encourages walking or public transportation as the main travel methods to reduce vehicle use for short distance. In addition, the Group has implemented the "Vehicle Management Measures" (《車輛管理辦法》) to clearly stipulate the requirements of vehicle insurance, maintenance, and repair, etc., and kept vehicle records to manage fuel consumption to improve fuel efficiency for vehicles. The Group hopes to achieve its emission reduction targets through such policies and realize its goals in emission reduction. With the popularity of new energy vehicles, the Group provides electric vehicle charging piles and other facilities to encourage employees to use new energy vehicles for transportation to reduce the use of fuel-burning vehicles. For transportation energy consumption, Zall Steel is committed to integrating industry resources, and its internet-based freight transport platform, Xiaohuo Zhiyun (小伙智運), dedicating to accurately matching transportation needs to create an efficient, convenient and safe logistics trading platform through introducing Beidou/GPS positioning visual system to provide customers with transportation services such as inquiry, car search and cargo tracking and a complete set of logistics solutions. During the Reporting Period, the Group did not find any violation of laws and regulations on exhaust gas.

In terms of sewage treatment, the Group has set up recycling pipelines to collect and filter sewage to ensure that the sewage discharge meets the statutory standards. We also recycle a proportion of purified water and usable sewage to reuse water resources and reduce overall sewage emissions. During the Reporting Period, the Group had not identified any violations of the laws and regulations relating to discharges to water.

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[1]   The calculation method of the corresponding air emission assessment figures and the emission factors used in the calculation are based on "How to Prepare an ESG Report" and its attachment "Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange of Hong Kong, "Technical Guide for Air Pollutant Emission Inventory for On-road Vehicles (Trial Implementation)" issued by the Ministry of Ecology and Environment of the People's Republic of China, and the "Energy Statistics Manual — Analysis" issued by the International Energy Agency

[2]   The total volume of nitrogen oxides for 2022 and 2021 have been restated to incorporate more accurate data.

[3]   The total volume of sulphur dioxide for 2022 and 2021 have been restated to incorporate more accurate data.

[4]   The total volume of particulate matter for 2022 and 2021 have been restated to incorporate more accurate data.

Environmental Aspects (continued)

GREENHOUSE GAS EMISSIONS DATA

The Group's business covers all of China, though it is mainly centred in Shanghai and Shenzhen. During the Reporting Period, the Group's direct greenhouse gas emissions (Scope 1) were mainly generated from the use of transportation fuels, while indirect greenhouse gas emissions (Scope 2) were mainly generated from office electricity consumption. Scope 2 greenhouse gas emissions account for approximately 85% of the total emissions. During the Reporting Period, the total amount and intensity of direct or indirect greenhouse gas emissions generated by the Group (calculated based on the total number of employees of the Group) were as follows:

Greenhouse gas emission[5]	Unit	2023	2022	2021
Scope 1[6]				
Transport energy[7]	Tonne (CO_2e)	86	62	66
Scope 2[8]				
Electric energy	Tonne (CO_2e)	498	512	546
Total greenhouse gas emissions[9]	Tonne (CO_2e)	584	574	612
Greenhouse gas emissions intensity[10]	Tonne (CO_2e)/employee[11]	0.55	0.59	0.60

As the impact of the COVID-19 epidemic has subsided, the society has returned to normal operations, and the Company's business has also increased compared with previous years, resulting in an increase in vehicle usage and greenhouse gas emissions during the Year compared to last year. We have set clear emission reduction targets and strive to reduce GHG emission by 3% compared with 2022 figures by 2026. In order to reduce the Group's greenhouse gas emissions, we have implemented emission reduction measures at different levels with the goal of reducing the Group's electricity consumption. Please refer to the section headed "Energy Consumption Management" below for details.

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[5] The data covers direct and indirect greenhouse gas emissions primarily from the Group's offices in Shanghai and Shenzhen. The calculation method of the corresponding emission figures and the emission factors used in the calculation are estimated based on "How to Prepare an ESG Report" and its attachment "Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange of Hong Kong, "Guidelines for Calculation Methods and Reporting of Greenhouse Gas Emissions from Industrial and Other Industries Enterprises (Trial Implementation)" published by National Development and Reform Commission of the PRC, and "China Regional Power Grid Baseline Emission Factors For Emission Reduction Project" and "Fifth Assessment Report on Climate Change by IPCC " and "GHG Protocol Tool for Energy Consumption in China" published by the Ministry of Ecology and Environment of the People's Republic of China.

[6] Scope 1: emissions directly arising from the business operations owned or controlled by the Group, including emissions generated from mobile source fuels.

[7] The greenhouse gas emissions (Scope 1) for 2022 and 2021 have been restated to incorporate more accurate data.

[8] Scope 2: "indirect energy" emissions from the consumption of purchased electricity within the Group.

[9] The total greenhouse gas emissions for 2022 and 2021 have been restated to incorporate more accurate data.

[10] The greenhouse gas emissions intensity for 2022 and 2021 have been restated to incorporate more accurate data.

[11] As at 31 December 2023, the number of employees in the scope of this Report is 1,057; the number of employees is 980 in 2022; the number of employees is 1,021 in 2021.

Environmental Aspects (continued)

HAZARDOUS WASTE EMISSIONS

Laboratory hazardous waste

The Group strictly abides by the Solid Waste Pollution Prevention Law of the People's Republic of China (《中華人民共和國固體廢物污染環境防治法》) and other environmental laws and regulations to deal with hazardous wastes. As the portion of the Group's quality inspection that involved sulphuric acid and hydrochloric acid was outsourced to third parties during the Year, the Group did not generate a significant amount of hazardous waste emissions during the Year. During the Reporting Period, the Group had not identified any violations of the laws and regulations relating to hazardous waste.

NON-HAZARDOUS WASTE EMISSIONS

Office waste

The day-to-day operation of the Group's administrative offices generate a small amount of waste, mainly non-hazardous waste. During the Reporting Period, the types and quantities of major office waste generated by Group were as follows:

Type of waste	Unit	2023	2022	2021
Hazardous				
Ink cartridges	tonnes	0.115	0.114	0.114
Toner cartridges	tonnes	0	0	0
Intensity of hazardous waste	tonnes/employee[12]	0.00011	0.00012	0.00011
Non-hazardous				
Paper	tonnes	3.874	3.721	2.422
General waste	tonnes	6.578	5.410	3.960
Intensity of non-hazardous waste	tonnes/employee[13]	0.00989	0.00932	0.00625

As the impact of the COVID-19 epidemic has subsided, the society has returned to normal operations, and the Company's business has also increased compared with previous years, resulting in an increase in the total waste emissions during the Year compared to last year. We have set clear emission reduction targets and strive to reduce hazardous and non-hazardous waste emissions by 3% compared with 2022 figures by 2026. During the Reporting Period, the Group has formulated a 7S Management System (《7S管理制度》), the Energy and Resource Management System (《能源、資源管理制度》) and the Office Civility Convention (《辦公樓文明公約》) to manage its office waste emissions more effectively. Its measures begin with waste reduction at the source and recycling. We reduced the number of indoor waste collection bins to encourage employees to reduce waste emissions. We advocate reuse of papers and double-sided printing in the office, and all computer files are default-set at double-sided printing to save paper. We actively promote office automation and networking, advocate revising manuscripts on electronic media, and encourage employees to use digital documents and electronic business cards to reduce paper consumption. A single-sided paper recycling box has been placed in the printing room to collect paper for secondary printing of non-important documents. In addition, another recycling box collects waste paper for delivery by designated personnel to qualified recyclers. We advocate streamlining documents in the office. Matters for which there is no need to issue printed documents will be dealt with through meetings if possible. If printed documents are indeed necessary, the quantity of printing shall be accurately calculated to avoid excess. The Group also tries its best to use recyclable or reusable material to reduce the use of disposable objects. For damaged or scrapped equipment, the Group will properly dispose of it and reuse old parts. Furthermore, the Group advocates the reuse of waste, such as encouraging employees to make rational use of discarded cartons as express packaging where applicable in order to reduce the waste of resources. For more information on the Group's office waste reduction measures and policies, please refer to the "Green Office" section.

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[12]   As at 31 December 2023, the number of employees in the scope of this Report is 1,057; the number of employees is 980 in 2022; the number of employees is 1,021 in 2021.

[13]   As at 31 December 2023, the number of employees in the scope of this Report is 1,057; the number of employees is 980 in 2022; the number of employees is 1,021 in 2021.

Environmental Aspects (continued)

Since 2019, Zall Steel has endeavoured to comply with the Regulations of Shanghai Municipality on the Management of Domestic Waste (《上海市生活垃圾管理條例》), strictly implemented the "four categories" of waste, and disposed of domestic waste by "recyclable waste", "harmful waste", "wet waste" and "dry waste" categories. In addition, regarding internal management, Zall Steel adopted online management to basically realise paperless office, which not only improved the efficiency of information transmission in internal management, but also reduced the use of office supplies, thereby implementing the energy saving and emission reduction initiative. We closely focus on the national environmental protection policy regarding environmental protection management to formulate a green development strategy that aligns with the Group's operation, establish environmental awareness of energy conservation and emission reduction, incorporate it into the Group's values and culture, and assume social responsibility for green operation and emission reduction. During the Reporting Period, the Group did not find any violation of laws and regulations relating to non-hazardous waste and discharge into land.

RESOURCE USE

ENERGY CONSUMPTION MANAGEMENT

The major sources of energy used by the Group include electricity used in office operation and transportation. During the Reporting Period, the Group's energy consumption was as follows:

Energy consumption[14]	Unit	2023	2022	2021
Direct energy consumption[15]	'000kWh	**348**	**253**	**269**
Gasoline[16]	Litre	37,739	27,394	29,169
Indirect energy consumption	'000kWh	**624**	**642**	**684**
Purchased electricity	'000kWh	624	642	684
Total energy consumption[17]	'000kWh	**972**	**895**	**953**
Total energy consumption intensity[18]	'000kWh/employee[19]	0.92	0.91	0.93

As the impact of the COVID-19 epidemic has subsided, the society has returned to normal operations, and the Company's business has also increased compared with previous years, resulting in an increase in vehicle usage during the Year compared to last year. To achieve more effective energy consumption savings in the future, the Group has implemented the following internal measures.

Reducing transportation emissions

With respect to transportation energy consumption, the fuel efficiency and other performance data of logistics vehicles are closely monitored and the vehicles are maintained to a high standard to ensure optimal operation. When vehicles travel, we will plan routes to minimise travel distance, so as to reduce travel time and energy consumption of vehicles. The Group's Vehicle Management Measures (《車輛管理辦法》) requires vehicle maintenance to be conducted every 5,000 km — an exercise that includes changing the oil, oil filter, air filter and auto filter to ensure that vehicles travel at maximum efficiency. Meanwhile, the Group has strengthened its fuel consumption management, and implemented a fixed-point refueling management system, kept records of license plate numbers and fuel cards, and conducts monthly audit, so as to save vehicle costs and effectively control vehicle fuel consumption and emissions.

