

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The environmental, social and governance report (the “**ESG Report**”) is released by the Group pursuant to the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) under Appendix 20 to the GEM Listing Rules, which sets out the Company’s policies and practices in various aspects relating to environmental protection, working environment and community involvement for FY2020.

Scope of this Report

This ESG Report covers the Group’s business activities in Hong Kong, representing the Group’s major operations. Data collection and disclosures mainly focused on the operations of the Group at its principal places of businesses, including warehouses and offices in Hong Kong. The Company has complied with the “comply or explain” provisions set out in the ESG Guide for the Year.

Reporting Period

The Report describes the ESG activities, challenges and measures taken by the Group during the year ended 31 December 2020.

Stakeholder Engagement

The Group welcomes stakeholders’ feedback on its ESG approach and performance. For any suggestions or opinions, questions or comments, please kindly send to the Company through the communication channels as stated in our Company’s website.

Relevant Stakeholders	Communication Channels
Investors and shareholders	General meetings Annual and interim reports Announcements and circulars Company website
Government and regulatory institutes	Regulatory newsletters
Suppliers and contractors	Regular meetings
Employees	Regular performance reviews Trainings and seminars Emails and notice boards
Customers and business partners	Customer service team Regular meetings
Community and the public	Media conference Public welfare events

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Materiality Assessment

The management and staff of the Group have participated in the preparation of this ESG Report to assist the Group in reviewing its operations and identifying relevant ESG issues and assess the importance of related matters to its businesses and stakeholders. Summarising the results, the following environmental and social aspects from the ESG Reporting Guide have been selected as the key focuses of this ESG Report.

- Resource consumption
- Occupational health and safety
- Employee development

As at the year ended 31 December 2020, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.

ENVIRONMENTAL PROTECTION

The Group undertakes environmental protection as part of its corporate responsibilities, and it is fully aware of the importance of sustainable environmental development in achieving sustainability in its operations. The Group has implemented a number of measures such as reducing carbon emission, increasing energy efficiency and conserving water resources in order to deliver our commitment to environmental protection. For FY2020, the Group is not aware of any material non-compliance with applicable standards, rules and regulations relating to the aspects discussed in this report.

Exhaust Gas Emissions

Exhaust gas emissions generated from business operations of the Group mainly include nitrogen oxides (“**NOx**”), sulphur oxides (“**SOx**”) and particulate matter (“**PM**”), the major source of which is vehicle exhaust gas. To reduce the exhaust gas emissions from the abovementioned source, the Group has formulated related policies and implemented various reduction measures.

During the Reporting Period, the Group’s exhaust gas emissions were as follows:

Types of exhaust gas ¹	Unit	Emission amount	
		2020	2019
Sulphur Oxides (SOx)	tonnes	10.4	10.4
Nitrogen Oxides (NOx)	tonnes	2,083.3	2,082.7
Particulate Matter (PM)	tonnes	0.2	0.1

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group adopts the following measures to deal with the above exhaust gas emissions:

- Selecting environmentally-friendly vehicles for our logistics business;
- Any vehicle which has reached the vehicle service life will be promptly scrapped;
- Strengthening the regular examination of exhaust gases from business vehicles; and
- Monitoring vehicles with heavy emissions

Greenhouse Gas (“GHG”) Emissions

The Group’s GHG emissions are mainly generated from direct GHG emissions resulted from the combustion of petrol and diesel consumption (Scope 1), indirect GHG emissions resulted from purchased electricity (Scope 2), and other indirect GHG emissions resulted from paper disposal (Scope 3).

Indicator ¹	Unit	GHG emissions amount	
		2020	2019
Direct GHG emissions (Scope 1)			
— petrol and diesel consumption	tonnes	551.5	373.3
Indirect GHG emissions (Scope 2)			
— purchased electricity	tonnes	450.3	329.6
Other indirect GHG emissions (Scope 3)			
— paper disposal	tonnes	2,889.0	184.3
Total GHG emissions (Scope 1, 2 and 3)	tonnes	3,890.8	887.2
Intensity ²	tonnes/square feet	0.0145	0.0032

Notes:

1. GHG emission data is presented in terms of carbon dioxide equivalent and are based on, including but not limited to, “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development, “Greenhouse Gas Inventory Guidance Direct Emissions from Mobile Combustion Sources” issued by the United States Environmental Protection Agency, the latest released emission factors of CLP, “How to prepare an ESG Report? — Appendix II: Reporting Guidance on Environmental KPIs” issued by the HKEX, “Global Warming Potential Values” from the IPCC Fifth Assessment Report, 2014 (AR5).
2. As at 31 December 2020, the Group’s total floor area was 268,000 square feet (31 December 2019: 277,300 square feet). The data is also used for calculating other intensity data.

