



圓通國際



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

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



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ABOUT THE REPORT

This is the eighth environmental, social and governance (“ESG”) report published by YTO International Express and Supply Chain Technology Limited (“YTO International Express” or the “Company”, together with its subsidiaries, the “Group” or “We”). The report aims to improve stakeholders’ understanding of the Group’s sustainability efforts through disclosure of the environmental, social and governance performance of the Group.

This report is published in Chinese and English. In case of any discrepancies between the two versions, the English version shall prevail. For information on governance, please see the Corporate Governance Report on pages 60 to 87 of the Annual Report 2023 of the Company.

REPORTING GUIDELINES

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix C2 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”). We have followed the reporting principles of Materiality, Quantitative, Balance and Consistency in preparing this report. This Report is also appropriately benchmarked against the United Nations Sustainable Development Goals (“UNSDGs”).

REPORTING BOUNDARY

The boundary of this report follows that of the Annual Report 2023 of the Company, which covers the Group’s operations comprising air freight and ocean freight services in Hong Kong and Shanghai in the financial year from 1 January 2023 to 31 December 2023.

FEEDBACK

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

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ABOUT US

The Group is dedicated to sustainable development and aims to become a leading integrated logistics service provider. We strive to improve our services, leverage our growth advantages, and explore new perspectives to create long-lasting value for our business and customers. Our goal is to provide efficient and environmentally friendly delivery methods to our stakeholders. The Group will maintain its focus on enhancing client experience, optimising services, and improving brand reputation. Our brand values of "Quality, Technology, Green, and Virtue" will continue to lead the industry.

The Group's primary operations include air and sea freight forwarding, logistics services (such as warehousing, distribution, and customs clearance), international courier and parcel services, as well as other services like consolidation, trucking, general sales agency, and hand-carry rush services. The Group's primary business is air freight forwarding. This involves arranging cargo shipments based on customer booking instructions, securing cargo slots from airlines, preparing necessary documentation, and handling customs clearance, loading, and unloading at the destination.

The Group is widely recognised by international organisations and airlines in the logistics industry and has won numerous awards since 2000, including the "Top Agent Award" presented by Cathay Pacific Cargo every year since 2006. This has made the Group a preferred business partner of renowned companies globally, including those engaged in apparel, footwear, and small parcel shipments for e-commerce and e-businesses.



YTO International Express's five business segments

CHAIRMAN'S MESSAGE



To our stakeholders:

The Group is dedicated to fulfilling its mission of serving the community, strengthening the company, and serving the nation, as well as its commitment to meeting clients' requirements. Despite operating in a complex and volatile environment, the Group is fully committed to integrating sustainable development into its strategies and operations, and to upholding its values of integrity, innovation, co-construction, and sharing by taking action to fulfil its corporate social responsibilities.

The impacts of climate change are a growing concern for many stakeholders. To improve climate resilience and proactively manage related risks, the Group has continued to enhance its climate change resilience and gradually disclose its efforts in identifying, evaluating and managing climate-related risks and opportunities. The Group has integrated its corporate development strategy with the transformation to a low-carbon economy, including the reduction of carbon footprint through measures such as energy-saving lighting and temperature control. Additionally, the Group has established environment-related targets that are regularly evaluated to realize long-term environmental benefits. We will set environmental targets and conduct regular assessments to achieve long-term environmental benefits.

Our employees are essential to our sustainable development strategy and overall business success. We value their working environment and development opportunities, strive to create a diverse and inclusive workplace culture, and aim to provide an excellent working experience. We are committed to continuously improving occupational health to facilitate mutual growth between the company and its employees. Regarding talent development, we are dedicated to providing opportunities for self-improvement and career growth for our employees. We support them in participating in various training programmes to enhance their professional and personal development.

Looking ahead, we will remain committed to our original goals, actively fulfill our corporate social responsibilities, strive to improve our ESG management capabilities and performance, collaborate with our employees and partners from all sectors for mutual development, and take sound ESG governance as the cornerstone of our growth. This will enable us to enhance the competitiveness and influence of Yuantong Express and continue to pursue harmonious development of the company, its employees, the environment, and society.

Yu Huijiao

Chairman

YTO International Express and Supply Chain Technology Limited

SUSTAINABILITY GOVERNANCE

BOARD STATEMENT

The Board of the Company (the “Board”) is responsible for overseeing sustainability risk management and identifying related opportunities. The Corporate Governance Committee of the Company, comprising senior management, is responsible for formulating ESG related strategies, policies and objectives, regularly evaluating the effectiveness of internal controls and risk management systems and reporting annually to the Board and the Audit Committee of the Company (“Audit Committee”). The Group incorporates major ESG issues into its management system and regularly reviews progress against these objectives to ensure effective risk management.

The Board confirms that it has reviewed and approved this report. The report deals fairly with the identified significant matters and presents the Group’s approach to, and performance in, environmental, social, and governance management.



During the reporting period, the Group was awarded the “2023 CSR Corporate Social Responsibility Award-Greater Bay Area ESG Sustainable Development Enterprise Award”.

SUSTAINABILITY GOVERNANCE

MATERIALITY ASSESSMENT

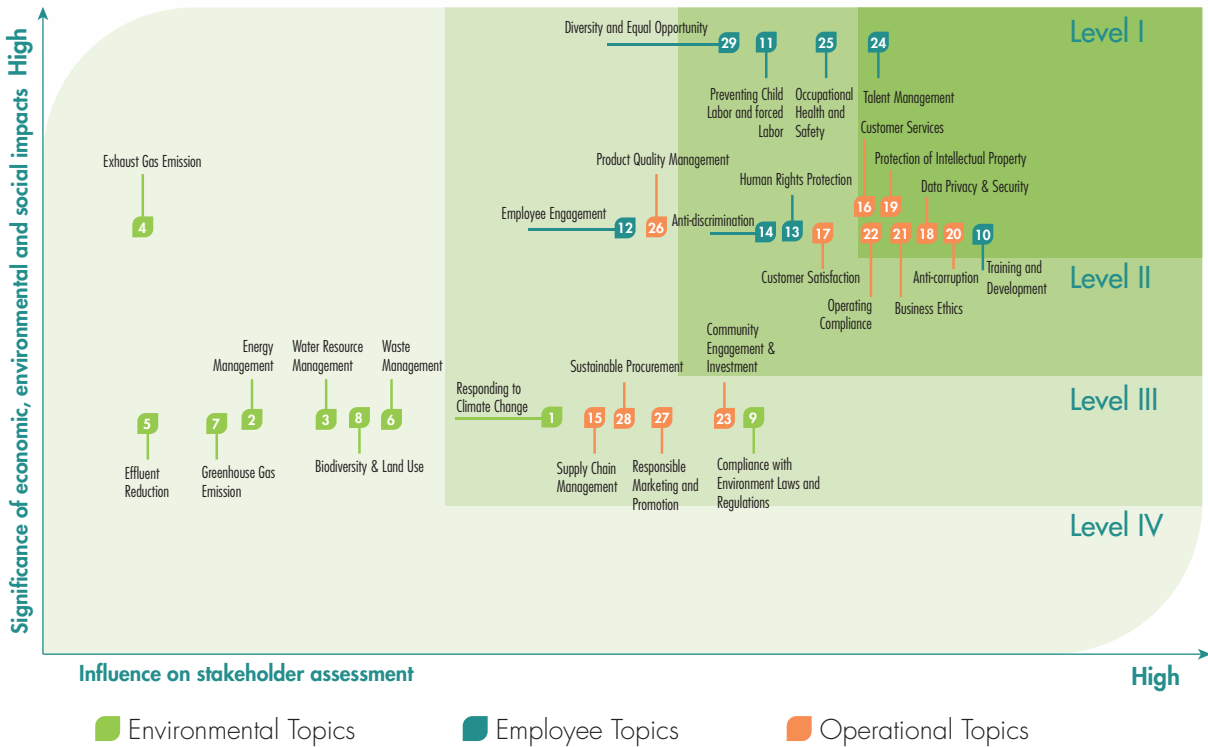
Stakeholder Engagement

The Group values effective communication with stakeholders and has established various channels to communicate with employees, customers, suppliers, investors, the government, and partners. This helps understand the impact of sustainable development issues on stakeholders and consider that when formulating the sustainable development strategy. During the reporting period, we evaluated our communication with various stakeholders and improved its effectiveness and timeliness.