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[14]   The data covers direct and indirect energy consumption primarily from the Group's offices in Shanghai and Shenzhen. The calculation method of the corresponding energy consumption figures and the emission factors used in the calculation are estimated based on "How to Prepare an ESG Report" and its attachment "Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange of Hong Kong, and the "Guidance on Accounting Methods and Reporting of Greenhouse Gas Emissions of Enterprises in Other Industries (Trial Edition) (工業其他行業企業溫室氣體排放核算方法與報告指南(試行)) issued by the National Development and Reform Commission.

[15]   The direct energy consumption for 2022 and 2021 have been restated to incorporate more accurate data.

[16]   The gasoline consumption for 2022 and 2021 have been restated to incorporate more accurate data.

[17]   The total energy consumption for 2022 and 2021 have been restated to incorporate more accurate data.

[18]   The total greenhouse gas emission intensity for 2022 and 2021 have been restated to incorporate more accurate data.

[19]   As at 31 December 2023, the number of employees in the scope of this Report is 1,057; the number of employees is 980 in 2022; the number of employees is 1,021 in 2021.

Environmental Aspects (continued)

Saving electricity

The Group has implemented a series of measures to reduce greenhouse gas emissions from the source, and during and after processes. We have set clear emission reduction targets and strive to reduce energy usage (including electricity and thermal energy) by 3% compared with 2022 figures by 2026. To systematically protect the environment, fully utilise energy and resources and reduce resources consumption, the Group established 7S Management System《7S管理制度》, the Energy and Resource Management System《能源、資源管理制度》and the Office Civility Convention《辦公樓文明公約》, which systematises the reasonable utilisation, management and control of energy and resources consumed by its departments. By strengthening energy usage management and adopting measures which are technically feasible, financially reasonable and acceptable to the environment and society, the Group reduces its consumption and waste of energy to reduce its loss, and effectively uses resources and lower greenhouse gas emissions. In addition, we preach such management measures to enhance the environmental awareness of departments and promote orderly use of electricity. For more information on the Group's office emissions reduction measures and policies, please refer to the section headed "Green Office".

WATER CONSUMPTION MANAGEMENT

The Group's use of water is mainly for routine office activities. During the Reporting Period, the Group's direct water consumption was as follows:

Water consumption

Water resources[20]	Unit	2023	2022	2021
Water consumption	m³	6,161	6,158	6,339
Water consumption intensity	m³/employee[21]	5.83	6.28	6.21

The Group fully appreciates the importance of water resources to the earth's environment. As the Group's business does not involve water intensive operation, our focus is on reducing the water consumed in office activities. The Group has formulated the Energy and Resource Management System (《能源、資源管理制度》) and has implemented relevant water-saving measures, including posting reminders next to faucet to remind users to save water. In addition, the Group encourages employees to use recycled water or grey water when feasible for flushing toilets, irrigation and other purposes. The Group also publicises water conservation by posting signs in its offices to raise water-saving awareness. We control the water flow of faucets with different functions to reduce unnecessary waste of water, and regularly maintain and examine water flow devices to avoid water leakage. The Group's offices use municipal water supply and have no problems in sourcing water. Water consumption for the year was similar to that of last year.

PACKAGING MATERIALS

Our supply chain business seldom involves the use of packaging materials such as packaging paper and cartons. Upholding the principles of simplicity and environmental protection, we try to use recyclable material when we need to use packaging materials. During the Reporting Period, our consumption of packaging materials is as follows:

Type	Unit	2023	2022	2021
Packaging cartons	tonnes	0	0	0
Cartons	tonnes	0	0	0
Adhesive tape	tonnes	0	0	0

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[20]   The data covers the water consumption of the Group's offices in Shanghai and Shenzhen.

[21]   As at 31 December 2023, the number of employees in the scope of this Report is 1,057; the number of employees is 980 in 2022; the number of employees is 1,021 in 2021.

Environmental Aspects (continued)

THE ENVIRONMENT AND NATURAL RESOURCES

Save for the abovementioned emissions, the Group's major supply chain management business did not make any other material impacts on the environment or natural resources. However, in the traditional wholesale market development business, project developments will have certain impacts on the surrounding environment. As such, while formulating business development and investment projects, the Group ensures the coordination of its projects with local society and environment. In order to ensure that the Group can protect the ecological environment and natural resources where the business is developed and meet all local laws and regulations when developing new projects, we have formulated the following project development evaluation framework and each subsidiary is required to follow such framework.

1. In evaluating new business development project approval, evaluate and ensure that the project meets the requirements of social and environmental development
2. Appoint professional advisors to conduct feasibility studies to ensure the project meets local policies and development requirements
3. In the process of project implementation, define the responsibilities of each functional department, supervise and manage the project process, and prevent and control disharmonious events
4. Project audits and post-evaluations cover environmental and social impacts, and evaluation results are adopted as the basis for project reward and accountability

Environmental protection is the responsibility of every employee of the Group. The Group is committed to sustainable development and the provision of high-quality products while minimizing the impact of our business activities on the environment. In addition to the details disclosed in the chapters "Green Office", "Emissions Management" and "Resource Use" above, the Group has taken the following measures to put our environmental protection concepts into practice:

ELECTRICITY CONSUMPTION

- Increasing the installation of electricity meters to monitor electricity consumption and detect and prevent abnormal usage as early as possible;

- Promoting energy-saving habits and introducing measures such as turning off lights, computers and air conditioning system when not in use;

- Replacing lighting systems in offices with energy-saving LED lighting systems;

- Promoting video conferencing to reduce transport energy consumption arising from commuting;

- Requiring office air-conditioning system to be set at an average temperature no lower than 26°C; and

- Inspecting old air conditioning systems and replacing them with energy-efficient inverter air conditioners.

Environmental Aspects (continued)

WATER CONSUMPTION

- Increasing the installation of water meters to monitor water consumption and detect and prevent abnormal usage as early as possible; and

- Regularly inspecting pipelines to investigate and repair water seepage to avoid waste.

MINIMIZING USE OF PAPER

- Promoting paperless office by reviewing documents and communicating via email and online systems as much as possible, and lowering the frequency of printing and/or photocopying to reduce paper consumption at the office.

REDUCING PLASTIC BOTTLE WASTE

- Cutting back on bottled water consumption by installing drinking water facilities in offices, and encouraging employees to bring reusable cups to reduce the use of plastic bottles.

CLIMATE CHANGE-RELATED ISSUES

Climate change is one of the major global challenges of the society today. We must act immediately, actively respond to climate change, and strive to protect the ecological environment and the sustainable development of communities. Extreme weather such as strong winds and heavy rainfall, as well as tides and floods, has become media focus in recent years. Logistics and supply chains are susceptible to climate change, as losses may occur due to severe damage caused by extreme rainfall, rising tides and flooding to assets such as buildings, warehouses, and any goods stored therein. Although such incidents are beyond anyone's control, the Group believes that all stakeholders shall make concerted efforts to tackle climate change, one of the biggest threats facing the world over the next few years.

In response to the Paris Agreement, the Hong Kong government has issued the Hong Kong's Climate Action Plan to lay down plans and actions, set the vision of "Zero-carbon Emissions, Liveable City, Sustainable Development", and commit to a more aggressive medium-term target to reduce total carbon emissions of Hong Kong by half against the 2005 level before 2035. The government of Hong Kong has pledged to achieve carbon neutrality by 2050, while the mainland China by 2060.

In response to the advocacy of local governments and the "double carbon" national policy, and complying with their emission reduction requirements, the Group proactively reduce emissions by 3% by 2026, ensures that the Group's greenhouse gas emissions meet the increasingly stringent regulatory requirements of local governments in or before 2030, and achieves operational carbon neutrality by 2050. We are committed to improving the energy efficiency, leveraging on our professional expertise to maintain efficient management support, and protecting the Group's reputation.

Environmental Aspects (continued)

The Group has identified a range of climate change-related risks and opportunities related to our assets and services to understand the scenarios in which such risks and opportunities may have a greater impact. The transition and physical risks are discussed in the following sections.

	Risks	**Opportunities**
Short term (0–1 year)	• Substantial risk arising from extreme weather incidents • Acquiring the skills and capabilities needed for implementing climate strategies	• New products and services to help communities reduce carbon emissions • New technologies to improve operational and energy efficiency
Medium term (5 years)	• Transition risk — implementing policies for low carbon operations • Transition risk — supply and demand for certain goods, products and services may change in line with the increasing attention paid to climate change-related risks and opportunities	• The markets in which our business operates are transiting towards low-carbon economy to meet the carbon reduction goals set by the governments • Opportunities arising from factors facilitating transformation
Medium and long term (Over 5 years)	• Transition risk — potential new regulations and policies • Transition risk — the development and use of emerging technologies may increase operating costs and hurt the Group's competitiveness • Transition risk — the Group's reputation may be affected by the changes in the customers' or communities' awareness towards the corporation contribution to the transition to a low carbon economy	• Market transition to a low carbon economy to meet governments' carbon neutral goals • Opportunities arising from factors facilitating transformation • Becoming an industry leader and build up reputation

As climate change exacerbates extreme weather conditions, bad weather is more likely to affect logistics efficiency, resulting in delayed transportation or damaged goods. The Group has formulated logistics guidance for severe weather conditions and established an extensive and close communication network with the logistics team to promptly respond and take actions according to the transportation conditions, so as to ensure service quality and maintain the reliability of the service platform. In addition, some of our operating bases are located in coastal areas and therefore exposed to severe weather conditions such as heavy rain, typhoons, and severe thunderstorm. The Group has put in place preventive and contingency measures, with protecting the safety of employees as the top priority. In severe weather conditions, we provide early warnings, reduce employee travels, and prohibit outdoor works. Meanwhile, the Group has formulated the relevant internal policies, including the Energy and Resource Management System (《能源、資源管理制度》), the Office Civility Convention (《辦公樓文明公約》) and the Vehicle Management Measures (《車輛管理辦法》), so as to effectively control the Group's emissions and resource usage, thus minimize the impact of our operations on the environment and climate change.

Over the years, we have seized opportunities to expand our business and accelerated transformation to make the Group's business smarter and greener, our employees and product users safer (e.g. proactively promote office automation and networking), and our operations more sustainable, so as to deliver on our commitment to resource management and environmental protection.

Social Aspects

STAFF, COMPENSATION AND BENEFITS
COMPENSATION AND DISMISSAL, RECRUITMENT AND PROMOTION, WORKING HOURS AND LEAVES

The Group values talent and advocates people-and performance-oriented management principles with an emphasis on reward, fairness, openness and impartiality. To attract and retain the best, the Group offers industry-competitive remuneration packages, maintains a system of performance-oriented rewards and internal equity, and provides employees with on-the-job training and longterm development opportunities.

