

# 车市科技 Cheshi Technology Inc.

(Incorporated in the Cayman Islands with limited liability)

C H E S H I T E C H Stock Code: 1490



**2021**  
ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT



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# Environment, Social and Governance Report

## I. ABOUT THIS REPORT

### Purpose of this Report

Cheshi Technology Inc. 車市科技有限公司 (the “**Company**”, together with its subsidiaries, the “**Group**” or “**we**”) hereby issues our second Environmental, Social and Governance Report. This report should be read in conjunction with our 2021 annual report which was published on the websites of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) at <http://www.hkexnews.hk> and the Company at <http://ir.cheshi.com/> on 20 April 2022.

### Reporting Scope

This report provides the Group’s environmental, social and governance (“**ESG**”) information for the year ended December 31, 2021 (the “**Reporting Period**”). The environmental key performance indicators (“**KPIs**”) disclosed in this ESG report relate to our offices in Beijing, Shanghai, Chengdu and Guangzhou, the PRC during the Reporting Period.

### Reporting Principles

This report is prepared in accordance with the ESG Reporting Guide (the “**Guide**”) as set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), and is presented in compliance with the disclosure requirements of “comply or explain” in the Guide.

This report is prepared and presented based on the following reporting principles:

- **Materiality:** Key ESG issues of the Group were identified through materiality assessment and stakeholder engagement, which has been disclosed in this report.
- **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) has been disclosed in this report.
- **Balanced:** This report has provided an unbiased picture of the Group’s performance and has not avoided any selections, omissions or presentation formats that may inappropriately influence a decision or judgment by the readers.
- **Consistency:** Unless otherwise stated, the disclosure, data collection and calculation methods have remained consistent from last year’s ESG report to facilitate comparability over time.

# Environment, Social and Governance Report



## Approval

To the best of knowledge, belief and information of the board of directors of the Company (the “**Board**”), this report addresses all relevant material issues and fairly presents the ESG performance of the Group. The Board confirms that it has reviewed and approved this report.

## ESG Governance Structure/Vision

While the Group is not subject to significant ESG risks as we do not operate any automobile manufacturing, warehousing, displaying and maintenance and repair facilities, the Board is mindful that operating its businesses in an environmentally and socially responsible way will create long-term value for its business development.

The Board plays a primary role in overseeing the Group’s ESG endeavors by overseeing the implementation of the Group’s ESG strategy and issues so that the Group’s business will have a positive impact on the sustainable development of the environment and the community. Further, the Group has set up an ESG working group, which is responsible for evaluating, prioritizing and managing material ESG-related issues (including risks to the Group’s businesses).

The structure of the ESG working group is as follows:

Role	Responsibilities
The Board	<ul style="list-style-type: none"><li>➤ setting up ESG targets;</li><li>➤ evaluating ESG strategies, plans and results;</li><li>➤ ensuring the effectiveness of the execution plan of ESG policies;</li><li>➤ reviewing ESG-related issues regularly; and</li><li>➤ reviewing the annual report and the ESG report.</li></ul>
Senior Management	<ul style="list-style-type: none"><li>➤ identifying ESG material topics and major risks of the Group and reporting to the Board;</li><li>➤ formulating ESG working plans and strategies;</li><li>➤ coordinating among departments to implement ESG strategies;</li><li>➤ providing recommendations to the Board to improve the Group’s ESG performances;</li><li>➤ providing updates on internal ESG policies;</li><li>➤ collecting quantitative ESG data of the Group;</li><li>➤ executing ESG policies and strategies; and</li><li>➤ monitoring daily operations in relation to the ESG aspects of the Group.</li></ul>