Materiality Analysis

The Group is committed to identifying sustainability issues that have significant effects on its long-term development, as well as the environment and the society. The Group employs a four-step process for materiality assessment, which includes identification, prioritisation, validation, and review.

The management of the Group has confirmed that the 29 issues identified last year, including 8 highly material topics, are still relevant. The sustainability materiality matrix of the Group is presented below.





Level I	Level II	Level III	Level IV
<ul style="list-style-type: none"> 24 Talent Management 10 Training and Development 20 Anti-corruption 18 Data Privacy & Security 21 Business Ethics 22 Operating Compliance 16 Customer Services 19 Protection of Intellectual Property 	<ul style="list-style-type: none"> 25 Occupational Health and Safety 11 Preventing Child Labor and Forced Labor 29 Diversity and Equal Opportunity 13 Human Rights Protection 14 Anti-discrimination 17 Customer Satisfaction 	<ul style="list-style-type: none"> 26 Product Quality Management 12 Employee Engagement 23 Community Engagement & Investment 9 Compliance with Environment Laws and Regulations 27 Responsible Marketing and Promotion 28 Sustainable Procurement 15 Supply Chain Management 1 Responding to Climate Change 	<ul style="list-style-type: none"> 4 Exhaust Gas Emission 6 Waste Management 8 Biodiversity & Land Use 3 Water Resource Management 2 Energy Management 7 Greenhouse Gas Emission 5 Effluent Reduction

Material Topics	Actions taken by the Group	Stakeholders	Communication channels
<ul style="list-style-type: none"> • Talent Management 	<ul style="list-style-type: none"> • Recruiting talents according to rules and regulations to ensure fairness, transparency and consistency • Offering competitive salaries, benefits and holidays to attract outstanding talents • Regularly commend and reward dedicated employees 	<ul style="list-style-type: none"> • Employees 	<ul style="list-style-type: none"> • Feedback Channels
<ul style="list-style-type: none"> • Training and Development 	<ul style="list-style-type: none"> • Develop Training and Development policy and designate responsible persons • Establish employee training programmes for employees • Provide internal and external training, and have a corresponding assessment system 	<ul style="list-style-type: none"> • Employees 	<ul style="list-style-type: none"> • Training Courses • Feedback Channels

SUSTAINABILITY GOVERNANCE



Material Topics	Actions taken by the Group	Stakeholders	Communication channels
<ul style="list-style-type: none"> Anti-corruption 	<ul style="list-style-type: none"> Update and improve the anti-corruption policy of the Group Provide anti-corruption training Establish a whistle-blowing mechanism and protect the privacy of whistle-blowers 	<ul style="list-style-type: none"> Shareholders/ Investors 	<ul style="list-style-type: none"> Employee Reporting Procedures External Personnel Reporting Procedures
<ul style="list-style-type: none"> Data Privacy and Security 	<ul style="list-style-type: none"> Comply with relevant privacy protection policies in the operating regions Formulate the Code of Conduct and require employees to strictly protect customer information 	<ul style="list-style-type: none"> Clients 	<ul style="list-style-type: none"> Regularly review the network security within the company and report the results
<ul style="list-style-type: none"> Business ethics 	<ul style="list-style-type: none"> Fair competition Establish communication channels with stakeholders to avoid conflicts of interest Maintain good relationships with partners and suppliers 	<ul style="list-style-type: none"> Shareholders/ Investors Partners Suppliers 	<ul style="list-style-type: none"> Feedback channels Investor Conference General Meeting
<ul style="list-style-type: none"> Operating compliance 	<ul style="list-style-type: none"> Full compliance with all applicable laws and regulations 	<ul style="list-style-type: none"> Government/ regulatory agency 	<ul style="list-style-type: none"> Feedback channels Policy Advocacy Supervision and Inspection
<ul style="list-style-type: none"> Customer services 	<ul style="list-style-type: none"> Conduct safety inspection before delivery of products and establish and follow relevant procedures and guidelines Provide detailed product information on products Expand market share and diversify services 	<ul style="list-style-type: none"> Clients 	<ul style="list-style-type: none"> Customer satisfaction survey Complaint Handling Mechanism
<ul style="list-style-type: none"> Protection of Intellectual Property 	<ul style="list-style-type: none"> Full compliance with all applicable laws and regulations Improve the standardised management of intellectual property rights and related patents The Company's Human Resources Department is responsible for providing intellectual property guidelines 	<ul style="list-style-type: none"> Management 	<ul style="list-style-type: none"> Feedback Channels

SUSTAINABLE DEVELOPMENT GOALS

The Group responds to the United Nations Sustainable Development Goals (UNSDGs) by aligning its three sustainability objectives with its operating strategy and corporate culture, benchmarking against the UNSDGs, and taking action in response to them.

Sustainability Pillars	Sustainable Development Goals	Actions Taken by the Group
<p>Our Planet</p> <p>With the goals of energy conservation, emissions reduction and “dual carbon”, we reduce the negative impact of operations on the environment, and strengthen the ability to resist and adapt to climate change</p>	<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> <p>11.5 Reduce the adverse effects of natural disasters</p> <p>11.6 Reduce the environmental impact of cities</p> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>12.2 Sustainable management and use of natural resources</p> <p>12.5 Substantially reduce waste generation</p> <p>13 CLIMATE ACTION</p> <p>13.1 Strengthen resilience and adaptive capacity to climate related disasters</p> <p>13.3 Build knowledge and capacity to meet climate change</p>	<ul style="list-style-type: none"> • Obtained ISO 14001 Environmental Management System Certification • Promote green office policy • Educate and train employees on energy conservation and emission reduction to reduce the impact on the environment • Develop and update policies to address climate change • Reduction of business travel
<p>Our People</p> <p>Create a diverse, equal, healthy and safe working environment to attract and nurture talents</p>	<p>5 GENDER EQUALITY</p> <p>5.5 Ensure full participation in leadership and decision-making</p> <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>8.5 Full employment and decent work with equal pay</p> <p>8.6 Promote youth employment, education and training</p> <p>8.8 Protect labour rights and promote safe working environments</p>	<ul style="list-style-type: none"> • Compliance with labour standards and relevant laws and regulations • Establish the Recruitment and Hiring Policy to ensure equal, diversified and fair recruitment • Provide competitive remuneration and benefits and recognise outstanding employees • Provide diversified employee activities and training • Protect employees’ occupational health and safety

SUSTAINABILITY GOVERNANCE



Sustainability Pillars	Sustainable Development Goals	Actions Taken by the Group
<p>Our Operations</p> <p>Improve the supply chain and product management system to ensure better procurement and service processes, develop community engagement by reducing all forms of corruption</p>	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>12.7 Promote sustainable public procurement practices</p> <p>17 PARTNERSHIPS FOR THE GOALS</p> <p>16.5 Substantially reduce corruption and bribery</p>	<ul style="list-style-type: none"> • Communicate with stakeholders regularly to maintain good relationship • Ensure product quality and protect intellectual property rights and data privacy • Develop anti-corruption related policies and provide relevant training to employees • Actively participate in community activities and investment to fulfil corporate social responsibility

OUR PLANET

The Group is committed to reducing emissions and greenhouse gas emissions, minimising waste generation and conserving energy, water and material consumption, and regularly evaluates its own environmental performance. Our environmental management system (“EMS”) is certified for the ISO 14001 EMS Standard by an independent third party. The standard provides guidelines regarding principles, scope, responsibilities and processes for identifying and reducing the significant environmental impacts of our business operations.