The Management Measures for Recruitment (《招聘管理辦法》) formulated by the Group outlines our recruitment principles, including the three suitability principles, namely, the principle of openness, fairness and justice, and the principle of merit-based recruitment. The three suitability principles refer to the person who is best suited to the Company's values, needs, and best suited to grow and develop in the Company. When there are budgeted vacancies or personnel needs, the Group would recruit and hire suitable employees through social recruitment, internal recruitment, campus recruitment and other channels, and arrange relevant evaluations and interviews.
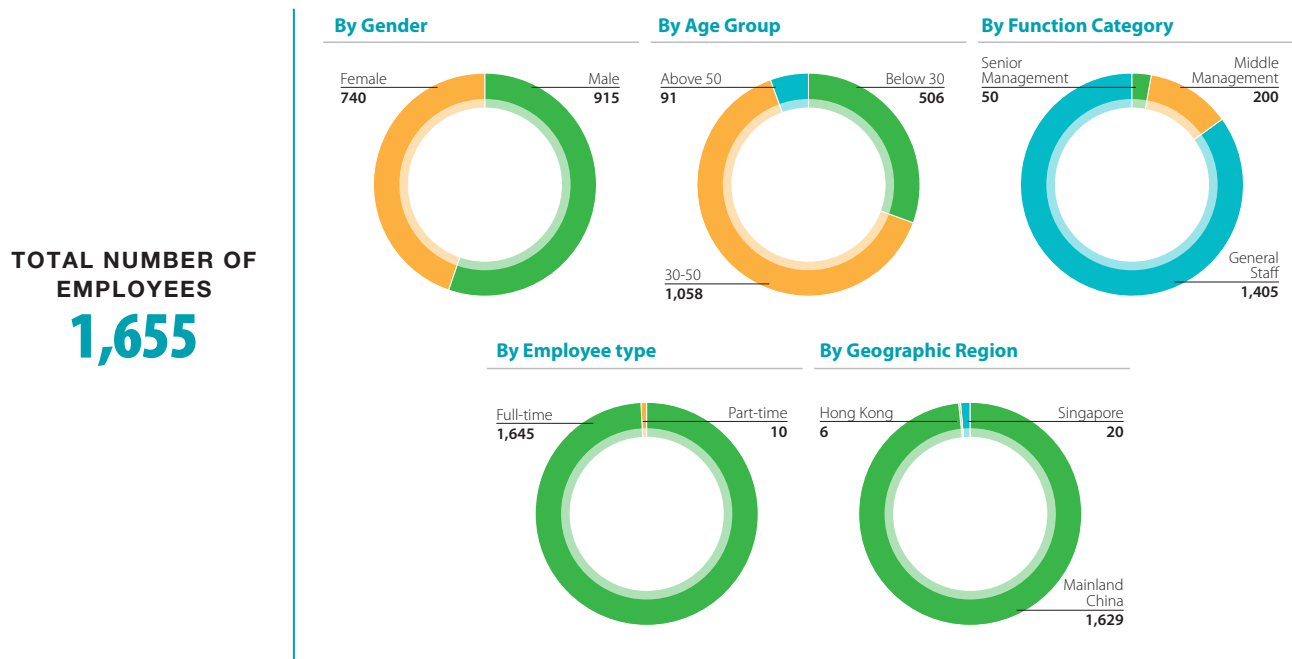
In calculating employees' remuneration by the management, the Group set up the Remuneration Management System (《薪酬管理制度》), which has optimized the structure of and the authority over their salaries and clarified the definitions of items such as remuneration and quarterly performance bonuses as well as related approval process. The system has also comprehensively considered external economic conditions and industry pay levels to ensure that its packages are competitive in the market and attractive in the industry to a certain extent, when fairness over, differences and competitiveness of the same position within the company are also taken into consideration. As stipulated in the updated Employee Manual (《員工手冊》), in terms of remuneration and performance management, personal performance are evaluated using an appraisal process which combines annual and monthly assessments, the results of which will be considered in determining salaries and bonus, sufficiently motivating employees to work actively. We have also set up the tools for performance appraisal to assess the performance capabilities of employees in a comprehensive manner. In addition, the Group also focuses on communication and guidance on performance. After the performance appraisal is completed, the appraiser must promptly release the performance appraisal results to the appraisee, and provide guidance on and interviews for their performance based on the actual situation to help them identify their shortcomings and thus improve their performance. Besides, the Group has formulated a Performance Management Plan for Managers (《職能人員績效管理方案》) and a Performance Management Plan for Operational Staff (《業務人員績效管理方案》), which clearly list the directions and requirements for performance planning, guidance, evaluation and improvement, determining matters such as business accounting and rank evaluation. The Company would combine the specific requirements of different ranks and job promotions to conduct assessments on capabilities and other aspects as a basis for further promotion assessment and review. The Company would issue a promotion notice to relevant employees to confirm that the promotion has taken effect. The Employee Manual (《員工手冊》) and Employee Resignation Management System (《員工離職管理制度》) formulated by the Group also set out the principles and rules regarding resignation and dismissal. Employees should submit a written resignation application to the Company in advance, and hand over work matters in accordance with relevant regulations after approval by the Company. After the resignation procedures are completed, employees may apply for a departure certificate from the Company. If an employee seriously violates rules and disciplines, such as being absent from work continuously, the Company may dismiss them according to relevant regulations based on the disciplinary violation.

The Company Rules and Regulations (《公司規章制度》) established by the Group set out the salary management system, a human resources management mechanism with "value" as its core, and clarify items such as ranking system for relevant positions, promotion process and conditions. At the same time, this system standardizes employees' attendance and vacation management, work discipline and relevant requirements such as formal employment and resignation. The Group operates with the five-day work system, and ensures reasonable working hours and leave — including statutory holidays, marriage, maternity, prenatal tests, paternity, childcare leave, breastfeeding, annual and paid sick leave — for each employee. The Group complies with the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), and other applicable laws and regulations relating to recruitment, dismissal, working hours and leave, and ensures that each procedure is legal and reasonable. These rules are fully reflected in the Group's Management Measures for Recruitment (《招聘管理辦法》) and Employee Manual (《員工手冊》), all of which are designed to ensure a healthy work-life balance for each employee. For departing employees, we also ensure that they receive their due benefits and compensation in accordance with the Employee Resignation Management System (《員工離職管理制度》).

Social Aspects (continued)

During the Reporting Period, the total number of employees of the Group was 1,655 (2022: 1,615; 2021: 1,825). The number of employees and turnover figures of the Group by category during the Reporting Period are as follows:

NUMBER OF EMPLOYEES

TOTAL NUMBER OF EMPLOYEES

1,655

By Gender

Female **740**   Male **915**

By Age Group

Above 50 **91**   Below 30 **506**

30-50 **1,058**

By Function Category

Senior Management **50**   Middle Management **200**

General Staff **1,405**

By Employee type

Full-time **1,645**   Part-time **10**

By Geographic Region

Hong Kong **6**   Singapore **20**

Mainland China **1,629**

EMPLOYEES TURNOVER RATE[22]

TOTAL NUMBER OF EMPLOYEE TURNOVER (TURNOVER RATE)

566 (25%)

By Gender

Female **242 (25%)**   Male **324 (26%)**

By Age Group

Above 50 **22 (19%)**   Below 30 **204 (29%)**

30-50 **340 (24%)**

By Geographic Region

Hong Kong **0 (0%)**   Singapore **5 (20%)**

Mainland China **561 (26%)**
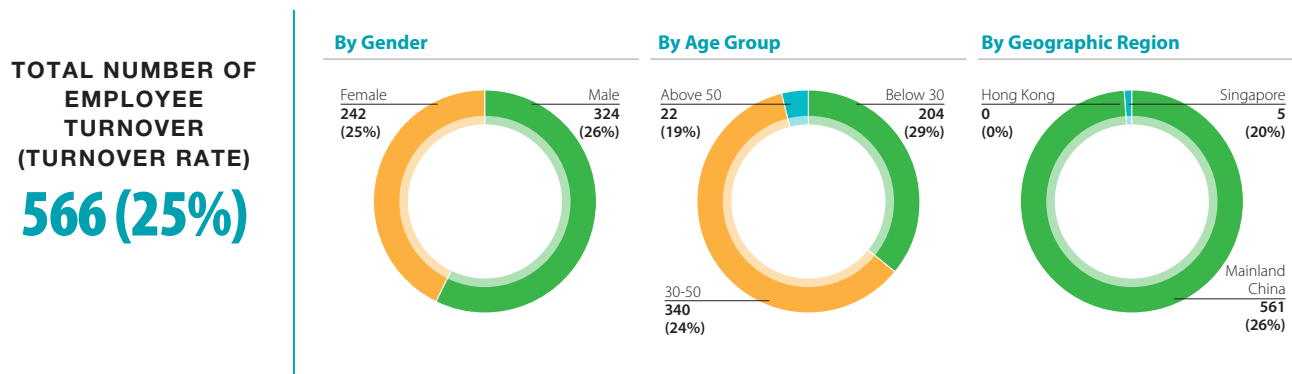
The Group and its affiliated platforms regularly hold a variety of staff activities, in order to facilitate team building in a pleasant and harmonious way, enhance employees' sense of belonging to the Group and ease their work pressure. The Group organizes different festivals or themed activities from time to time, such as birthday parties for employees, team building activities, sport campaigns, tea parties and Women's Day activities, and distributes gifts to enrich the life of all staff, promote communication and enhance cohesion among them. Meanwhile, the Group also organizes commendation ceremonies such as 10-year employment ceremonies in recognition of the dedication and efforts of our staff and their contributions to the Company.

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[22]   Turnover rate = Number of employees who left the Group in that category for the year/the sum of total number of employees and the number of employees who left the Group in that category at year-end.

Social Aspects (continued)

Birthday Parties For Employees

Team Building Activities

Sport Campaigns

Tea Parties

Women's Day Activities

10-Year Employment Ceremonies

Social Aspects (continued)

EQUAL OPPORTUNITIES, DIVERSITY AND NON-DISCRIMINATION

The Group maintains a fair and diverse workforce. It does not discriminate or dismiss any employee due to race, gender, age or marital status. The Group has formulated its Management Measures for Recruitment (《招聘管理辦法》) and its Company Rules and Regulations (《公司規章制度》), which describes its principles of equal opportunity, diversity and non-discrimination. The Group's principle of equality applies to various aspects, including employees' recruitment and dismissal, probation, vacation, opportunities, career development and promotion, as well as other benefits and the welfare system. Fair procedures and objective criteria are implemented in all these aspects to ensure that all employees and job applicants receive fair treatment. Furthermore, the Group has also established the Probation Management Measures (Trial Version) (《試用期管理辦法（試行版）》) to regulate the probation and formal employment management of its employees. The measures clarify relevant process and requirements, procedures and work responsibilities of relevant departments, so as to improve the recruitment effect and to satisfy the needs of the Group for sustainability, when ensuring that every new employee would receive equal opportunities and treatment.