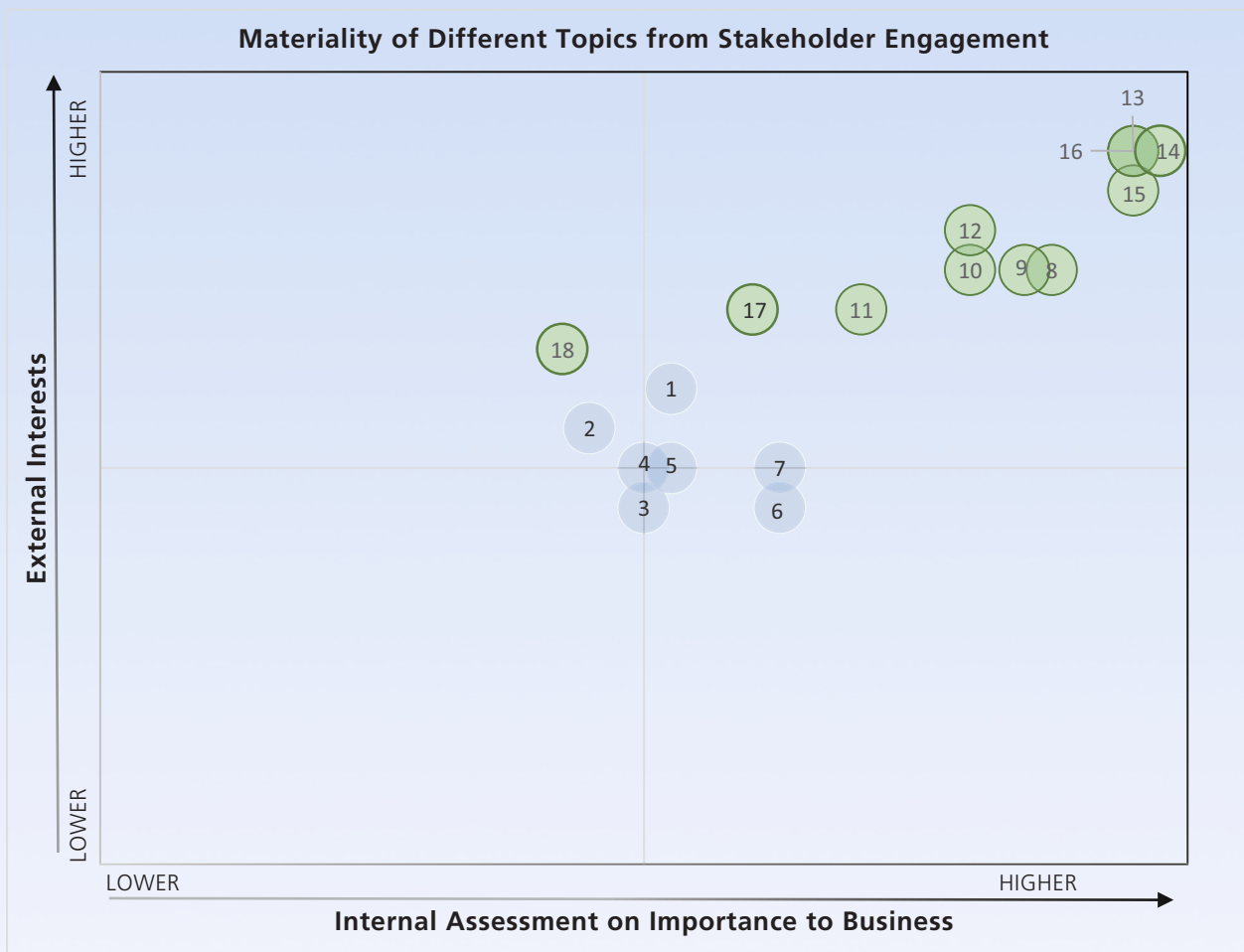
### Stakeholder Engagement

During the Reporting Period, the Group specifically engaged a wide variety of stakeholders, namely the Board, shareholders, senior management, frontline staff, clients and suppliers, to gain insights into ESG material topics and challenges of the Group’s operations. In the materiality assessment, stakeholders were asked to rate a list of 18 ESG topics in terms of their relevance and importance to the Group’s business development and sustainability, as well as to the wider community.

### Materiality Assessment

Results of the materiality assessment and the consolidated list of material aspects with respective management are presented in the following matrix, table and section, respectively.