During the reporting period, the Group was not aware of any non-compliance with laws and regulations¹ that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

CLIMATE CHANGE

The Group acknowledges the impact of climate change on the world and its own business operations. To achieve sustainable development, it is crucial to proactively address risks and seize opportunities. We regularly assess climate change-related risks affecting our financial performance and incorporate climate change risk management into the Group’s management framework.

Our climate change policy is continuously tweaked and improved to ensure we are doing our part. During the reporting period, we referred to the framework recommended by the International Sustainability Standards Board (ISSB) and the Hong Kong Stock Exchange’s Proposed Guidelines on Climate Disclosure to identify the risks associated with climate change and their potential financial impact on the Group’s operations.

Risk Types	Risk Name	Risk description	Potential Financial Effects
Physical risks			
Acute risks	Cyclones/typhoons, floods	<ul style="list-style-type: none"> Extreme weather events such as typhoons and floods can cause certain damage to YTO International Express’s infrastructure such as warehouses, office buildings, transportation facilities and equipment Extreme weather events such as typhoons and floods have a certain degree of impact on normal operations and efficiency of logistics and transportation business of YTO International Express 	<ul style="list-style-type: none"> Increase in equipment maintenance costs Increase in transportation costs
	Extremely high temperature and extremely cold weather	<ul style="list-style-type: none"> Rise in temperature may reduce the work efficiency of YTO International Express’s employees and negatively affect their health and safety 	<ul style="list-style-type: none"> Increase in operating costs
Chronic risks	Sea level rise	<ul style="list-style-type: none"> Rising sea level may directly affect the operation of YTO International Express in coastal areas, resulting in relocation of facilities, equipment and business 	<ul style="list-style-type: none"> Increase in operating costs

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

OUR PLANET



Risk Types	Risk Name	Risk description	Potential Financial Effects
Transition risks			
Policies and Regulations	Tougher laws and regulations related to climate change	<ul style="list-style-type: none"> Regulations impose more stringent requirements in various aspects such as vehicle emissions and energy consumption in logistics process of YTO International Express, leading to a need for more investment in resources for compliance assurance 	<ul style="list-style-type: none"> Increase in compliance costs
Marketplace	Changes in preferences of customers and consumers	<ul style="list-style-type: none"> Logistics services with low carbon attributes are recognised and preferred by the market. If YTO International Express fails to continuously enhance sustainability of logistics services, it may lose consumers' favor and suffer loss of customers 	<ul style="list-style-type: none"> Decrease in revenue
Reputation	Stakeholders are asking the Group to raise the bar on climate change action	<ul style="list-style-type: none"> Loss of competitive advantage if competitors can better address climate action, resulting in loss of customers and investors 	<ul style="list-style-type: none"> Decrease in revenue and investments
Technology	Use of green technology or equipment	<ul style="list-style-type: none"> YTO International Express needs to invest more resources in the low-carbon transformation process (e.g. using low-carbon energy and technology, purchasing low-carbon equipment) 	<ul style="list-style-type: none"> Increase in operating costs

The Group is well aware of the coexistence of risks and opportunities. While addressing climate-related risks, we also seize the opportunities to seek further development.

Opportunity category	Opportunity description and countermeasures	Potential financial impact
Resource efficiency	Through energy conservation and emissions reduction measures, such as reducing paper and water consumption, improve resource use efficiency	Decrease in operating costs
Product and service	The use of green products and technologies to provide customers with green and low-carbon services, such as the use of clean energy in transportation, can enhance competitive advantages and improve customer retention	Increase in revenue
Marketplace	Insist on the low-carbon development path, provide customers with green and low-carbon services, and attract more customers and investors who have high environmental protection requirements	Increase in revenue

METRICS AND TARGETS

Aspect	Goals
Greenhouse Gas Emissions	Implement emissions reduction measures annually.
Energy Efficiency	Prefer to acquire electric equipment with energy efficiency label.

Energy Consumption

The Group's energy consumption is primarily comprises of purchased electricity, as well as gasoline and diesel used by its vehicles. In the reporting period, the Group consumed a total of 377.4 MWh of energy, with an energy consumption density of 0.09 MWh per square meter of floor area. Electricity accounted for 283.7 MWh, representing 75.2% of total energy consumption.

Energy Consumption (Unit: MWh)	2022	2023
Petrol	63.6	76.6
Diesel	53.6	62.1
Electricity	238.7	283.7
Total Energy Consumption	355.9	377.4
Energy intensity by floor area (MWh/m ²)	0.09	0.09

GHG Emissions

Greenhouse gas ("GHG") emissions that emanate from business operations of the Group include direct emissions from fuel consumption (Scope 1), indirect emissions from electricity use (Scope 2), and other indirect emissions from business travel, disposal of waste paper in landfills, and treatment of fresh water and sewage (Scope 3).

During the reporting period, the total GHG emissions of the Group were 245.7 tCO₂e, with an emission density of 0.06 tCO₂e per square meter of floor area. Greenhouse gas emissions mainly come from the use of electricity, accounting for approximately 48.3% of the total GHG emissions.

GHG Emissions Type (Unit: tCO ₂ e)	2022	2023
Scope 1 Direct emissions	33.8	40.0
Scope 2 Energy indirect emissions	118.7	118.7
Scope 3 Other indirect emissions	62.3	87.0
Total greenhouse gas emissions	214.8	245.7
GHG intensity by floor area (tCO ₂ e/m ²)	0.05	0.06

OUR PLANET

Energy Saving

In order to reduce GHG emissions from business operations, the Group implements power-saving measures in places such as offices, replacing inefficient equipment with more efficient equipment, and optimising operational processes in warehouses. The Group also encourages employees to reduce the frequency of business travel by using online communication platforms.



Energy saving

- Switch off all idle electronic appliances, lighting and air-conditioning when not in use
- Use power-saving mode in electronic appliances where applicable



Paper saving

- Adopt paperless communication during internal meetings
- Encourage the use of recycled paper, and print both sides of the paper
- Adopt electronic communications with external parties



Water saving

- Post labels with water saving tips at the office

EMISSION MANAGEMENT

Air Emissions

Air emissions of the Group mainly come from combustion of petrol and diesel in vehicles. During the reporting period, the Group's operations emitted 1.1 kg of sulphur oxides (SO_x), 53.4 kg of nitrogen oxides (NO_x), and 5.5 kg of respirable suspended particulates (RSP).

Air Emissions Type (Unit: kg)	2022	2023
Sulphur oxides (SO _x)	1.7	1.1
Nitrogen oxides (NO _x)	200.9	53.4
Respiratory suspended particles (RSP)	13.2	5.5

To reduce exhaust emissions, the Group has implemented clear regulations on vehicle use. This includes turning off idling engines in a timely manner, conducting regular vehicle maintenance, and encouraging employees to use public transportation. The Group strictly supervises the implementation of these measures and regularly reviews their effectiveness in reducing emissions.

Waste Management

Hazardous waste generated by the Group's operations include toner cartridges and fluorescent lamps, as well as non-hazardous waste such as domestic waste. During the reporting period, the Group generated a total of 0.07 tonnes of hazardous waste and 19.4 tonnes of non-hazardous waste. The density of hazardous waste calculated by floor area was 0.018 tonnes per thousand square metres, and the density of non-hazardous waste was 0.005 tonnes per square metre.

Waste Type (Unit: tonnes)	2022	2023
Hazardous Waste	0.07	0.07
Hazardous Waste intensity by floor area (tonnes/thousand m ²)	0.018	0.018
Non-hazardous Waste	19.6	19.4
Non-hazardous Waste intensity by floor area (tonnes/m ²)	0.005	0.005

Hazardous waste generated by the Group is regularly collected by qualified third-party organisations, while non-hazardous waste is sent to landfill for disposal. To reduce the generation of waste, we are committed to educating and training our employees to handle waste in a sustainable way. We require employees to recycle and reuse materials as much as possible before disposal, and have set up separate bins in our offices for recyclable waste.