Meanwhile, in response to the requirements of the Code on Corporate Governance Practice of the Hong Kong Stock Exchange and the global ESG trends, the Group has formulated the Board Diversity Policy (《董事會成員多元化政策》), which aims to set out the Board's approach to achieve diversity. In deciding the composition of the board of directors, the Group will consider the diversity of board members from various aspects, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge and service tenure. The Group provides a feedback mechanism to allow employees to report any defects regarding the principles of equal opportunity, diversity and non-discrimination. Such channels include regular seminars and interviews and e-mail communications. After receiving feedback, management will assign personnel to investigate the matter in an objective, impartial, practical and realistic manner. Reports on the investigation's progress will be made in a timely fashion, and appeasement work will be done as appropriate.

The above management measures are strictly in compliance with laws and regulations related to human resources, including the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Law of the People's Republic of China on the Protection of Women's Rights and Interests (《中華人民共和國婦女權益保障法》), the Trade Union Law of the People's Republic of China (《中華人民共和國工會法》), and the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》). The Group maintains close contact with social security authorities, and cares about and protects the human rights, development and safety of employees.

During the Reporting Period, the Group had not identified any violation of laws and regulations related to employee compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

Social Aspects (continued)

TALENT MANAGEMENT
HEALTH AND SAFETY

For the Group, it is our top priority to protect the health and safety of every employee. To create a healthy and safe work environment, the Group has developed a comprehensive health and safety policy, put up posters and instructions on occupational safety, and regularly inspects workplaces and conduct emergency fire drills. The Group provides physical check benefit for employees, and makes physical check arrangement for them annually. In addition, the Group holds occupational safety meetings on a regular basis, sets the goal of "no major safety incidents and diminishing general safety accidents", and determines the person in charge of occupational safety, so as to continuously improve the occupational safety performance of the Group.

In terms of daily occupational health and safety affairs, the Group's principal business — supply chain management does not involve high-risk jobs, and employees mostly work in the Group's offices and certain off-site locations. As such, the Group has established a Fire Contingency Plan (《消防應急預案》) to strengthen the fire safety awareness of office employees and standardise fire safety management of the Group. In order to more effectively cope with emergencies arising during fires, the Group has set up different action teams, including the fire-fighting action team, the communication liaison team, the evacuation guidance team and the safety protection and rescue team. They coordinate with one another with reference to the orders made by the headquarters to ensure the safety of all staff to the greatest extent. Besides, we have established a sound fire safety inspection process for all workplaces and office areas. Before leaving work, the administrative and human resources department shall check whether the sockets, computers, water dispensers, doors and windows in each department have been switched off or closed. If it is found that any electrical appliance, door or window is yet to be turned off or closed, the relevant person in charge shall be issued a warning and be required to rectify the situation. Those who violate the rules twice will be punished. In addition to routine fire inspections in office premises, the Group will regularly contact local fire control authorities to arrange fire drills to boost employees' awareness of crisis. At the same time, the Group's Company Rules and Regulations (《公司規章制度》) prescribe the safe environment management in offices. For example, obsolete and aging electrical appliances and wires should be reported and sent to technicians for repair to prevent danger and ensure the occupational safety of staff. Since 2021, it has obtained GB/T 45001-2020/ISO 45001:2018 occupational health and safety management system certification covering prepackaged food, chemical products, steel sales, e-commerce and sales of ferrous commodities（黑色大宗商品）, development of computer application and software and so forth to ensure a safe working environment for employees.

Protecting the mental health of staff is also an extremely important mission of the Group in its daily operations. It has established a culture that cares about and supports mental health by organizing different activities to improve communication among employees and help them build up the ability of self-caring and mitigating pressure, thereby promoting their overall sense of happiness and work effectiveness. During the Reporting Period, the human resources centre of the Group's North Hankou held the communication-themed activities of Reading Club（悅讀薈）and OH Card Salon (OH卡沙龍), where participants not only shared their comments after reading the book named The 30-Day Communication Training Camp of Tuobuhua (《脫不花30天溝通訓練營》) and their experiences in communicating with various departments and customers in their daily work, but also learned the communication funnel model and precautions for workplace communication. Through these activities, staff can explore inwardly and discover communication methods that suit themselves. This assists them in positively expressing their thoughts in hearts, cultivating good communication and interaction and reducing conflicts and misunderstandings. As a result, team building could be promoted and mutual resonance and support could be enhanced.

The Group and its subsidiaries strictly follow the internal Implementation Guidelines on Construction Quality and Safety Management 《(工程質量安全管理實施指引》) of the Group while carrying out construction projects, which contains a quantitative evaluation form on project safety and occupational health management, along with guidelines for behaviour management, standardised on-site management, accident emergency management, construction site safety management, and management and use of personal protective equipment. The Group also inspects the safety work of construction projects, such as whether smoke detectors are installed according to the requirements of building fire protection, and regular maintenance of firefighting equipment and emergency lighting equipment. Regulations of the Group on engineering management stipulate that employees must wear safety helmets when entering a construction site, and dangerous goods are prohibited from being brought into the construction site.

Social Aspects (continued)

The Group has formulated Office Regulations (《辦公規範》) in the Employee Manual (《員工手冊》) in accordance with the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), the Fire Prevention Law of the People's Republic of China (《中華人民共和國消防法》) and other relevant laws and regulations. This describes various office safety matters and contingency measures, and together with the above systems of the Group, protects the interests and physical and mental health of employees. During the Reporting Period, the Group had not identified any violation of laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards.

Based on the above measures, we have effectively ensured the safety of our employees. During the Reporting Period, there were no major accidents of work-related injuries and deaths or loss of working days due to work-related injury. We have recorded 0 work-related injuries or deaths for 3 consecutive years.

During the Reporting Period, the Group's data on work-related injuries and deaths in the past 3 reporting years are summarized as follows:

|	**2023**	**2022**	**2021**
Number of work-related deaths	**0**	**0**	**0**
Ratio of work-related deaths	0%	0%	0%
Number of work-related injuries	**0**	**0**	**0**
Working days lost due to work-related injuries	0	0	0

DEVELOPMENT AND TRAINING

To establish a good staff training system, the Group has formulated Staff Education and Training System 《（員工教育與培訓體系》) to provide staff with diverse training courses. Focusing on the development, position, business and other demand of the training targets, it mainly uses internal training to promote the continuous learning and development of staff. The training includes induction training for new entrants as well as courses on professional development, job skills, management skills, in addition to other types of educational training and development to enhance the core competitiveness of the Group. In addition, we have also established the Lecturer Management System (《講師管理制度》) to standardize lecturers' qualification and our requirements on them as well as the division of responsibilities on each department in lecturer management. Internal resources of the Company will be utilized to establish a team of lecturers for cultivating more outstanding talents for the Group.

During the Reporting Period, our training activities were all conducted offline, including operational training on handling depository receipt and issuing cashier's order, practical training for optimized project credit review and business contract, enterprise employee management training, manager training on their role awareness, product and operating process training and sales leadership training camp. The Group also organizes staff training activities from time to time to enable employees to absorb new industry knowledge and strengthen their own abilities. The effectiveness of the training is then evaluated based on the Kirkpatrick Model.

We also provide financial support for employees to receive training, in a bid to encourage them to obtain professional certificates related to their posts with relevant subsidies. The Group maintains a strict system of training attendance and record management. Training results are linked with individual employees' performance appraisals, career promotions and salary adjustments, and the effects of their training are recorded and monitored.

Social Aspects (continued)

In addition, the Group has formulated the Employee Rotation Management Measures (《員工輪崗管理辦法》) to make arrangement on training employees for different positions and on shifting their positions. Through job rotation training and learning, the knowledge structure of employees is optimized, their horizons are expanded, and their comprehensive qualities are improved. Therefore, their potential is fully realized.
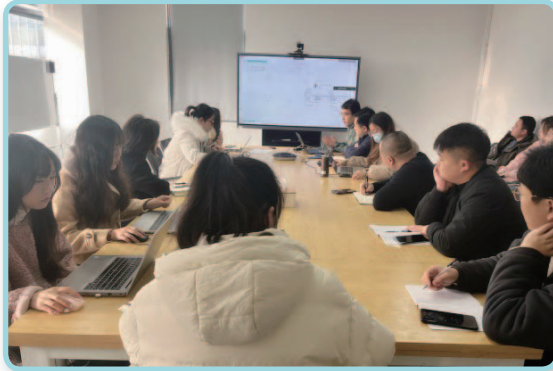
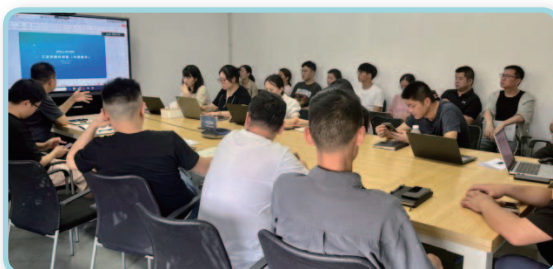Training On Handling Depository Receipt And Issuing Cashier's Order

Practical Training For Optimized Project Credit Review And Business Contract

Enterprise Employee Management Training

Manager Training On Their Role Awareness

Product And Operating Process Training

Sales Leadership Training Camp

Social Aspects (continued)

During the Reporting Period, the Group's relevant data on training is as follows:

		2023	**2022**	**2021**
Training percentage[23]	By gender			
	Male	92%	79%	77%
	Female	94%	86%	79%
	By position			
	Senior management	70%	71%	86%
	Mid-level employees and			
	management	77%	71%	82%
	General employees	96%	85%	75%
Average training hours[24]				
(Hours/employee)	By gender			
	Male	41.55	40.05	44.23
	Female	42.65	40.19	48.17
	By position			
	Senior management	31.60	34.38	31.41
	Mid-level employees and			
	management	34.77	32.08	32.32
	General employees	43.45	41.68	48.33

LABOUR STANDARDS
PREVENTION OF CHILD OR FORCED LABOUR

The Group puts emphasis on avoiding labour exploitation and child labour, and strictly abides by all labour laws. The Group has not employed child labour under the age of 16. The Group clearly stipulates that no child labour shall be employed in any form, and requires employee age verification as a necessary procedure under its human resources policies.

In addition, the Labour Contract (《勞動合同》) of the Group also stipulates that no forced labour shall be used by threats of violence or illegal restriction of personal freedom. We regularly assign independent persons to investigate suspicious implications of forced labour. In case of forced labour, any employee who is forced to work may apply for financial compensation, and the employee(s) forcing others to work shall be subject to punishment or other legal consequences. The Group has also popularised the relevant standards, as we require suppliers to prevent employment of any child labour or forced labour, which, once discovered, will be investigated into by us. The Group may terminate relationships with suppliers if they were found responsible for such violations.

Our anti-child labour and labour exploitation systems and rules are all in compliance with the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Regulations on Special Protection of Underage Labour (《未成年工特殊保護規定》), the Law of the People's Republic of China on the Protection of Minors (《中華人民共和國未成年人保護法》), the Regulations on the Prohibition of Child Labour (《禁止使用童工規定》) and other regulations and requirements. During the Reporting Period, the Group had not identified any violation of any applicable laws and regulations relating to the prevention of child labour and forced labour.

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[23]   Percentage of employees trained = The number of employees trained during the Reporting Period/the number of employees at the conclusion of the Reporting Period.