Materiality Matrix



## Environment, Social and Governance Report



Environmental		Social	
1	Energy	8	Employment
2	Water	9	Occupational Health and Safety
3	Air Emission	10	Development and Training
4	Waste and Effluent	11	Labor Standards
5	Other Raw Materials Consumption	12	Supply Chain Management
6	Environmental Protection Measures	13	Intellectual Property Rights
7	Climate Change	14	Data Protection
		15	Customer Service
		16	Product/Service Quality
		17	Anti-corruption
		18	Community Investment

From the assessment, the Group and its stakeholders have identified the top five material aspects as follows:

1. Product/Service Quality
2. Intellectual Property Rights
3. Data Protection
4. Customer Service
5. Supply Chain Management

## II. PRODUCT RESPONSIBILITY

The Company operates online automobile vertical media platforms in China that offer comprehensive and high-quality automobile content produced by our in-house content team and distributed across our proprietary, comprising our PC websites, mobile websites and mobile applications, and over 1,000 business partner platforms.

### Data Protection

Data protection is of paramount importance to our business. We collect device-specific data, such as device IDs and IP addresses, and some limited amount of users' personal information, such as their legal names and personal ID numbers, with their consents. Our data analytics are technically device-based and are not associated with any real individual who can be an actual user of such device. We have data protection measures in place to ensure the data that we collect are not misappropriated or misused as follows:

**Network protection.** Our IT network is configured with two main layers of protection, consisting of the database and data entry layers, to secure our databases and servers. The database layer provides user identification and authentication and user access rights control, while the data entry layer applies a web application firewall to prevent attacks, filter data and other data intrusion incidents.

**Access restriction.** We have implemented an internal policy to safeguard against any unauthorized access to data which sets out, among others, the obligations and job duties of the system administrator and the implementation of passwords, backup and security measures against hackers, viruses and network attacks to ensure data security. Only our key employees have access to the data we collected, and authorization from senior management is required if access to the data is requested from other employees.

**Data encryption.** Confidential data is encrypted into a format that cannot be directly identifiable (ciphertext), and the data is stored and transmitted in the form of ciphertext to prevent access to data through unauthorized channels.

**Compliance policies.** We have implemented measures to comply with laws and regulations on data protection and privacy in China. We have implemented internal user personal data usage and maintenance policy to safeguard against the misuse of personal information, requiring our employees to use authorized passwords and log in to access our computer systems and use user data only for the specific purpose and scope previously agreed by relevant users and not to use such data for other uses without prior written consent from relevant users.

**Defense against computer viruses and hacking of systems.** We have implemented protection and security measures against computer viruses and systems hacking and continue to strengthen such measures, including firewall, data encryption technology, access restriction, data backup and other automatic software protection measures.

**Privacy policies.** We continuously update our user privacy policy on our official website to ensure compliance with relevant laws and regulations. We generally include user data and privacy clauses in our contracts to require our contractual counterparties to comply with our privacy policies and relevant laws and regulations on data protection and privacy.

We are in compliance with the applicable laws and regulations in all material aspects in China relating to the collection, use, disclosure and security of personal information during the Reporting Period.

### Intellectual Property Protection

We have obtained key intellectual property and proprietary rights in relation to the operation of our business. Our intellectual property includes trademarks and trademark applications related to our brands, services and software copyrights. We seek to protect our intellectual property assets and brands through a combination of trademark, patent, copyright and trade secret protection laws in Mainland China and other jurisdictions, as well as through confidentiality agreements and other measures. The Group strictly follows the Copyright Law of the PRC 《中華人民共和國著作權法》, Computer Software Protection Regulations 《計算機軟件保護條例》, Computer Software Copyright Registration Procedures 《計算機軟件著作權登記辦法》 and PRC Trademark Law 《中華人民共和國商標法》 as well as the Implementation Regulation of the PRC Trademark Law 《中華人民共和國商標法實施條例》 to protect our assets. We register trademarks and software copyrights as soon after evaluating the needs of the same. We also pay attention to the specific valid date and make sure to extend their validity in time before their expiry. Our legal team and related operating colleagues are responsible for the daily management of legal matters involving domain names, trademarks and software copyrights.