ENVIRONMENT AND NATURAL RESOURCES

The Group is committed to minimising the impact of its business operations on the natural environment and resource consumption, and to continuously contribute to conservation of natural resources and environmental protection. We have therefore implemented measures such as energy conservation and emission reduction, water conservation and paper reuse.

The resources consumed in the Group's operations include electricity, petrol, diesel, paper and water, but do not include packaging materials.

Aspect	Goals
Water Use	Prefer to acquire water related equipment with Grade 1 efficiency label.
Waste	Increase the use of recycled paper

Water Consumption

The Group attaches great importance to water consumption management and has posted water-saving tips in offices and other places to enhance the water-saving awareness of employees. During the reporting period, the Group consumed 85 cubic meters of municipal water, with an intensity of 0.02 cubic meters per square meter.

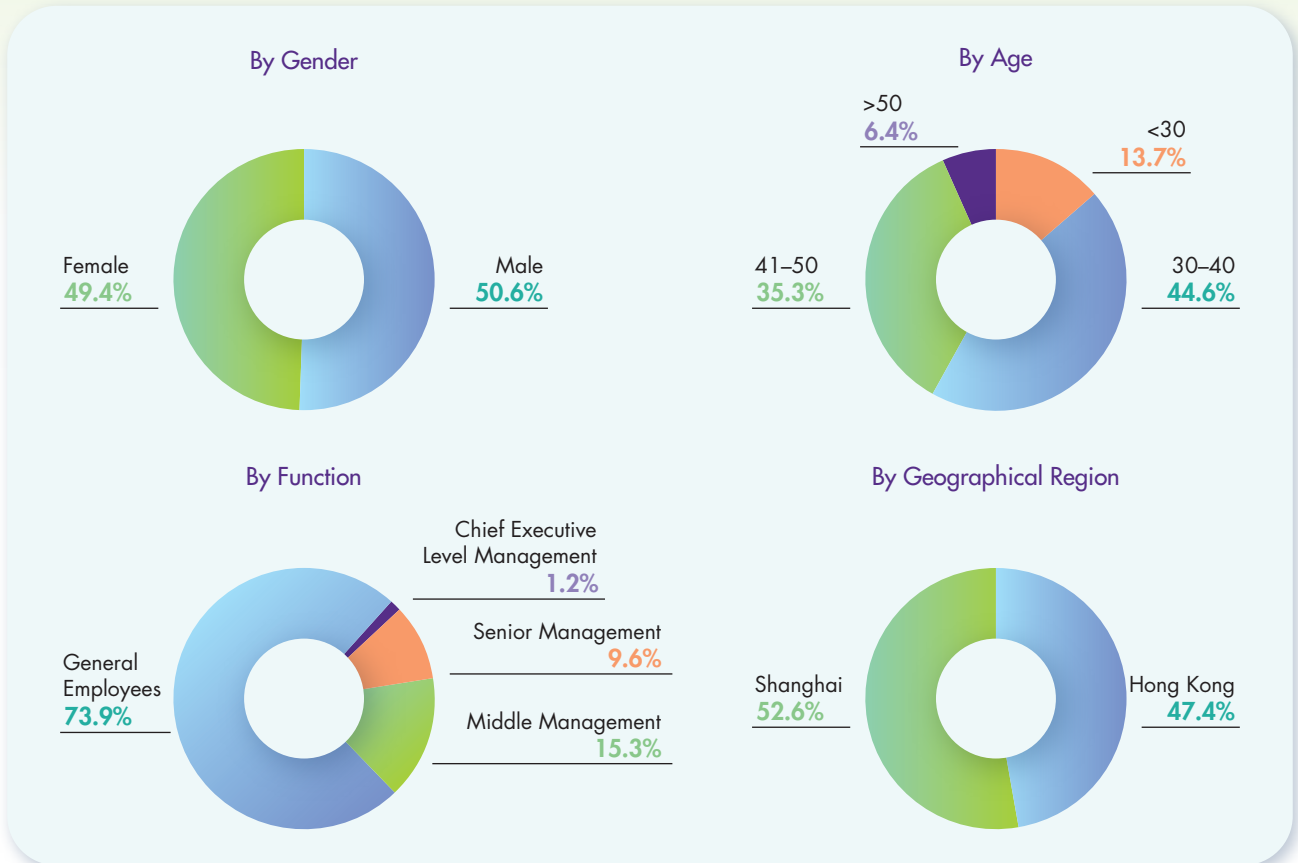
Paper Consumption

The main paper consumption of the Group is A4 paper used in office and sanitary paper. During the reporting period, the Group consumed a total of 9,579.8 kg of office paper (A4 paper) and 604.08 kg of sanitary paper. To reduce paper consumption, we recycle some of the used paper.

OUR PEOPLE

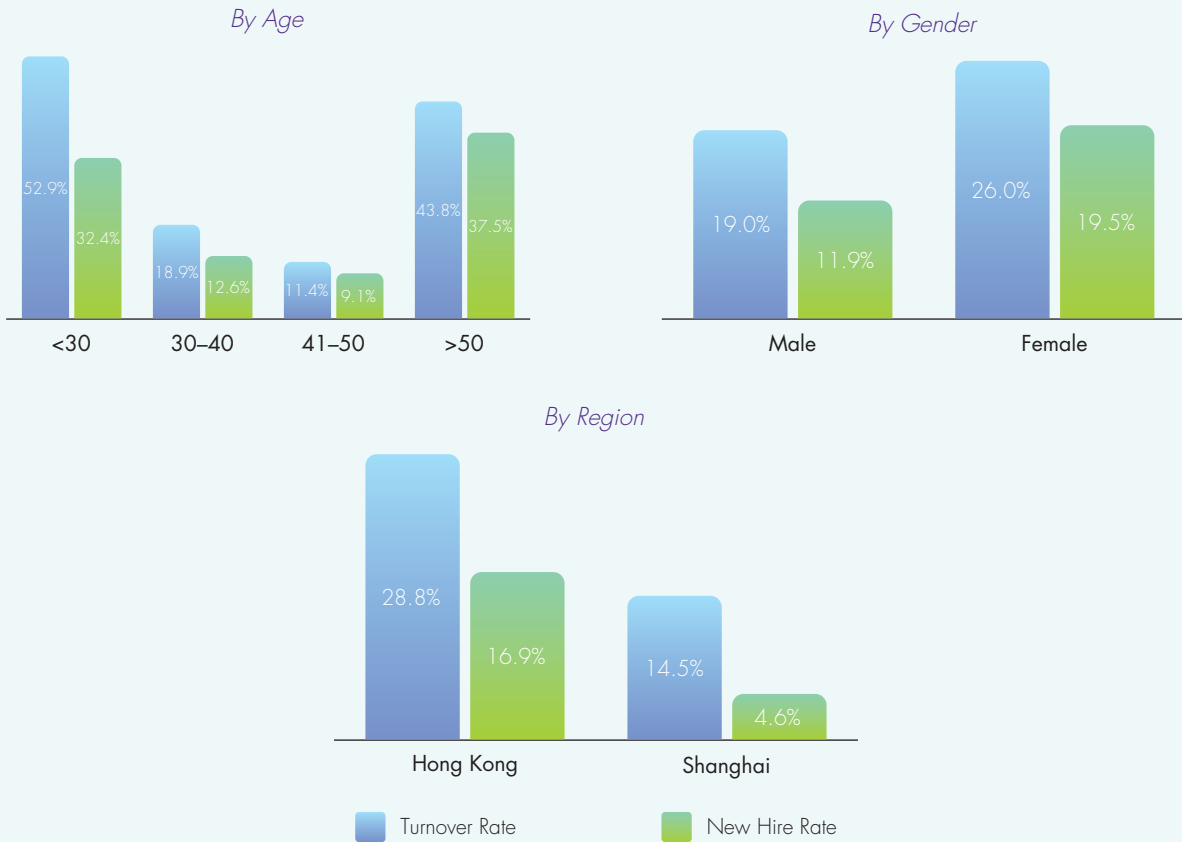
EMPLOYEE PROFILE

During the reporting period, the Group employed 249 full-time employees, with a male-to-female ratio of 1.02. Of these employees, 118 individuals, or 47.4% were based in Hong Kong, while 131 individuals, or 52.6% were located in Shanghai, China. In terms of age distribution, 44.6% of the Group's employees were between 30 and 40 years old, while 13.7% were below 30 years old. Additionally, approximately 26.1% of employees were classified as management, while 73.9% were classified as non-management staff.