The Group adopts the following measures to deal with the above GHG emissions:

- Reducing the emissions of vehicles, detailed measures are described in the section “Exhaust Gas Emissions” above
- Actively adopting environmental conservation and energy and water saving measures. Relevant measures are described in the section “Energy Consumption” and “Water Consumption” below; and
- Actively adopting paper-saving measures, the relevant measures are described in the section “Non-hazardous waste” below.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Hazardous waste from the Group's operation were mainly waste computer monitor, desktop computer and laptop computer. Hazardous waste is not a material area for our business and the impact of the Group on water resources is not significant.

Non-hazardous waste

Non-hazardous waste from the Group's operation were mainly waste carton box and waste paper. During FY2020 and FY2019, the Group's non-hazardous wastes discharge and the intensity were as follows:

Type of non-hazardous waste	Unit	Total discharge	
		2020	2019
Carton box	kg	593,995	28,740
Paper	kg	8,785	9,666
Intensity	kg/square feet	2.25	0.14

The Group adopts the following measures to deal with the above waste:

- Promoting recycling and the use of recycled paper or other environmentally friendly materials;
- Utilising electronic communication where applicable such as e-cards for festival greetings and e-brochures for distribution to customers; and
- Encouraging our staff to fully utilise the space of each carton box. The Group also ensures that all carton boxes are reused

USE OF RESOURCES

General Disclosure and KPIs

The Group promotes the principle of high efficiency, reasonable utilisation of resources and prevention of wastage of resources. The Group actively promotes green office and operation environment to minimise the adverse environmental impacts of the Group. The employees of the Group have followed these principles, and have reduced the consumption of electricity, paper and water resources.

Energy Consumption

The major energy consumption of the Group in daily operation is electricity consumption and petrol/diesel consumption via transportation. During FY2020 and FY2019, the Group's electricity and other energy consumption were as follow:

Type of Energy	Unit	Consumption amount	
		2020	2019
Electricity	kWh	714,797	523,245
Petrol	Litre	15,197	13,234
Diesel	Litre	184,068	121,713

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group adopts the following measures to deal with the above energy consumption:

- Adjusting and controlling the temperature of air conditioners according to working conditions, and the air-conditioned temperature in the office shall not be lower than 25°C;
- Using LED or other energy efficient luminaire in newly renovated offices and warehouses and adjusting the operating schedule of the air-conditioning and lighting system in warehouses; and
- Lights should be turned off when staff leave the premises to reduce electricity wastage

Water Consumption

Water consumption of the Group is mainly for basic business operation, cleaning and sanitation. We encourage all employees to develop the habit of water conservation. High efficiency equipment and streamlined procedures have been introduced to our operations to reduce water consumption and increase the efficiency in the use of resources. We have been strengthening our water-saving promotion and guiding employees to use water reasonably.

Water management is not a material area for our business and the impact of the Group on water resources is not significant.

Use of Packaging Materials

During FY2020 and FY2019, the Group's use of packaging materials was as follow:

Types of packaging materials	Unit	Amount	
		2020	2019
Plastic films	kg	58,670	10,510

THE ENVIRONMENT AND NATURAL RESOURCES

General Disclosure and KPIs

The Group aims to promote environmental protection and efficient use of resources. The Group works tirelessly to mitigate the adverse environmental impacts of our activities through adopting industry best practices targeted at reducing natural resources consumption and effective emission management. We assess the environmental risks on regular basis, and adopt preventive measures to reduce the risks and ensure the compliance with relevant laws and regulations.

Environmental Education

Other than the measures mentioned in the previous sections, we have also implemented the following measures to minimize our impacts on the environment and natural resources:

- Encourage our staff to participate in campaign and activities relating to the promotion of green environment; and
- Provide environmental protection messages to our staff on the notice board or emails regularly

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SOCIAL

The Group aims to build a harmonious and prosperous community environment. Focusing on areas such as employment and labour regulations, operational practices and social participation, the Group sets out to build a mutually beneficial relationship with relevant social organisations and individuals, including the Group's investors, staff members, clients, suppliers, communities as well as the public and governing authorities. The Group remains committed to maximising corporate benefits, which form a part of comprehensive benefits for the society.

Employment

The Group believes that our long-term growth depends on the expertise, experience and development of the Group's employees. The salaries and benefits of the Group's employees depend primarily on their duty, position, contributions, length of service with the Group and local market conditions. In order to improve our employees' skills and technical expertise, the Group provides regular training to our employees.