[24]   Average training hours = Total number of training hours during the Reporting Period/total number of employees at the conclusion of the Reporting Period.

Social Aspects (continued)

SUSTAINABLE OPERATION
BUSINESS PRACTICES
Sustainable Supply Chain Management

The success of Zall Smart Commerce Group relies on our sound supply chain management system, which enables us to quickly source all kinds of quality, reasonably-priced and sufficient supply for hundreds of thousands of customers in the Group's ecosystem. We are committed to ensuring that the goods on our commodity trading platforms are good value for money whilst maintaining the reputation and quality standard of the brand. As such, we pay great attention to sustainable supply chain management, with a view to improving efficiency and value of processes such as sourcing, packaging, logistics and delivery. The stability and sustainability of a supply chain also depend on suppliers' business quality, supply performance and environmental and social management measures. The Group assesses supply chain risks on a yearly basis, and has developed a series of control measures to reduce such risks.

The Group has been improving its supply chain management, including standardizing management elements, conducting risk assessment, establishing evaluation and access mechanisms for suppliers, and supervising other aspects of the product lifecycle, such as warehousing and logistics. In addition to improving basic supply chains, we also noticed the impact of the supply chain on the overall sustainable development process, including carbon emissions, material selection, employee rights and interests of the suppliers, etc. along the supply chain. Therefore, we will dedicate ourselves to introducing more sustainable development elements to the current supply chain management framework through research, and further strengthen and improve the supervision and transparency of the supply chain, in a bid to enhance the management effectiveness.

The Group's subsidiaries attach great importance to digital transformation, relying on industrial digitization to promote industrial structure adjustment and industrial restructuring and upgrading, putting into practice the electronic contracts and electronic bill of lading. The digitalization of processes and organizations improves per capita efficiency, supports the in-depth connection between front-end sales organizations and customers, and facilitates the rapid implementation of business. The advancement of digital transformation has improved the operational quality of business development, providing the Group with a powerful platform and implementation capability to explore new business and new business forms. In order to actively respond to the national policy of "dual-carbon", the Group has built a green and low-carbon supply chain based on its supply chain advantages in the fields of commodities such as agriculture, steel, chemicals and plastics. During the Year, the Group teamed up with EC Digital, a professional tool and service provider for carbon data quantification in the PRC, to grandly launch the "Zall Zero Carbon（卓零碳）", a green trading service, aiming at systematically improving the green and low-carbon competitiveness of its products and continuously optimizing its green logistics supply system, so as to facilitate the advancement in areas such as digital trade and supply chain management for acceleration of green development and to improve the efficiency and effectiveness of the entire supply chain.

Social Aspects (continued)

Case: Zall Zero Carbon（卓零碳）
"Zall Zero Carbon（卓零碳）" adopts the life cycle assessment method based on the ISO14067 international standard, to provide different comprehensive solutions for upstream and downstream customers in industries such as agricultural products, chemical plastics and ferrous metals with innovative models of and digital technologies for "sorting of Production process data, calculation model for building block process and Internet deployment for industry（生產流程數據梳理、積木工序計算模型、工業互聯網部署）". Such solutions range from logistics information tracking for commodity trade, to product carbon footprint calculation used in professional quantitative model of enterprise carbon data, as well as planning service for low-carbon routes, etc.

In addition, the Group's subsidiaries further optimise the multi-dimensional and integrated smart warehousing and logistics system, which enhances capabilities in warehousing and distribution operations, and provides intelligent, visible, and efficient online services for all players in the industry chain. By electronic warehouse receipts and paperless delivery, close contact between people can be avoided and use of paper materials can be reduced to facilitate the green development of the industry.

Social Aspects (continued)

Supply Chain Quality and Risk Management

The Group's risk management centre has set up the Business and Product Management Method (《業務產品管理方法》) to standardize the requirements for the supplier management system, conduct access screening of upstream suppliers and establish a supplier management and review system for improving business risk management and ensuring the healthy and rapid development of the business. Besides, the Group has also established the Business Compliance Inspection and Management Measures (《業務合規檢查管理辦法》) to improve its risk prevention capabilities and risk management levels for the compliance of its business operations and management, and the effectiveness of risk management by means of compliance inspection based on the four principles of comprehensiveness, independence, flexibility and dynamic management.

Moreover, as the Group's subsidiaries have different operating models and product categories, each subsidiary has its own supply chain management system. All of our suppliers are subject to the Group's supply chain management system. Overall, we will conduct comprehensive background checks on potential suppliers and consult professional third-party credit databases to select those with outstanding products and business performance, formulate clear contract provisions to protect the rights and interests of the Group, regularly inspect the quality of incoming goods through spot checks, continuously monitor the performance of suppliers, update risk assessment results and take appropriate risk mitigation measures in a timely manner.

Each subsidiary under the Group has a risk management department to review the results of due diligence on suppliers, gather complete supplier information based on the results of queries to third-party databases, and enter the supplier information into the subsidiary's credit evaluation model to calculate each supplier's credit score and feasible transaction limit. In the end, the head of the risk management department will determine the actual transaction limit for each supplier. Listed below are the supply chain management policies of our major subsidiaries.

The Group closely monitored market price changes and margin ratios to ensure that upstream and downstream players perform their contracts on schedule. For customers with good trading track records and stable performance, the Group will offer them a grace period as appropriate after assessing their risk tolerance, in order to support the suppliers. Meanwhile, we flexibly managed supply chains and communicated with our business partners by phone and WeChat, in order to increase the flexibility of conducting business activities.

Shenzhen Sinoagri

At Shenzhen Sinoagri, the supplier evaluation team effectively ensures the quality and safety of agricultural products, and all suppliers must obtain a statutory Food Circulation Permit before obtaining online trading qualification. Following basic qualification review, the Company carries out sampling inspection on white sugar purchased in accordance with the national standard GBT317-2018 "White Sugar" and prepares a report, so as to ensure that the quality of sugar meets national standards. The Company will perform a series of approval procedures to ensure that each supplier complies with the Group's supplier management policy. In addition, the Company regularly evaluates and reviews the qualification of suppliers, and terminates partnership with unqualified suppliers.

HSH

HSH screens raw material suppliers and selects companies that have high market awareness, large size and stable product quality, or middle-and large-sized traders for procurement cooperation. As all products procured are standard chemical plastics manufactured by large plants, their quality is secured to a certain degree. Where a customer disputes product quality, the Company will fully coordinate on the handling of relevant quality issues. The Company will also rate suppliers on a regular basis, and then terminate the contract with any supplier which is rated unqualified.

Zall Steel

Zall Steel has established a comprehensive evaluation system for suppliers and customers to strictly control the risks of suppliers and product quality. Suppliers and customers with good performance will be admitted to the white list, and the Company will regularly review the security of enterprises listed thereon. In addition, the Company has specified matters such as supplier classification and grading standards, credit evaluation models and review criteria. The Company guides the suppliers to join the trading platform of Zall Steel, make the sale price of goods public and receive public supervision. In addition, we will strictly examine the price of each transaction on Zall Steel to ensure that the purchase price remains consistent with the market price and avoid discrimination to the rights and interests of platform users.

Social Aspects (continued)

During the Year, we further expanded our supply chains and refined the criteria for acceptance of suppliers. Below is a breakdown of suppliers of the Group by relevant geographic distribution during the Reporting Period:

Region	2023	2022	2021
North China	588	497	621
Northeast China	195	247	197
East China	5,014	5,040	5,064
Central China	478	475	252
Northwest China	170	173	231
Southern China	1,024	997	873

Green Procurement

The Group fully supports the national sustainability policies and concepts, and integrates environmental elements into supply chain management. We require our suppliers to furnish relevant environmental licenses, quality certificates and other proofs to promote suppliers with environmental, quality and related qualifications and ensure that products on our platform pass the quality inspection of the market and meet or exceed national standards. In the process of transportation, we will consign goods to professional and qualified logistics companies to reduce emissions during transportation and promote green supply chain services from the source.

We also support green procurement in daily operations, and promote the Group's environmental principles among employees. Administrative staff will give priority to products that are environmentally friendly and energy-efficient. When selecting items to be purchased, we will consider whether the items are easy to recycle, durable, made of recycled materials, low in pollution and emission, non-toxic and easy to decompose, and try to avoid buying unnecessary items.
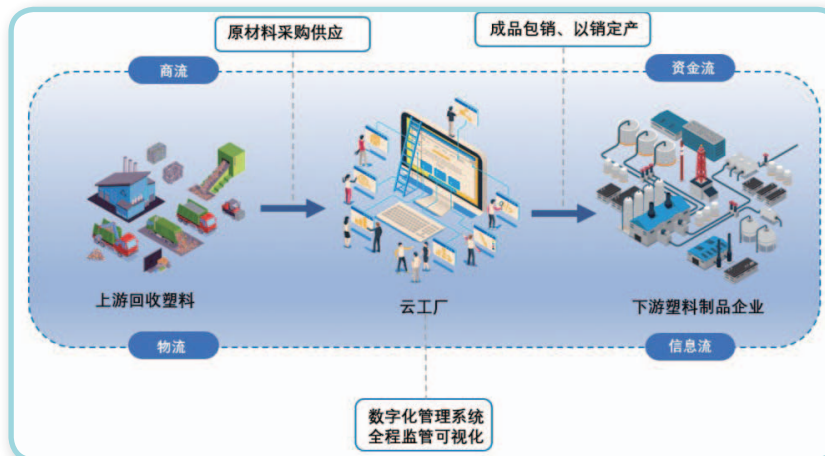
Social Aspects (continued)

Sustainable Production and Business Development

In order to encourage the development of green economy, the Group integrates environmental, social and economic factors for consideration in operations, production and sales as well as other aspects to conduct comprehensive strategic analysis, with a view to lessening the burden to the environment and improving the well-being of the society, thereby creating value for enterprises and promoting sustainable development worldwide.

The Group fully considers the impact of its supply chain on neighboring environments and communities. During on-site due diligence, we will conduct on-site inspections of the enterprises' production and operations, including operation sites, working areas, production workshops, machine and equipment operating conditions, employees' working environment and social security payment status, environmental protection facilities and fire-fighting facilities, and relevant qualifications and licenses to assess the enterprises' performance on laws and regulations compliance on environmental protection, fire protection, labour rights and other aspects. During evaluation, all enterprises that do not comply with the requirements of national industrial policies, environmental policies, and regional development policies or are included in the list of eliminated production capabilities and have not completed rectification before deadline will be rejected by the Group and prohibited from any business cooperation. During production, we will adjust production volume in response to changes in market demand, adopt intelligence and electronic records to save resources and detect environmental impact. The Group hopes to demonstrate its environmental and social responsibility of the supply chain and continue to optimize our procurement strategy.

Case: The Criteria of Production According to Sales（以銷定產）

For the first recycled plastics cloud factory, which was launched in June of the Year, the entire process from raw material procurement and standardized production management to platform sales is integrated, and the strategy of "Production According to Sales (以銷定產)" is implemented in a sustainable manner by adjusting production volume and supply strategy in accordance with changes in market demand, to avoid over-stocking or under-stocking and to minimize resource waste and environmental impact. Its supply and marketing network stretches over the world, and has passed multiple ISO management system certifications and GRS global recycled standard certifications, satisfying market demand with a sustainable development strategy.