During the reporting period, the Group's employee turnover rate was 22%, and the new hire rate was 16%. Employee turnover and new hire rates, segmented by gender, age, and region, are illustrated in the following chart.

2023 Turnover and New Hire Rates



LABOUR STANDARDS

The Group strictly adheres to relevant labour laws and regulations¹ in the jurisdictions where it operates, and has established a series of internal policies including the Background Check Policy, OTEL Employee Handbook, Recruitment and Hiring Policy, Separation of Employment Policy, Corporate Travel & Expenses Policy and Procedure to guide the Group’s human resource management practices.

The Group ensures labour standards are maintained and prohibits all forms of unethical behaviour, which also applies to our suppliers and contractors. We take stringent measures to eliminate the occurrence of child labour or forced labour to the extent possible, as outlined in our Background Check Policy which mandates the Human Resources department to conduct background checks on all applicants to verify their identity and age during the recruitment process. In the event of any instance of employment of child labour, contracts are terminated immediately.

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

OUR PEOPLE

RECRUITMENT AND DISMISSAL

The Group is committed to establishing a fair and ethical work environment, ensuring that all employees have equal opportunities. We strictly adhere to the relevant employment laws and regulations² in the regions where we operate. We select candidates solely based on qualifications, experience, and individual capabilities, ensuring fairness, transparency, and consistency in the recruitment process through policies such as the Recruitment and Hiring Policy. When employees' relatives apply for vacant positions, there are clear criteria and limitations in place, and applicants are required to make declarations to avoid preferential treatment.

We are dedicated to providing diversified career development opportunities for employees and have established standard guidelines for the promotion process to ensure consistency and fairness in the promotion cycle. Through regular reviews and evaluations of employee performance, we provide a framework for adjusting employee compensation, including base wages and promotion plans. This also facilitates communication between employees and management regarding job requirements and performance.

The Group's Separation of Employment Policy outlines guidelines for the termination process to ensure fairness. The Human Resources department conducts exit interviews with departing employees to understand their reasons for leaving and gather feedback. Involuntary termination of employment occurs only in cases of serious misconduct or actions in violation of the Group's policies.

REMUNERATION AND BENEFITS

The Group recognises employees as vital assets of the enterprise and respects their fundamental rights. Our business development and long-term success rely on the efforts of our employees. To attract and retain talent, we offer competitive compensation and benefits, including annual leave, marriage leave, maternity leave, and paternity leave. We also provide medical insurance plans to ensure healthcare benefits for employees. Additionally, we offer overtime allowances to employees working beyond regular hours, including monetary compensation or paid leave, standby allowances, and taxi allowances.

We have established annual Outstanding Employee Awards to recognise employees who have made exceptional contributions, with winners selected based on performance. To show appreciation of dedicated employees, we have instituted a stock incentive plan that allows employees to purchase shares of the Group at prices below market value.

During the reporting period, the Group celebrated International Women's Day on March 8th. Various forms of celebrations were held at our operational sites worldwide, such as presenting greeting cards and flowers to female employees to express gratitude for their contributions to the daily operations of the Group.



We celebrated International Women's Day on March 8th.



Christmas Party 2023

² Please refer to the section headed "Appendix 1 Applicable Laws and Regulations" for related laws and regulations.



DIVERSITY AND INCLUSION

The Group is dedicated to fostering a workplace environment characterised by equality and inclusivity. We adhere rigorously to relevant laws and regulations³, maintaining a zero-tolerance stance against any form of discrimination based on age, gender, race, or religion, and unequivocally prohibit all unfair and discriminatory employment practices. Our commitment to cultivating diversity in the workforce is reflected in our Board Diversity Policy, which systematically evaluates the composition of the Board from various perspectives, including gender, age, cultural and educational backgrounds, and professional experience.

The Group has issued precise guidelines for employee-related activities, encompassing aspects such as compensation, termination, recruitment, advancement, benefits, work hours, and rest intervals. Throughout the reporting period, the Group was not aware of any non-compliance with relevant laws and regulations⁴ that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

As proponents of equal opportunity employment, we will continue to provide equal opportunities to all employees in all aspects, ensuring that our adherence to labour practices not only complies with principles of fairness and ethics but also respects the fundamental human rights of every employee.

OCCUPATIONAL HEALTH AND SAFETY

The Group attaches great importance to occupational health and safety of its employees and prioritises employee health and safety above all else. By incorporating our Health and Safety policies into the ESG and ISO frameworks, we have created a cohesive approach that ensures all aspects of our business operations adhere to the highest occupational health and safety standards, aiming to create a safe and agreeable workplace for all employees. No work-related deaths or work-related injury cases were recorded in 2023.

The Group regularly arranges safety training courses to enhance employees' awareness of occupational safety and health. These courses help employees acquire necessary safety knowledge and skills. Air freight employees receive specific dangerous goods regulation training to ensure they are qualified to handle hazardous goods transportation. We have created occupational health and safety guidelines and provided safety equipment for frontline warehouse workers to protect their well-being and address emergency safety issues. Additionally, we conduct an annual fire safety drill and inspect fire protection facilities and emergency exits every six months to increase fire safety awareness among all employees, particularly frontline workers.

During the year, a total of 142 employees, or 57% of the total number of employees, attended safety training. The total number of hours of employee's safety training was 267 hours. During the reporting period, the Group was not aware of any non-compliance with relevant laws and regulations relating to the safety of employees and the protection of employees against occupational hazards which have a significant impact on the Group.

EMPLOYEE DEVELOPMENT

To foster employee motivation and strengthen their sense of belonging, we provide a wide range of training programmes and clearly defined career development paths. The Group has a Training and Development Policy that clearly outlines the responsibilities of relevant personnel and departments to effectively integrate training activities into our business operations.

Station managers and department managers are responsible for coordinating and overseeing internal training initiatives in their respective departments to ensure strategic alignment. The human resources manager records and regularly reviews training programmes across various departments, and captures and evaluates employees' career development recommendations. This enables us to provide valuable support to employees in achieving their professional goals.

³ Please refer to the section headed "Appendix 1 Applicable Laws and Regulations" for related laws and regulations.

⁴ Please refer to the section headed "Appendix 1 Applicable Laws and Regulations" for related laws and regulations.

OUR PEOPLE

We provide various in-house programmes as follows:

Mandatory Training

- A New Employee Orientation programme is provided to all newly hired regular full-time staff to get an overall view on the Group and the job position. The contents include the history of the Group, the structure of the local station and own department, introduction to all departments and the employees' job responsibility.

On-the-job Training

- Offered by related department and led by department heads. The learning status, such as quality and quantity of work, familiarity with in-house systems is supervised by senior staff.

Training on In-house Systems

- The IT Department and the Accounts Department provide training classes for employees regarding various in-house IT systems whenever appropriate.

Other Training

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

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

Dangerous Goods Regulation Training:



Reference IATA Dangerous Goods Regulations



Choose the appropriate container for air transportation



Pack dangerous goods correctly



Prepare documentation and labelling

During the reporting period, the Group provided a total of 267 training hours and 142 employees were trained, covering 57% of the total workforce.