## Environment, Social and Governance Report



### Advertising

We ensure our operation complies with the PRC Advertising Law 《中華人民共和國廣告法》 and the Interim Measures for Administration of Internet Advertising 《互聯網廣告管理暫行辦法》 for our online advertising business. We create our automobile content in a user-oriented perspective with a strong focus on assisting our users in their search (as to pricing and vehicle comparison) and selection to purchase process. Our key editors guide the quality control process of our automobile content as we only publish our automobile content that complies with our internal guidelines and requirements. Our key editors work closely with our content team to carry out independent verification of the data and information collected, using their expertise and experience and in accordance with our standardized checking procedures. Our standardized checking procedures primarily include: (i) carrying out direct verification with staff of the automaker, (ii) conducting a cross-check against public information in relation to vehicle model configurations from the official website of the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部), and (iii) carrying out test-drives. The key personnel in charge of the verification process is our editor-in-chief with over 13 years of editorial experience. They strive to ensure the accuracy, consistency, timeliness of such data and information and compliance with legal requirements. We have adopted internal guidelines which set out standards and requirements on various aspects of our content creation and publication.

### Communicating with Customers

We value our customers' feedback on the advertising services provided by us, and we have implemented measures to handle complaints effectively. Our sales team handles customers' complaints promptly upon receipt. If the complaint involves quality problems or defects found in advertisements placed by us, our sales team escalates such complaints to our management for investigation and rectification. We believe the above measures can reinforce our quality control standards for our customers and instil our customers' confidence in our advertising services. During the Reporting Period, we did not experience any product or service-related complaints from our customers or any regulatory bodies in respect of advertisements placed by us which had a material adverse effect on our business or results of operations. Furthermore, during the Reporting Period, no products sold or shipped were recalled due to safety and health reasons due to irrelevancy to the Group's business nature, and there was no product recalls or service complaints due to health and safety reasons. Given the Group's business nature, the Group was not involved in the sale of physical products, therefore disclosure on product recall procedures is not applicable.

### Driving Industry Development

The Company is committed to promoting the healthy and orderly development of the industry. In June 2021, the Company successfully held the third Cheshi Technology and Brand Marketing Forum 《網上車市技術品牌營銷論壇》, which is one of the self-forums of the 2021 China Automobile Forum, hosted by the China Association of Automobile Manufacturers and undertaken by us. The forum gathered automobile industry leaders, industry scholars, and professional media to discuss the brand building and marketing innovation model of Chinese automobile companies.

The Company reached strategic cooperation with China Automotive Information Technology Co., Ltd. (中汽信息科技有限公司 ("China Automotive Information Technology")) in November 2021. The two parties were committed to jointly promoting the innovation and development of the automotive industry. The cooperation will solve automobile consumers' anxiety about health and safety in the post-pandemic era. We provide diversified empowerment for enterprises and consumers through the complementary advantages of resources of both parties.



2021 Cheshi Technology and Brand Marketing Forum



The Company reached a strategic cooperation with China Automotive Information Technology

### III. EMPLOYEE CARE

#### Fair Recruitment

While the Group's employees are all based in the PRC, we accept talents worldwide and strive to promote employee diversity to attract and retain talents. Equal opportunities are provided to all employees regardless of gender, race, religion, physical characteristics and nationality.

#### Employment Practice

In respect of the Group's employment matters, it complies with all relevant laws and regulations, including but not limited to the PRC Labor Law 《中華人民共和國勞動法》, the PRC Labor Contract Law 《中華人民共和國勞動合同法》, the Law of the PRC on the Protection of Minors (2020 Revision) 《中華人民共和國未成年人保護法(2020年修訂)》 and the Provisions on the Prohibition of Using Child Labour of the PRC 《中國禁止使用童工規定》. During the Reporting Period, there was no material non-compliance with the relevant laws and regulations in relation to the Group's employment matters.