Social Aspects (continued)

Case: Intelligent factory

During the Year, the Group has expanded its business towards agricultural product processing services and actively built a "cloud factory" for silk reeling and feed that combines the IoT and Internet technology. It implements digital control and information integration for production and processing processes in the factory, which not only improved the synergies among factory processing, the supply side and the sales side, but also provided more advantages to areas such as resource management, production optimization, supply chain traceability and smart cities, thereby promoting sustainable production and business development. Furthermore, the Group has launched services such as IoT warehouse renovation and new packaging traceability to realize intelligent transformation and modernization upgrades for many factories. For example, wafer identification technology with QR codes and wireless radio frequency（二維碼及無線射頻識別晶元技術）is adopted to realize traceability and batch management（批次管理）of white sugar, and a series of auxiliary tools such as manipulators and intelligent forklifts is used to save labour and costs, so that resources could be conserved and efficiency could be raised for contribution to sustainability while enterprises are helped in achieving green operations.
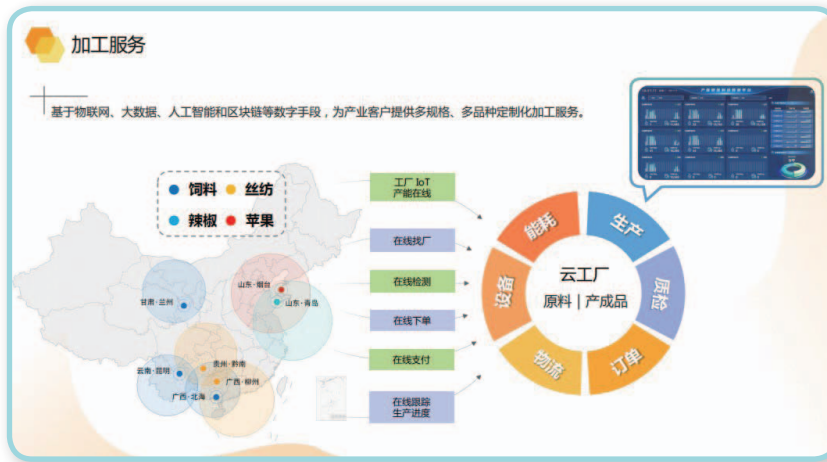
Case: eCOAL, the consulting service for online operation of carbon rights

In order to keep up with the trend of dual-carbon economy, the Group has vigorously developed new energy products for trading such as lithium mines in recent years. It has also actively discussed the carbon point（碳積分）transactions and carbon asset management rights with partners, and launched eCOAL, the consulting service for online operation of carbon rights, so as to improve the effectiveness in areas such as coal inquiries, specifications and information for purchasing customers. At the same time, through trades along the chain and electronic carbon right records, enterprises are enabled to achieve their goals of green and low-carbon development.

Promoting the Economy of Digital Trade

The commodities trading service platforms such as Shenzhen Sinoagri, HSH and Zall Steel under the Group continued to promote the business model of online and offline integration. Meanwhile, the segments of supply chain management and trading businesses continued to intensify the application of digital technologies to promote digital trade. The Group developed a "multi-bank, multi-product" matrix of supply chain services in collaboration with financial institutions to meet the capital needs of small and medium-sized enterprises in multiple scenarios and multiple capacities, and fully promoted online delivery of supply chain services to enable corporate users to access one-stop supply chain financial services by logging into an online platform, thereby better solving their financial issues. Meanwhile, a digital smart supply chain system was applied in distributing products from warehouses, and goods were dispatched from multiple sources to overcome supply and transportation difficulties.

Social Aspects (continued)

PRODUCT LIABILITY

Product Health and Safety Management

The Group has established a systematic framework for quality management, with the purpose of improving product quality as well as health and safety, setting up processes in relation to quality management and control as well as risk management and improving the standardization and reliability of product, so that customers could be provided with products meeting standards and requirements. Besides, the Group has also obtained the GB/T 19001-2016/ISO 9001:2015 quality management system certification, covering prepackaged food, chemical products, steel sales, software development, e-commerce platform for agricultural products, e-commerce and sales of ferrous commodities, computer applications and other areas. This system and related certifications are not only helpful to improve the quality and performance of the Company, but also can enhance customers' confidence in its products and services and protect their health and safety.

Shenzhen Sinoagri	HSH	Zall Steel
The quality management system established by Shenzhen Sinoagri has obtained ISO9001 certification, and its prepackaged food sales, software design and development and agricultural products information services have passed relevant international standard certifications. Since agricultural products traded online (mainly white sugar) involve food safety risks, we are particularly concerned with product health and safety issues, and undertake to assume responsibility for the safety of such products. Although the white sugar provided by upstream suppliers has reached national standards, the Group conducts at least two tests on the sugar to further improve food safety before the goods are delivered to customers. The Company will conduct quality inspections in its laboratory to ensure that the white sugar meets national standards and contains no harmful impurities. Moreover, the Group's headquarters in Shenzhen conducts random spot checks every month. So far, no major quality problems have been found.	Chemical plastic materials and finished products are found in all walks of life. As such, the Company is concerned about product quality and transportation safety issues. The Company has rigorous restrictions on suppliers and sourcing channels, and requires strict performance of contracts in respect of product performance, standards and designations to ensure product quality from all aspects. Upstream suppliers of HSH must be large manufacturers which maintain long-term partnerships with professional logistics companies, and their products must meet national and market standards. As of now, no major quality or transportation safety issues have been identified by HSH. Product quality verification is completed by customers. If there is any quality issue raised, the Company will report it to the upstream supplier, and the supplier will re-examine the product concerned and issue an investigation report.	Zall Steel has established a quality management system, which has obtained the ISO9001 certification, covering e-commerce of ferrous commodities (steel), ferrous commodities and computer applications and software development. The steel itself comes with a warranty, and each coil of rolled plate has a coil number which can be traced to the manufacturer from the upstream supplier. Although Zall Steel does not directly participate in product quality inspections, it will entrust a third-party warehouse to examine the number of pieces, weight, material, model and quality of the products and put them into storage if no inconsistency is identified. The warranty or coil number and professional examination at the warehouse form two lines of defense for the quality of steel. If concerns about the quality of the steel being sold are raised, Zall Steel will compensate the customer for loss following the appraisal of a third-party institution, and then claim compensation from the supplier. The Company tracks market price movements and market trends on a daily basis to ensure that the steel price and quantity on the platform are reasonable and meet market demands.

During the Reporting Period, none of our sold or distributed products were subject to recall for health and safety reasons, and we did not received any complaint of our products and services. To provide high-quality products for customers, we strictly implement all quality assurance procedures. Should any product problems occur, we have a set of procedures as illustrated above to respond and a variety of channels in place for customers to contact us, and will provide timely solutions.

Social Aspects (continued)

Service Complaints

The Group has formulated the Customer Service Management Measures (《客戶服務工作管理辦法》) to prescribe work processes, mechanisms and principles relative to customer service, so that deficiencies could be identified through issues such as customers' inquiries, complaints and suggestions, thereby improving product quality and enhancing its reputation and recognition, which will be useful to the long-term development of the Group. In addition, where customers encounter any problems during transactions, the Group has a 24-hour customer service centre to provide online consulting services. In each region, there is a regional account manager who responds to the opinions and questions raised by customers and provides face-to-face assistance and problem-solving services for customers. In case of customer complaints, the operation department will collect and record them, assist in investigating the causes of complaints, inform each complainant of the investigation process, and follow up with the handling methods and results, so as to ensure customer satisfaction and a fair and open complaint handling process. The Group also regularly reviews customers' opinions, and develops and implements improvement measures when necessary.

During the Reporting Period, the Group had no violation of laws and regulations related to product health and safety and service complaints.

MARKETING ETHICS

Advertising and labelling

To maintain mutual trust and sincere business relations with customers, the Group strictly follows up on the marketing, advertising and sales activities of its subsidiaries to ensure that its products and services are described in a legal, fair and honest manner. All formal advertising and publicity activities must be approved by the Group's public relations department or the public relations managers of its subsidiaries. We strictly prohibit the use of any false, misleading or deceptive means. The Group understands and emphasises the importance of business reputation, and will uphold the highest marketing ethical standards. Through the above marketing ethics measures, the Group is in strict compliance with the requirements of laws and regulations including the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), Interim Measures for the Trading of Commodities and Services Through the Internet (《網絡商品交易及有關服務行為管理暫行辦法》) and the Service Norms for Third-party E-commerce Transaction Platforms (《第三方電子商務交易平台服務規範》). During the Reporting Period, the Group did not identify any violation of laws and regulations related to product advertising and labelling.

Data Privacy Protection

The Group lays great emphasis on the protection of personal information, including the personal and corporate data of employees, customers and suppliers, and understands that effective data privacy protection measures can guarantee its honest operation and the healthy development of customer relations. Given the necessity to collect and use personal data of customers or consumers when conducting business, the Group attaches great importance to the management and maintenance of personal data. We will not transfer or disclose customer information without consent, except for signing confidentiality agreements with customers. The Group has developed a sound data privacy protection system featuring hierarchical management over the access, viewing and modification of data in the data system with clear administration privileges among relevant employees, and built up an information database with multiple passwords and firewall protection to ensure the security of private information. At the same time, the Group has signed confidentiality agreements with its employees to ensure that employees would abide by their confidentiality obligations during and after their employment and would protect the technical, commercial, management and other information of the Group and its customers. Furthermore, the personal data of all employees, customers and related parties are protected by the General Principles of the Civil Law of the People's Republic of China《(中華人民共和國民法通則》), the Personal Information Protection Law 《(個人信息保護法》) and other laws and regulations that protect the right to use and privacy of personal data. During the Reporting Period, the Group had not identified any violation of laws and regulations related to data privacy.

Social Aspects (continued)

Intellectual Property Rights

We are pleased to be the pioneer of digital technology in China. As of 2023, the Group was granted 505 intellectual property rights, of which 154 were patents, 150 were trademarks, and 201 were software copyrights. Intellectual property is essential to us. The Group respects and protects intellectual property rights to support fair competition and enhance economic and social benefits. The Group has established the Management Measures for Patents (《專利管理辦法》) to protect its unique R&D achievements. Once we find any infringement of the Group's patents, we will ask the infringer to make compensation or pay royalties for the use of our intellectual property. If the case is serious, it will hold the infringer accountable by legal means to protect the legitimate rights and interests of the Company. In addition, we require all employees to protect tangible and intangible assets. For the use of others' R&D achievements, authorisation must be obtained, otherwise the employees involved will be punished.