Percentage of employees trained (%)	2022	2023
By Gender		
Male	68.3%	56.3%
Female	57.5%	58.7%
By Position Level		
Top Executive Officer	100.0%	33.3%
Senior Management	30.4%	37.5%
Middle Management	50.0%	31.6%
General Employees	69.3%	65.2%

Average training hours (hour/person)	2022	2023
By Gender		
Male	2.32	1.56
Female	0.83	0.58
By Position Level		
Top Executive Officer	1.00	0.33
Senior Management	0.30	0.67
Middle Management	4.30	1.47
General Employees	1.22	1.05

To support the Group's future business development, we are continuing to implement our 24-month Management Trainee Programme. The programme provides a comprehensive and structured in-house training programme, offering the opportunity to apply the latest logistics and freight forwarding solutions to business challenges. Trainees will learn how to develop professional logistics solutions, from logistics needs analysis to solution implementation. Upon graduation, they can become logistics experts and management successors.



The management trainees travelled to Hangzhou for learning and sharing.

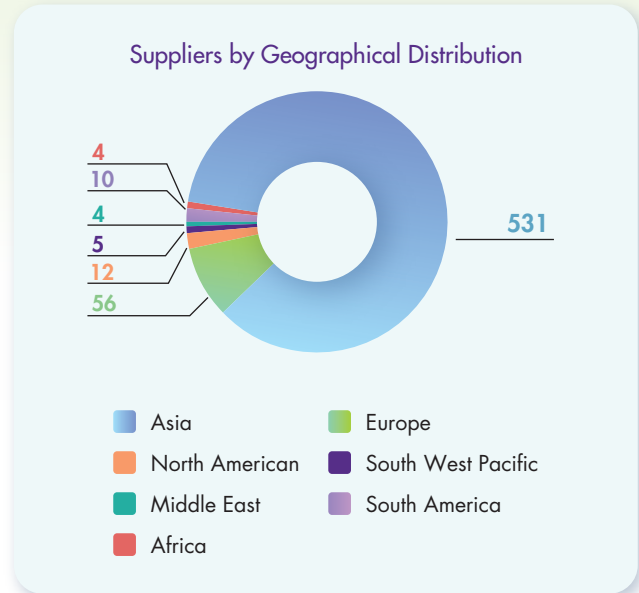
OUR OPERATION

SUPPLY CHAIN MANAGEMENT

Effective supply chain management is crucial to the development of our Group and for establishing a sustainable supply chain we continuously strive to enhance and optimise our supplier management system. To achieve this, we have implemented a series of internal policies, including the Environmental and Social Responsibility Policy, the Vendor Management Policy, and the Code of Conduct. These policies aim to mitigate ESG risks in the supply chain and provide guidance for services procured from third parties.

The Group aims to achieve sustainable development through effective supplier management and has established a structured supplier committee, which is responsible for overseeing and ensuring the selection and appointment of suppliers. The Supplier Committee comprises the senior management team, persons in charge of functional departments of the Company, persons in charge of site management and persons in charge of various departments.

In 2023, the Group had a total of 622 suppliers, including airlines, shipping companies, carriers, consolidation loaders, transport companies, and related business agents. This encompassed 340 air freight providers, 281 sea freight providers and 1 storage service providers. The Group aims to maintain stability and sustainability of the supply chain, laying a solid foundation for the long-term development of the enterprise.



Supplier Selection and Risk Management

To reduce ESG risks related to our supply chain, we implement a rigorous supplier selection process, which involves inviting multiple suppliers to provide quotations and conducting thorough background checks. We specifically evaluate their performance in areas such as environmental protection, occupational health and safety, and quality assurance. Furthermore, we encourage our suppliers and contractors to incorporate ESG factors into their risk management practices, in line with the Group's policies and Code of Conduct.

To guarantee that our suppliers consistently meet the Group's standards and expectations of service and product quality, we conduct regular assessments and reviews of all engaged suppliers and contractors every year. Additionally, we appoint department managers to regularly monitor supplier performance and cultivate long-term, stable cooperative relationships. These measures help us to effectively manage ESG risks and ensure that the quality of our suppliers' services or products meets the Group's standards and expectations.

Sustainable Procurement

Our Group has established communication channels with suppliers and motivates them to fulfil their environmental and social responsibilities. We encourage suppliers to adhere to the Environmental and Social Responsibility policies established by the Group, ensuring that their business operations align with the principles of sustainable development. Furthermore, we encourage and support suppliers to adopt innovative technologies that can provide long-term environmental benefits, thus promoting green transformation of the entire supply chain.

PRODUCT RESPONSIBILITY

In order to improve our service performance, the Group has developed and revised the Operation Workflow Manual, which lays out the management procedures in regard to air freight and sea freight. The relevant management system has been certified to the ISO 9001:2015 Quality Management System Standard.

Quality Assurance

We carefully check to see if there are any concealed dangerous cargoes, making sure that we obey the stringent constraints and controls on dangerous goods and prevent any harm to public safety. It allows us to ensure fast and safe delivery services as well as maintaining a high-quality control process. To standardise the handling of specific cargo, such as hazardous products, commodities like batteries, temperature-sensitive items, and wooden packaging materials, we have developed several procedures and guidelines.



Air Freight Management regulations

Dangerous Goods ("DG")

- At least 2 persons with appropriate licenses handle DG cargos
- Only license holders are allowed to handle the documentation and cargos
- Labelling, packing instructions and markings on the cargos should strictly follow the specific requirements

Commodities (including batteries etc.)

- Check battery nature and the corresponding safety information before handling
- Only DG Regulations certified persons to handle it as DG cargos



Sea Freight Management regulations

Dangerous Goods ("DG")

- Ensure all documentation, handling procedures and ability of the carrier meet our DG handling requirements

Temperature sensitive cargos

- Check carefully the type of cargos and the temperature required
- Arrange refrigerated containers when needed, ensure good and precise control on the temperature for the entire voyage

Wooden packing material

- Appoint certified vendors for fumigation
- Obtain fumigation certificate from vendors before delivering the cargo to sea freight warehouse

OUR OPERATION

Product Sales and Labelling

We properly label inbound shipments to facilitate identification. Different kinds of labels are used to convey details about the goods, like quantity, origin, and destination. We make sure that these labels are readable and do not obscure the markings or labels of the customers.

Enhancing customer satisfaction is a top priority for the Group. We are constantly attentive to their needs and regularly collect feedback on service quality, time management, and staff performance through various communication channels, including on-site visits, emails, and phone calls. We frequently evaluate all customer feedback and comments and take necessary steps to consistently improve the quality of our customer service.

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

During the reporting period, the Group was not aware of any non-compliance with laws and regulations¹ relating to health and safety, advertising, labelling and privacy matters and remedies in respect of the products and services provided which materially affected the Group.

INTELLECTUAL PROPERTY RIGHTS PROTECTION

The Group defends its own and third parties' intellectual property rights. Guidelines for preserving intellectual property rights and managing the associated assets, including domain names, copyrights for both software and hardware, patents, trademarks, and service marks, are handled by the Corporate Human Resources Department. The Corporate HR Department must grant permission for the use of any Group copyrighted materials.

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

PRIVACY PROTECTION

The Group places great importance on respecting privacy and data security, and complies with all relevant laws and regulations² in Mainland China and Hong Kong. To protect personal information and uphold privacy rights, the Group strives to improve the collection, access, and management of relevant data pertaining to customers, employees, and other personnel.

All employees must strictly comply with the Code of Conduct for the protection of the personal data of customers and other employees. They must also be aware of the confidentiality requirements. Those who are authorised to access or handle proprietary information must take necessary precautions to prevent abuse, misuse, or disclosure of personal data. Furthermore, it is imperative to maintain the confidentiality of all customer and company data, and any documents must be securely disposed of only after shredding.

¹ Please refer to the section headed "Appendix 1 Applicable Laws and Regulations" for related laws and regulations.

² Please refer to the section headed "Appendix 1 Applicable Laws and Regulations" for related laws and regulations.

ANTI-CORRUPTION

The Group adheres to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, the Competition Ordinance, and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. We have implemented several anti-corruption policies to control employee behaviour and increase their awareness of anti-corruption issues.