The Group mainly recruits through recruitment advertisements. The Group aims to attract, motivate and retain the best people for the Group's business operations. To achieve this, the Group provides a market competitive employment package consisting of monetary and non-monetary rewards for all the Group's employees. The Group's comprehensive reward system offers discretionary incentive bonus scheme, sales commission and group medical insurance protection. Share options may also be offered to eligible employees.

The Group has established and implemented the employee handbook, which contains our policies relating to human resources, covering areas such as compensation and dismissal, recruitment and promotion, working days and hours, rest periods, and other benefits as well as welfare for our employees in accordance with the applicable laws. The Group strictly complies with the above said relevant standards, rules and regulations. In FY2020, the Group was not aware of any material non-compliance with the relevant standards, rules and regulations that have a significant impact on the Group relating to the above-mentioned areas.

As at 31 December 2020, the Group had a total of 172 employees (2019: 149) all located in Hong Kong, and the monthly staff turnover rate is 3.78% (2019: 6.17%). The following table sets forth the number and breakdown of the Group's full-time employees as at 31 December 2020 and 31 December 2019:

Workforce	Staff size	Total number of persons (percentage)	
		2020	2019
By Gender			
Male	Person	98 (57.0%)	84 (56.4%)
Female	Person	74 (43.0%)	65 (43.6%)
Total	Person	172 (100%)	149 (100%)
By Age Group			
Under 30 years old	Person	46 (26.7%)	28 (18.8%)
30–50 years old	Person	97 (56.4%)	100 (67.1%)
Over 50 years old	Person	29 (16.9%)	21 (14.1%)
Total	Person	172 (100%)	149 (100%)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Workforce	Staff size	Total number of persons (percentage)	
		2020	2019
BY Staff Category			
Management	Person	4 (2.3%)	2 (1.4%)
Finance and administrative	Person	19 (11.0%)	16 (10.7%)
Sales	Person	8 (4.7%)	7 (4.7%)
Operations	Person	141 (82.0%)	124 (83.2%)
Total	Person	172 (100%)	149 (100%)

Health and Safety

The Group constantly complies with the internal safety policy to ensure the Group's safe operations and it contains a series of safety measures required to be taken relating to providing a safe working environment and protecting employees from occupational hazards.

In 2020, the Group implemented the procedures, rules and regulations under the Group's safety policy throughout the year, and the Group did not encounter any case about work-related fatality nor record any lost day due to work injury. The process of the safety measures implementation will be reviewed regularly and supervised by spot checks by the supervisors designated by the senior management.

The Group strictly adheres to all applicable labour legislations, including those relating to providing a safe working environment and protecting employees from occupational hazards. No violation of labor laws was recorded during FY2020.

The outbreak of COVID-19 has become the latest challenge for the health authorities in Hong Kong and China, the Group has several policies to protect its staff:

- disinfect its office regularly;
- provide mask and disinfection supplies to all staff;
- request staff to report their health status everyday; and
- request each department head to monitor the health status of the staff on a daily basis.

There were no non-compliance cases identified in relation to health and safety laws and regulations during the Reporting Period.

Development and Training

The Group attaches great importance to the improvement of staff quality and their relevant expertise, and works out training programs in a scientific manner for the employees of each position based on business needs. In 2019, training activities provided by the Group to employees include:

- induction training for new staff;
- in-service and transferred staff skills training;
- professional job skills enhancement and technical backbone staff training;
- learning exchange opportunities like academic seminars and external specialized training organized by professional institutions; as well as training seminars organized by professionals;
- training by in-house trainers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group's statistics of staff training by staff gender, age and category during FY2020 and FY2019 is set out below:

Workforce	Staff size	Total number of persons trained (percentage)	
		2020	2019
By Gender			
Male	Person	98 (57.0%)	84 (56.4%)
Female	Person	74 (43.0%)	65 (43.6%)
Total	Person	172 (100%)	149 (100%)
By Age Group			
Under 30 years old	Person	46 (26.7%)	28 (18.8%)
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Total	Person	172 (100%)	149 (100%)

In FY2020, the average training hour completed per staff was 3 hours (FY2019: 3 hours).