Concurrently, we require the subsidiaries of the Group to comply with all intellectual property protection principles. For instance, Zall Steel, as an Internet integrated service platform for domestic ferrous commodity industry, leverages a variety of network patent technologies such as blockchain, big data, SaaS, etc. in its platform design. As such, intellectual property is the key concern of the Group. The intellectual property policy of Zall Steel covers all independent research and development and third-party patented technologies, such as requiring development staff to apply and register for the Company's independent intellectual property rights in a timely manner; clarifying the ownership of relevant technologies when preparing interrelated contracts involving intellectual property development and authorised use; and paying close attention to the daily operation of the Company to avoid infringing on the intellectual property rights of others.

ANTI-CORRUPTION

Corporate Principles of Honesty and Integrity

The Group strictly abides by the anti-corruption and anti-bribery principles and disciplinary supervision measures set forth in the Anti-Fraud System (《反舞弊制度》) and the Anti-Fraud and Anti-Corruption Policy (《防詐騙及防貪污政策》). Employees are strictly prohibited from using deception and other illegal means to seek illegitimate personal interests and harm the legitimate economic interests of shareholders and the Company, or seek illegitimate economic interests for the Company while bringing illegitimate benefits to individuals, as well as conduct any intentional act for any form of personal gain or loss to others, including but not limited to conspiracy, misappropriation, theft, money laundering, collusion, extortion and corruption. The Group strictly implements employee discipline supervision. On this basis, the Group focuses on reviewing its purchases of assets, bidding, engineering construction, personnel management, investment attraction, reimbursement, and receipt of gifts and gift money, and supervises personnel in key positions, while strengthening the development of anti-corruption and anti-fraud policies to promote integrity. At the same time, the Group has also specified fraud in procurement, sales, personnel management, financial management, general management, information management, project management and other related fields in its internal system, so that staff can understand and comply with its integrity requirements. In addition, the Group regularly reviews the Anti-Fraud and Anti-Corruption Policy (《防詐騙及防貪污政策》) every two years to ensure the more comprehensive and specific reflection of the updates to its corporate governance system and related policies.

The Group adhere to the direction of "defending the bottom line, not stepping on the border and never relenting upon thorough investigation（堅守底線，不踩紅線，一查到底，絕不手軟）". With independence and principle as the two major supervisory principles, business and management activities of the Group will be supervised and checked, and violations of regulations and disciplines will be investigated and dealt with. The Group's disciplinary supervision is carried out by means of regular and special inspections and constant visits on project quality and safety management, bidding management, procurement management, asset management, archives management, attendance management, contract management, etc.

Before joining the Group, every employee must sign the Integrity Agreement (《廉潔協議書》). It regulates employees' disciplinary behavior by including strict prohibition on the receipt of kickbacks and rebates, cash gifts, red pockets, negotiable securities, valuables and property rights, etc. from partners. The Group wishes that, by this legally binding agreement, employees can understand and comply with the integrity requirements of the Group. This move is to prevent professional ethics risks and protect the legitimate rights and interests of the Group and its employees.
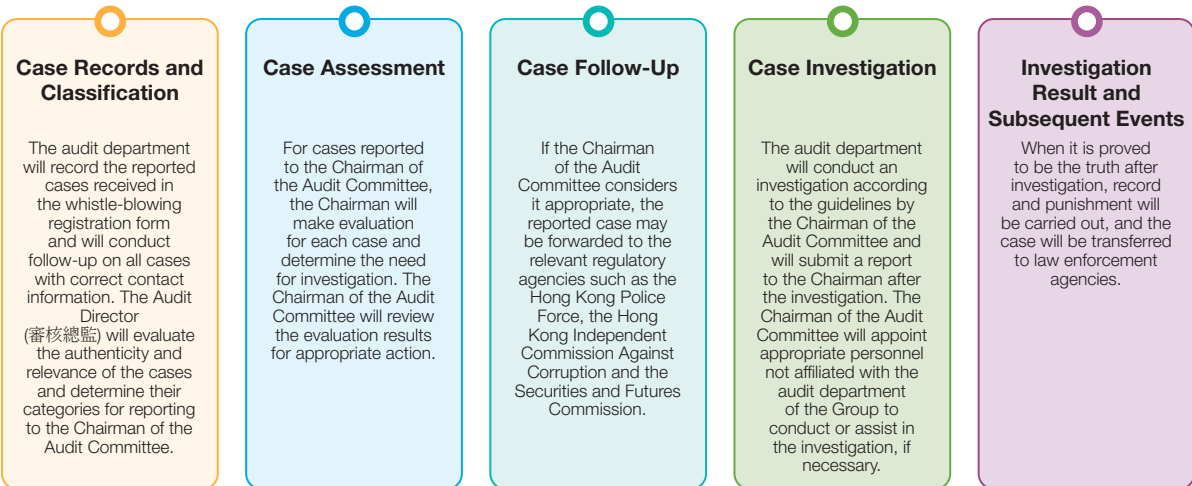
Social Aspects (continued)

During the Reporting Period, the Group organized inter-department anti-corruption training for directors and employees, including an introduction to the anti-corruption laws and regulations in mainland China, the Group's monitoring system, case studies on corruption and fraud, reporting method and others. The training materials are uploaded to the Intranet, so that employees can consult and learn the materials at any time to enhance their awareness of integrity and anti-corruption. The Group also provides anti-corruption training for new employees, aiming at making every employee understand the Group's integrity requirements and directions, thereby ensuring that the Group is united in anti-corruption behaviors. Meanwhile, all employees must declare their interests before joining the Company or participating in procurement and other key business processes, so as to avoid conflicts of interest.

2023 — Anti-Corruption Training

In addition, the Group has established the Whistleblowing Policy (《舉報政策》), so that employees of the Group and its subsidiaries can directly report illegal and rule-breaking incidents to the audit department of the Group by name or anonymously. The Group's risk management department has set up an internal audit centre to conduct internal audits on the business operations of its subsidiaries, with zero tolerance for any violation of laws and regulations by any internal personnel. It will handle reported cases according to the following investigation procedures. The Group's policy clearly sets out the protection of whistleblowers to ensure that they are treated fairly and to protect them from unfair dismissal, harm or unreasonable punishment.

Case Records and Classification	Case Assessment	Case Follow-Up	Case Investigation	Investigation Result and Subsequent Events
The audit department will record the reported cases received in the whistle-blowing registration form and will conduct follow-up on all cases with correct contact information. The Audit Director (審核總監) will evaluate the authenticity and relevance of the cases and determine their categories for reporting to the Chairman of the Audit Committee.	For cases reported to the Chairman of the Audit Committee, the Chairman will make evaluation for each case and determine the need for investigation. The Chairman of the Audit Committee will review the evaluation results for appropriate action.	If the Chairman of the Audit Committee considers it appropriate, the reported case may be forwarded to the relevant regulatory agencies such as the Hong Kong Police Force, the Hong Kong Independent Commission Against Corruption and the Securities and Futures Commission.	The audit department will conduct an investigation according to the guidelines by the Chairman of the Audit Committee and will submit a report to the Chairman after the investigation. The Chairman of the Audit Committee will appoint appropriate personnel not affiliated with the audit department of the Group to conduct or assist in the investigation, if necessary.	When it is proved to be the truth after investigation, record and punishment will be carried out, and the case will be transferred to law enforcement agencies.

Social Aspects (continued)

Through its Employee Manual (《員工手冊》), the Group sets out employee behaviours and disciplinary standards in project management, personnel management, administrative management and financial management, which are reviewed by the human resources management department on a regular basis to ensure that such stipulations comply with national and industry standards, and demonstrate the Group's operational principles for practising honesty and integrity. The Group fully complies with national laws and regulations including the Supervision Law of the People's Republic of China (《中華人民共和國監察法》), the Regulations of the People's Republic of China for Suppression of Corruption (《中華人民共和國懲治貪污條例》), the General Rules of the Civil Law of the People's Republic of China (《中華人民共和國民法總則》), the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), the Anti-money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), and the Prevention of Bribery Ordinance under Chapter 201 of the Laws of Hong Kong（香港法例第201章《防止賄賂條例》) and incorporates anti-corruption and integrity policies into its future development planning. The Group also organised anti-corruption training for directors and staff to remind staff to maintain a high standard of ethical conduct. During the Reporting Period, the Group had not identified any violation of any applicable law or regulation relating to bribery, extortion, fraud and money laundering and no concluded legal case regarding corrupt practice was brought against the Group or its employees.

COMMUNITY

ENVIRONMENTAL PROTECTION

Since 2017, the Group has been joining the fundraising event of "Protecting the Home of Baer's Pochard" jointly held by the Zall Foundation with Yangtze River Project Centre of SEE Conservation（阿拉善SEE長江項目中心）, Society of Entrepreneurs and Ecology Foundation (the "SEE Foundation")（北京市企業家環保基金會）and Hubei Changjiang Conservation Foundation (the "CCF") to protect the Baer's Pochards, the critically endangered water bird together with its employees and the public, contributing to the construction of the "Wetland City". Over the past seven years, the fundraising event "Protecting the Home of Baer's Pochard" has mobilized more than 300,000 participations from the public and raised more than RMB6 million. In addition, since 2015, the North Hankou party committee, the party branch and the industry chamber of commerce under Zall Smart Commerce regularly organized green tree planting activities carried out by employees and party members as well as merchants during the Arbor Day every year to take the concept of green development into practical actions. Nearly a hundred party members and merchants actively participate in the event every year, planting more than a hundred green saplings. It can not only add green vitality to the earth, but also make valuable contribution to sustainability.

CHARITABLE DONATION

During the Reporting Period, Shenzhen Sinoagri donated RMB50,000 to the "Hand in Hand, Heart to Heart" Futian Warmth Fund (「手牽手，心連心」福田暖工基金）under the Shenzhen Workers' Difficulty Relief Foundation（深圳市職解工困濟難基金會）to provide help and assistance to needy groups and other special employee groups or individuals who have contributed to Shenzhen.

Since 2019, the North Hankou under the Group has organized charity blood donation activities which employees and merchants have participate in for five consecutive years. During the Year, nearly 300 employees and merchants from various industries of North Hankou participated in the charity blood donation event named "2023 Salute to Wuhan — Show Your Blood Donation Card (2023 致敬武漢－曬出你的獻血證）" and jointly organized by Hubei TV Economic Channel and Wuhan Blood Centre, making valuable contributions to ensuring clinical blood supply to inject energy into life with love.

Social Aspects (continued)

RURAL REVITALIZATION

With digital intelligence empowering the development of "agriculture, rural areas and farmers（三農）", Shenzhen Sinoagri under the Group has launched innovative industrial and financial services for rural revitalization. Generally based on the characteristics in Yunnan sugarcane area such as numerous mountains and hills as well as high investment in slope-terrace transformation and with reference to the financial needs of farmers in all aspects of sugarcane planting and growth cycle such as seedling, land rent, and planting labour, Mutian Technology of Shenzhen Sinoagri creates a new industrial and financial service model. During the Year, Mutian Technology of Shenzhen Sinoagri has conducted capital contributions to support sugarcane farmers with a total amount of over RMB30 million, supporting more than 1,700 sugarcane growers and solving the problem of farmers who have difficulties in obtaining credit support due to their credit status. At the same time, Shenzhen Sinoagri has launched the "Huizhubao" platform to provide services covering over 500 large-scale breeding farms. Moreover, our "Fresh Cocoon Blockchain Acquisition System（鮮繭區塊鏈收購系統）" has benefited more than 12,000 cocoon breeders, with a total accrued amount of industrial and financial services exceeding RMB5 billion.