Anti-corruption policy

The Code of Conduct is applicable to all directors, senior officers and employees of the Group

Guidelines have been put in place to govern all staff's acceptance of any kind of gratification and any conflict of interest in the course of carrying out their duties

Training in anti-corruption is conducted regularly to ensure our people have updated and constant understanding of anti-corruption policy of the Company



Code of Conduct

Provide instructions regarding legal compliance, soliciting, accepting and offering gratification

The acts of soliciting or accepting any gratification from clients, suppliers, agents, co-loaders or any persons in connection with the business of the Group are prohibited without obtaining permission from the Group

Under no circumstance may bribes or similar considerations be offered to any person or company for the purpose of influencing these parties in obtaining or retaining business or directing business to the Group



Entertainment Policy

Care must be taken to avoid any possible conflict of interest in the provision or acceptance of entertainment or gifts, to prevent the situation from being perceived or construed as providing or receiving an incentive for any commercial transaction



Policy for Employees to Raise Concerns about Improprieties

Encourage employees to report any suspicious concerns regarding misconduct or malpractices within the Group through the whistleblowing mechanism

The identity of the whistle-blower is kept confidential in the whole reporting and investigation process

All cases are reviewed by fair and independent investigation followed by appropriate follow-up actions

OUR OPERATION

The Group is dedicated to upholding the highest ethics and governance standards. The Group does not tolerate any kind of bribery or corruption of any kind. In our business dealings, we respect integrity, equity, and openness.

We use a variety of methods, including prevention, detection, and reporting, to investigate cases of fraud and bribery in the company. Meanwhile, employees of the Group are also encouraged to report any suspected instances of corruption, bribery, money laundering, or other illegal acts internally through the appropriate reporting mechanism and process. The Group also regularly conducts anti-corruption training for staff members, updates pertinent information on anti-corruption policies in a timely manner and encourages the development of a culture of integrity.

During the reporting period, the Group was not aware of any breaches of laws and regulations³ relating to the prevention of bribery, money laundering, or any other illegal activities that would have a material impact on the Group. Additionally, the Group was not involved in any corruption cases.

Whistleblowing Policy

To maintain internal accountability and integrity, the Group encourages staff members, clients, vendors, and contractors to report any real or suspected criminal conduct involving money laundering and corruption through a confidential reporting channel. The Group has a Policy for Employees to Raise Concerns about Improprieties to provide clear reporting and investigative methods for reporting wrongdoing by internal workers or external parties.

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

Employee Reporting Procedures

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

External Personnel Reporting Procedures

- Mail to the Group's main office in Hong Kong or direct email to whistle@ytoglobal.com
- If the report involves the Chairman of the Board, raise concerns directly to the Audit Committee and send emails to the main office in Hong Kong

Within 5 working days of receiving a report, the Group verifies its accuracy and evaluates it before determining whether to launch an inquiry. The reported matter is investigated by a special committee constituted for the purpose. The Audit Committee updates pertinent opinions during the inquiry in order to present the final report. When it is practically possible, the whistleblower is notified of the investigation's ultimate findings. The relevant issues may be brought up before the Audit Committee once more if the investigation's findings are questioned. In the event that the cause is plausible, the Group looks into it further.

The Group endeavours to handle all reports with strict confidentiality and fairness. We maintain strict confidentiality of the identity and information of the reporting person and do not disclose the identity without their consent. The Audit Committee regularly reviews this policy to improve its effectiveness and encourage staff to report suspicious cases.

³ Please refer to the section headed "Appendix 1 Applicable Laws and Regulations" for related laws and regulations.

COMMUNITY INVOLVEMENT

We invest in community affairs and functions to support the communities in which we operate. As part of our commitment to fulfilling the Group's corporate social responsibility, we encourage our employees to participate in volunteer activities to benefit society. During the reporting period, the Group demonstrated its dedication to improving the communities we operate in, fostering social sustainability, and generating enduring value for the general public.

The Group has organized two activities for the 2023 Volunteer Service Day: Explore the Further and Caring & Engagement.



Explore the Further

Organised visits to the Hong Kong Science Museum for families of children with Special Educational Needs (SEN). The main categories of children with SEN include: special learning difficulties (including dyslexia and gifted), ADHD, autism, speech disorders, hearing impairments, visual impairments, physical disabilities, and intellectual disabilities.

Participated in the "Siyi Handwork" leather handicraft class, led by the star teacher to finish the finished product as a personal souvenir. Even though the instructors were physically disabled, their professionalism, dexterity and dedication to work gave the participants a best demonstration, inspiring morale and injecting positive energy. The integration of the disabled and the healthy is the key to happiness.



Caring & Engagement

COMMUNITY INVOLVEMENT

As the official logistics sponsor of the 2022 Hangzhou Asian Games and the 2022 Asian Para Games, both were postponed to 2023 due to the impact of the COVID-19 pandemic, we provided a first-class international service this year. Our service was safe, fast, reliable, and technically sound, with the flexibility to respond to last-minute adjustments and emergency dispatches. The extensive logistics network had to be connected and managed within a few days to cater to the requirements of six host cities, 45 national and regional delegations, 56 competition venues, almost 100 training venues, reception hotels, over 10,000 competitors and technical officials, as well as more than 100,000 tonnes of sports equipment, tournament equipment, logistical support, and other organisational and participatory materials.



APPENDIX

APPENDIX 1: LAWS AND REGULATIONS

Aspect	Laws and Regulations	Compliance Status
Environment	<ul style="list-style-type: none"> • Law of the People’s Republic of China on Conserving Energy • Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution • Waste Disposal Ordinance • Air Pollution Control Ordinance 	During the reporting period, the Group was not aware of any non-compliance with laws and regulations ¹ that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.
Employment and labour standards	<ul style="list-style-type: none"> • Employment Ordinance in Hong Kong • Labour Law of the People’s Republic of China • Labour Contract Law of the People’s Republic of China • Law of People’s Republic of China on Protection of Disabled Persons • Provisions on the Prohibition of Using Child Labour in China 	During the reporting period, the Group was not aware of any instances of non-compliance with significant impact on the Group regarding laws and regulations related to preventing child labour or forced labour. Furthermore, we have not received any reports concerning child labour or forced labour.
Occupational health and safety	<ul style="list-style-type: none"> • Production Safety Law of the People’s Republic of China • Law on Prevention of Occupational Disease of the People’s Republic of China • Occupational Safety and Health Ordinance 	During the reporting period, we were not aware of any non-compliance with laws and regulations having a significant impact on the Group relating to occupational health and safety.
Product Responsibility	<ul style="list-style-type: none"> • Personal Data (Privacy) Ordinance • Regulations on Customs Protection of Intellectual Property Rights in the People’s Republic of China • Postal Law of the People’s Republic of China • Customs Law of the People’s Republic of China 	<p>Regarding health and safety, advertising, labelling, privacy, and matters pertaining to goods and services rendered as well as avenues for recourse, the Group was not aware of any violations of applicable laws and regulations during the reporting period that could have materially affected the Group.</p> <p>During the reporting period, the Group was not involved in any litigation relating to infringement of intellectual property rights.</p>
Anti-corruption	<ul style="list-style-type: none"> • Prevention of Bribery Ordinance • Anti-Money Laundering Law of the People’s Republic of China 	During the reporting period, the Group was not involved in any corruption cases, nor was it aware of any violations of applicable laws and regulations pertaining to bribery, fraud, or money laundering that would have a substantial effect on the Group.