Equal Opportunities, Diversity and Anti-discrimination

The Group is an equal opportunities employer. The Group's employment practices encourage diversity and do not discriminate on grounds of gender, disability, pregnancy, family status, race, colour, religion, age, sexual orientation, national origin, trade union membership or other conditions recognised in law. In FY2020, the Group was not aware of any material non-compliance with the relevant standards, rules and regulations that have a significant impact on the Group relating to the above-mentioned areas.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Labour Standards

The Group complies with the relevant requirements of local laws and regulations in its recruitment activities and clarify the relationship of work allocation between employers and employees from the perspective of system and mechanism. All employees are trained to comply with Personal Data (Privacy) Ordinance to ensure all personal data is protected against unauthorised access. Moreover, the Group safeguards its employees' legal rights and interests and rigorously forbids child and forced labor.

The Group will conduct comprehensive self-examination in relation to employment matters from time to time to prevent any potential non-compliance. During FY2020, the Group had not identified any non-compliance case involving child or forced labour.

OPERATIONAL PRACTICES

The Group provides its customers with freight forwarding and logistics services in accordance with operational practices based on local and international laws. All staff members of the Group are required to abide by internal and external codes of integrity and conduct; any form of bribery, fraud, competitive conduct and corruption is strictly prohibited. Corporate reputation and product liability are of great importance to the Group, which is why the Group insists on purchasing from its shortlisted suppliers.

Supply Chain Management

Due to the Group's business nature, its supply chain has no significant adverse impact on the environment or society. The Group will continuously assess its business operations to reduce any possible negative impact on the environment and society. The Group has established and operated a material procurement management system and a supplier management system. Based on the material requirement plans developed by the respective production departments and the categories of materials required, the Group usually purchases materials through price rationing and sentinel procurement; the Group will shortlist and handpick suppliers through a screening and evaluation process based on quality and price.

Product Responsibility

The Group is open to supervision from its customers and the public and is committed to offer quality services to its customers in accordance with applicable local and international laws. The Group sets out to deliver its commitment to quality services, and undertakes not to profiteer through fraudulent or deceitful actions targeting on consumers. In FY2020, the Group did not have any products shipped subject to recalls for safety or health reasons.

The Group has formed a customer service team to handle customers' enquiries to ensure customers' satisfaction, and our management level staff will handle customers' complaints. During FY2020, the Group received less than 10 complaints and most of them have been resolved. Once we received a complaint, our customer service staff would handle the case to understand the customers's concerns and deal with the requests.

The Group exercises caution in its daily operations to safeguard client information, protect client information from unauthorised access, usage and leakage through various safety technologies and procedures. Usage of personal data is only permitted as legally prescribed under the Personal Data (Privacy) Ordinance (Chapter 486 of Laws of Hong Kong), and only for related purposes. The Group makes sure that the personal and business data of our customers are properly applied for authorised business purposes only, and accessible only by staff members to whom such information is deemed necessary. Furthermore, the Group adopts client management measures while appointing designated staff to be in charge of client data maintenance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During FY2020, the Group was not aware of any material non-compliance with the relevant standards, rules and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided.

Bribery, corruption and other misconduct

The Group's employee handbook regulates the Group's employees' conduct with respect to conflicts of interest, bribery, corruption and other misconduct. The Group provides regular training for our employees to emphasise the importance of employees' conduct and refresh their knowledge on the reporting system on employees' misconduct. An effective whistle blowing policy is also in place to minimise the risk of fraudulent acts, criminal offences or wrongdoings occurring in the workplace. The Group's employees can lodge complaints and report any suspicious activities to the management of the Company either verbally or in writing. The Group advocates a confidentiality mechanism to protect the whistle-blowers. The Group will take further actions for any suspected cases after investigation, including termination of employment and reporting to the relevant authorities. The Group is not aware of any material non-compliance with the relevant laws and regulations that has a significant impact on the Group relating to bribery, extortion, fraud and money laundering in FY2020. There was no legal case concerning corruption brought against the Group or its employees in FY2020.

OUR COMMUNITY

The Group strives to build a corporate-community relationship that promotes harmony and prosperity; not only does the Group try to understand the needs of the community in which it operates by actively participating in community activities, it also takes concrete actions to ensure that community interests are considered when carrying out operational activities of the Group.

Community involvement

The Group has been playing an active role in taking up its social responsibilities and it takes promoting the harmonious social development as an important direction for the corporate's long-term development. The Group also devotes sustained efforts to public welfare charity activities so as to serve the communities; these efforts include, but are not limited to, establishing relief fund for the needy in the surrounding communities where the Group's subsidiaries are located and the provision of educational assistance funds. In FY2020, the Group's "Janco Volunteering Team" continued to organise community activities and services, such as selling flags and visiting the elderly. Furthermore, the Group provided financial assistance to the sick and retired employees who have contributed to the enterprise, and their close relatives.