COMMUNITY BUILDING

Since 2010, the Group has held the 14th consecutive Wuhan Commodities Fair, which has attracted thousands of businessmen making great contributions to promoting regional economic development, consumption and thus prosperity. For the Year, the Wuhan Commodities Fair covered fields such as the textile and clothing industry, the agricultural industry, the hotel supplies industry and the automobile industry. It has not only attracted domestic and foreign merchants and citizens to participate in the event, but also engendered trade and cooperation, stimulated the sentiment of the public on purchase and consumption, and therefore Injected strong impetus into market consumption.

COMMUNITY INVESTMENT

Zall Smart Commerce Group, since its establishment, has recognised public welfare and social responsibility as the cornerstone for continuous corporate growth while exploring innovative business models and developing and expanding business scale, and proactively participated in public welfare undertakings. It rolled out public welfare projects in fields such as environmental protection, charity donation, rural revitalization and community contribution to practice the social responsibility of private enterprises.

Awards and Honours

AWARDED ENTITY	AWARDS AND RECOGNITIONS	ISSUING INSTITUTION OR AUTHORITY	NATURE
ZALL SMART COMMERCE GROUP LTD. (卓爾智聯集團有限公司)	The Ninth Hubei Changjiang Quality Award Nomination	Hubei Provincial People's Government	Provincial honour
	2023 China Brand Value Evaluation — The Fifth among enterprises in other service fields (2023中國品牌價值評價信息 — 其他服務領域企業第五名)	Xinhua News Agency, Zhejiang Provincial People's Government, the China Council for Brand Development and the China Appraisal Society, etc.	Provincial honour
	National E-Commerce Demonstration Enterprise	The Ministry of Commerce of the People's Republic of China	National honour
	Best Hong Kong-listed Company of Hubei	Hubei Daily Media Group	Listed company honour
	Fortune China Top 500	Fortune magazine	Listed company honour
	Key Enterprise in Contact for National Trade and Logistics (全國商貿物流重點聯繫企業)	The Ministry of Commerce of the People's Republic of China	National honour
	2023 KiloPeaks Award "Digital Supply Chain" (2023千峰獎"數字供應鏈")	Ebrun	Industrial honour
	"Enterprises Contributing to Corporate Social Responsibility" for 2023 (2023年度"企業社會責任貢獻企業")	Hexun.com	Listed company honour
	"Annual Information Disclosure Award" of the Guruclub Awards (金格獎"年度信息披露獎")	Gelonghui	Listed company honour

Awards and Honours (continued)

AWARDED ENTITY	AWARDS AND RECOGNITIONS	ISSUING INSTITUTION OR AUTHORITY	NATURE
SHENZHEN SINOAGRI E-COMMERCE CO., LTD. (深圳市中農網有限公司)	Shenzhen Trading Headquarters Enterprise (深圳貿易型總部企業)	The Commerce Bureau of Shenzhen Municipality	Municipal honour
	Guangdong 1st May Labour Certificate (廣東省五一勞動獎狀)	Guangdong Federation of Trade Unions	Provincial honour
	2023 Top 500 Services Enterprises in China	China Enterprise Confederation, China Enterprise Directors Association	Industrial honour
	Guangdong Top Brand	The Professional Committee of Guangdong Top Brand Evaluation	Provincial honour
	Top 500 Enterprises in Shenzhen	Shenzhen Enterprise Confederation, Shenzhen Entrepreneur Association	Municipal honour
	2023 Top 500 Enterprises in Guangdong Top 100 Service Enterprises in Guangdong (廣東服務企業100強)	Guangdong Enterprise Confederation, Guangdong Entrepreneurs Association	Provincial honour
	2023 Top 100 Industrial Digital Enterprises in China	2b.cn (托比網)	Industrial honour
	2023 Guangdong Data Broker Pilot Unit (2023年廣東省數據經紀人試點單位)	The Administration of Guangdong Provincial Government Service and Data	Provincial honour
	2023 KiloPeaks Award "Digital Supply Chain" (2023千峰獎"數字供應鏈")	Ebrun	Industrial honour
	Top 500 Agricultural Enterprises in China	Farmers' Daily	Industrial honour
SHANGHAI SUSHENG E-COMMERCE CO., LTD. (上海塑盛電子商務有限公司)	The List of the Second Batch of the Small and Medium-sized Technology Enterprises in Shanghai to be Included into the Database in 2023 (2023年第二批入庫上海市科技型中小企業名單)	Shanghai Science and Technology Commission	Municipal honour
	2023 Shanghai Specialized New Small and Medium-sized Enterprises with Refined Management (2023年上海市專精特新中小企業)	Shanghai Municipal Economic and Information Technology Commission	Municipal honour
	Vice President Unit of Shanghai Plastics Industry Association (上海塑料行業協會副會長單位)	Shanghai Plastics Industry Association	Industrial honour
	Typical Cases of Deep Integration and Development of Supply Chain Management Services and Manufacturing Sector in Shanghai in 2023 (上海市2023供應鏈管理服務與製造業深度整合發展典型案例)	Shanghai Municipal Economic and Information Technology Commission, The Shanghai Municipal Postal Administration	Municipal honour

Awards and Honours (continued)

AWARDED ENTITY	AWARDS AND RECOGNITIONS	ISSUING INSTITUTION OR AUTHORITY	NATURE
SHANGHAI SHULAI INFORMATION TECHNOLOGY CO., LTD. **(上海塑來信息技術有限公司)**	2023 SFEO Shanghai Productive Service Industry Brand Value Ranking	Shanghai Institute of Corporate Culture & Brand, Shanghai Federation of Industrial Economics	Municipal honour
	Social Responsibility Report Release Certificate (社會責任報告發布證書)	Shanghai Federation of Economic Organizations, Shanghai Federation of Industrial Economics	Municipal honour
	2023 Top 100 Enterprises in Shanghai 2023 Top 100 Shanghai Service Enterprises 2023 Top 100 Enterprises of Emerging Industries in Shanghai 2023 Top 100 Growth Enterprises in Shanghai	Shanghai Enterprises Federation, Shanghai Entrepreneurs Association, Shanghai Federation of Economic Organizations and Jiefang Daily Newspaper	Municipal honour
	The Fifth Batch of Service-Oriented Manufacturing Demonstrations in Shanghai (上海市第五批服務型製造示範名單)	Shanghai Municipal Economic and Information Technology Commission	Municipal honour
	2023 Top 500 Services Enterprises in China	China Enterprise Confederation, China Enterprise Directors Association	Industrial honour
	2023 Top 100 Industrial Digital Enterprises in China	2b.cn (托比網)	Industrial honour
	2023 KiloPeaks Award "Digital Supply Chain" (2023千峰獎"數字供應鏈")	Ebrun	Industrial honour
	2023 "Digitalization + Industrial Chain + Finance" Tianxin Award-Industrial Reconstruction Demonstration Platform (2023年度「數智化＋產業鏈＋金融」領先天心獎－產業重構示範平台)	10000link.com (萬聯網)	Industrial honour
	Top 100 Service Enterprises in the Yangtze River Delta in 2023 Top 100 Private Service Enterprises in the Yangtze River Delta in 2023	Enterprise Confederations in One City and Three Provinces	Provincial honour

Awards and Honours (continued)

AWARDED ENTITY	AWARDS AND RECOGNITIONS	ISSUING INSTITUTION OR AUTHORITY	NATURE
SHANGHAI ZALL STEEL E-COMMERCE CO., LTD. (上海卓鋼鏈電子商務有限公司)	The Fifth Batch of Key Trademark Protection Lists in Jiading District (第五批嘉定區重點商標保護名錄)	Shanghai Jiading District Administration for Market Regulation (Intellectual Property Bureau)	Municipal honour
	China Logistics and Supply Chain Finance Excellent Case Award (中國物流與供應鏈金融優秀案例)	Supply Chain Finance Branch of the China Federation of Logistics and Purchasing	Industrial honour
	Jiading District Global Strategic Partner in 2023 (2023年嘉定區全球策略夥伴)	The People's Government in Jiading District, Shanghai	Municipal honour
	2023 Top 100 Enterprises in Shanghai 2023 Top 100 Shanghai Service Enterprises 2023 Top 100 Private Enterprises in Shanghai 2023 Top 100 Enterprises of Emerging Industries in Shanghai	Shanghai Enterprises Federation, Shanghai Entrepreneurs Association, Shanghai Federation of Economic Organizations and Jiefang Daily Newspaper	Municipal honour
	2023 Top 100 Industrial Digital Enterprises in China	2b.cn (托比網)	Industrial honour
	2023 KiloPeaks Award "Digital Supply Chain" (2023千峰獎"數字供應鏈")	Ebrun	Industrial honour
	Top 100 Service Enterprises in the Yangtze River Delta in 2023 Top 100 Private Service Enterprises in the Yangtze River Delta in 2023	Enterprise Confederations in One City and Three Provinces	Provincial honour
SHANGHAI ZALL STEEL TECHNOLOGY CO. LTD. (上海卓鋼鏈科技有限公司)	National High-tech Enterprise Certification (國家級高新技術企業認證)	Science and Technology Commission of Shanghai Municipality, Shanghai Municipal Finance Bureau, Shanghai Municipal Tax Service, State Taxation Administration	Municipal honour
	The List of the Second Batch of the Small and Medium-sized Technology Enterprises in Shanghai Included into the Database in 2023 (2023年第二批入庫上海市科技型中小企業名單)	Shanghai Science and Technology Commission	Municipal honour
	2023 Shanghai Innovative Small and Medium-sized Enterprises (2023年上海市創新中小企業)	Shanghai Municipal Economic and Information Technology Commission	Municipal honour

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Main Scope, Aspect, KPI		Section/ Statement
Main Scope A — Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions Management
KPI A1.1	The types of emissions and respective emissions data.	Emissions Management
KPI 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).	Emissions Management
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions Management
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Resource Use
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Resource Use
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Resource Use
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Resource Use
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Resource Use
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Resource Use

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of the Stock Exchange (continued)

Main Scope, Aspect, KPI		Section/ Statement
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
Aspect 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.	Climate Change-Related Issues
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change-Related Issues
Main Scope B — Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Staff, Compensation and Benefits
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Staff, Compensation and Benefits
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Staff, Compensation and Benefits
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety

ESG Reporting Guide Content Index of the Stock Exchange (continued)

Main Scope, Aspect, KPI		Section/ Statement
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Sustainable Operation
KPI B5.1	Number of suppliers by geographical region.	Sustainable Operation
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Sustainable Operation
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Sustainable Operation
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sustainable Operation

ESG Reporting Guide Content Index of the Stock Exchange (continued)

Main Scope, Aspect, KPI		Section/ Statement
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products- and service-related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community