APPENDIX

APPENDIX 2: PERFORMANCE DATA SUMMARY

ENVIRONMENTAL	2022	2023
A1 Emissions		
Greenhouse gases (tCO₂e)		
Scope 1 Direct emissions	33.8	40.0
Scope 2 Energy indirect emissions	118.7	118.7
Scope 3 Other indirect emissions	68.0	87.0
Total greenhouse gas emissions	220.5	245.7
GHG emissions intensity by floor area (tCO ₂ e/m ²)	0.05	0.06
Air emissions (Kg)		
Sulphur oxides	1.7	1.1
Nitrogen oxides	200.9	53.4
Respiratory suspended particles (RSP)	13.2	5.5
Waste (tonnes)		
Hazardous Waste	0.07	0.07
Hazardous waste intensity by floor area (tonnes/thousand m ²)	0.018	0.018
Non-hazardous Waste	19.6	19.4
Non-hazardous waste intensity by floor area (tonnes/m ²)	0.005	0.005
A2 Use of Resources		
Petrol (MWh)	63.6	76.6
Diesel (MWh)	53.6	62.1
Electricity (MWh)	238.7	238.7
Total energy consumption (MWh)	355.9	377.4
Energy intensity by floor area (MWh/m ²)	0.09	0.09
Water Consumption (m ³)	87	85
Water intensity (m ³ /m ²)	0.02	0.02

SOCIETY	2022	2023
B1 Employment		
B1.1 Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.		
Total number of employees (person)	266	249
Geographical distribution		
Shanghai, the PRC	147	131
Hong Kong	119	118
Age Distribution		
<30	64	34
30-40	124	111
41-50	63	88
>50	15	16
Gender Distribution		
Male	139	126
Female	127	123
Position Level Distribution		
Top executive management	1	3
Senior management	23	24
Middle management	40	38
General Employees	202	184
B1.2 Employee turnover rate by gender, age group and geographical region		
Geographical distribution		
Shanghai, the PRC	16.3%	14.5%
Hong Kong	20.2%	28.8%
Age Distribution		
<30	26.6%	52.9%
30-40	16.9%	18.9%
41-50	14.3%	11.4%
>50	6.7%	43.8%
Gender Distribution		
Male	19.4%	19.0%
Female	16.5%	26.0%

APPENDIX



SOCIETY	2022	2023
B2 Health and Safety		
Occupational Safety and Health Performance		
Number of work-related injuries	0	0
Number of work-related injuries (person)	0	0
Lost days due to work injury (days)	0	0
Number of work-related fatalities (person)	0	0
B3 Development and Training		
Total training hours of employees (hours)	427	267
Average training hours of employees (hour/person)		
By Gender		
Male	2.32	1.56
Female	0.83	0.58
By Position Level		
Top executive management	1.00	0.33
Senior management	0.30	0.67
Middle management	4.30	1.47
General Employees	1.22	1.05
Percentage of employees trained		
By Gender		
Male	68%	56%
Female	57%	58%
By Position Level		
Top executive management	100.0%	33.3%
Senior management	30.4%	37.5%
Middle management	50.0%	31.6%
General Employees	69.3%	65.2%

SOCIETY	2022	2023
B5 Supply Chain Management		
Total number of suppliers	602	622
By Region		
Asia	539	531
Europe	39	56
North America	9	12
Southwest Pacific	4	5
Middle East	3	4
South America	6	10
Africa	2	4
B8 Community Investment		
Resources contributed to the focus area		
Volunteering work (hours)	6	100

APPENDIX

APPENDIX 3: HKEX ESG CONTENT INDEX

GOVERNANCE

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

ENVIRONMENTAL

Indicators	HKEX ESG Reporting Guide Requirements	Section/Remarks	Page
A. ENVIRONMENTAL			
Aspect A1: Emissions			
General Disclosure	Relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste: (a) the Policy; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer information.	Our Planet	11
KPI A1.1	The types of emissions and respective emissions data.	Our Planet – Emission Management	14
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	Our Planet – Metrics and Targets	13
KPI A1.3	Total hazardous waste produced and intensity.	Our Planet – Emission Management	14
KPI A1.4	Total non-hazardous waste produced and intensity.	Our Planet – Emission Management	14
KPI A1.5	Description of emission target (s) set and steps taken to achieve them.	Our Planet – Emission Management	14
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.	Our Planet – Emission Management	14
Aspect A2: Use of Resource			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Our Planet – Metrics and Targets	13
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Our Planet – Metrics and Targets	13
KPI A2.2	Water consumption in total and intensity.	Our Planet – Environment and Natural Resources	15
KPI A2.3	Description of energy use efficiency target (s) set and steps taken to achieve them.	Our Planet – Emission Management	14
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.	Our Planet – Environment and Natural Resources	15
KPI A2.5	Total packaging material used for finished products and with reference to per unit produced.	The Group's operations do not involve any use of packaging materials.	

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ENVIRONMENTAL

Indicators	HKEX ESG Reporting Guide Requirements	Section/Remarks	Page
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuers' significant impact on the environment and natural resources.	Our Planet – Environment and Natural Resources	15
KPI A3.1	Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Our Planet – Environment and Natural Resources	15
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.	Our Planet – Climate Change	11
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Our Planet – Climate Change	11

SOCIETY

Indicators	HKEX ESG Reporting Guide Requirements	Section/Remarks	Page
B. SOCIAL			
Aspect B1: Employment			
General Disclosure	Relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare: (a) the Policy; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer information.	Our People – Recruitment and Dismissal – Remuneration and Benefits – Diversity and Inclusion	18–19
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Our People – Employee Profile	16
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Our People – Employee Profile	16
Aspect B2: Health and Safety			
General Disclosure	Information relating to providing a safe working environment and protecting employees from occupational hazards: (a) the Policy; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer information.	Our People – Occupational Health and Safety	19
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	No work-related fatalities were recorded in the past three years.	
KPI B2.2	Lost days due to work injury.	Our People – Occupational Health and Safety	19
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Our People – Occupational Health and Safety	19
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Our People – Employee Development	19
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Our People – Employee Development	19
KPI B3.2	The average training hours completed per employee by gender and employee category.	Our People – Employee Development	19

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SOCIETY

Indicators	HKEX ESG Reporting Guide Requirements	Section/Remarks	Page
Aspect B4: Labour Standards			
General Disclosure	Relating to preventing child and forced labour: (a) the Policy; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	Our People – Labour Standards	17
KPI B4.1	Description of measures to review employment practises to avoid child and forced labour.	Our People – Labour Standards	17
KPI B4.2	Description of steps taken to eliminate such practises when discovered.	Our People – Labour Standards	17
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Our Operation – Supply Chain Management	22
KPI B5.1	Number of suppliers by geographical region.	Our Operation – Supply Chain Management	22
KPI B5.2	Description of practises relating to engaging suppliers, number of suppliers where the practises are being implemented, how they are implemented and monitored.	Our Operation – Supply Chain Management	22
KPI B5.3	Description of practises used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Our Operation – Supply Chain Management	22
KPI B5.4	Description of practises used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Our Operation – Supply Chain Management	22
Aspect B6: Product Responsibility			
General Disclosure	Information relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress: (a) the Policy; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer information.	Our Operation – Product Responsibility	23
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Our Operation – Product Responsibility	23
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Our Operation – Product Responsibility	23
KPI B6.3	Description of practises relating to observing and protecting intellectual property rights.	Our Operation – Intellectual Property Rights protection	24

SOCIETY

Indicators	HKEX ESG Reporting Guide Requirements	Section/Remarks	Page
KPI B6.4	Description of quality assurance process and recall procedures.	Our Operation – Product Responsibility	23
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Our Operation – Privacy Protection	24
Aspect B7: Anti-corruption			
General Disclosure	Relating to bribery, extortion, fraud and money laundering: (a) the Policy; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer information.	Our Operation – Anti-corruption	25
KPI B7.1	Number of concluded legal cases regarding corrupt practises brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Our Operation – Anti-corruption	25
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Our Operation – Anti-corruption	25
KPI B7.3	Description of anti-corruption training provided to directors and employees.	Our Operation – Anti-corruption	25
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 Involvement	27
KPI B8.1	Focus areas of contribution.	Community Involvement	27
KPI B8.2	Resources contributed to the focus area.	Community Involvement	27