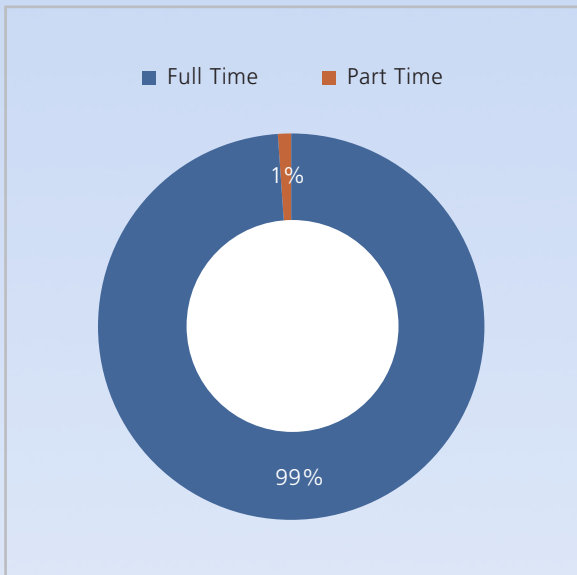
Every job applicant is required to provide information on his/her educational background, qualification and job experience, which is reviewed by the human resources department. This allows the Group to hire suitable candidates in accordance with the job requirements and to avoid hiring children and forced labour. The Group also routinely reviews its employment practices to avoid child and forced labour. During the Reporting Period, no material non-compliance with the laws and regulations related to the prevention of child and forced labour has been found by the Group. If the use of child labor or forced labor were discovered, they will be handled in accordance with the applicable laws and procedures.



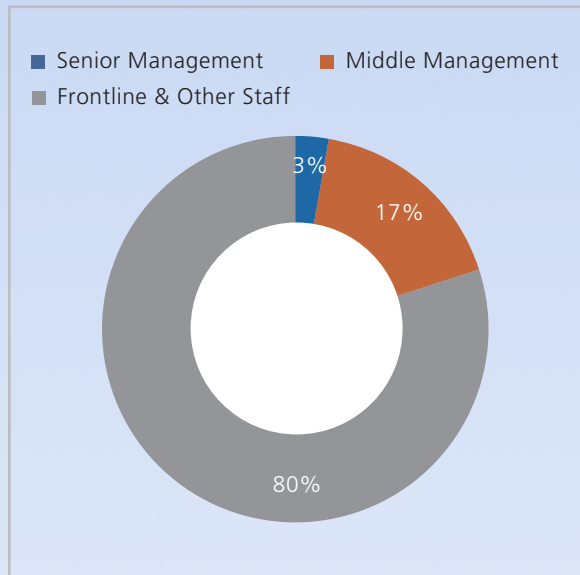
## Workforce Information

As of December 31, 2021, the Group had a total of 173 employees, all of them were from Mainland China. See figures 1-4 below for the detailed composition of the Group’s workforce.

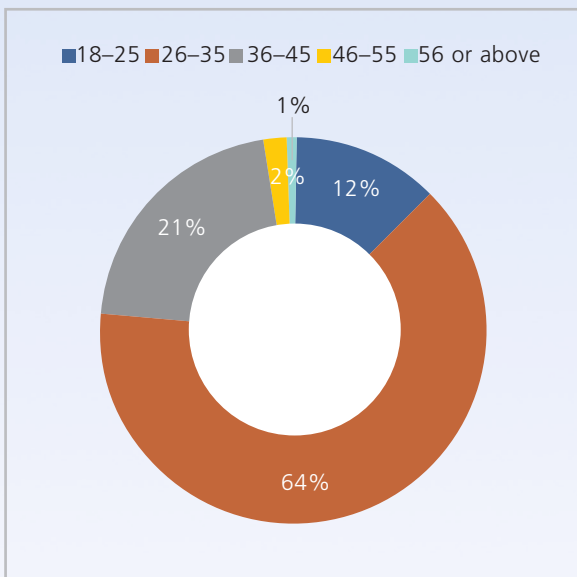
**Figure 1 Total Workforce by Employee Type**



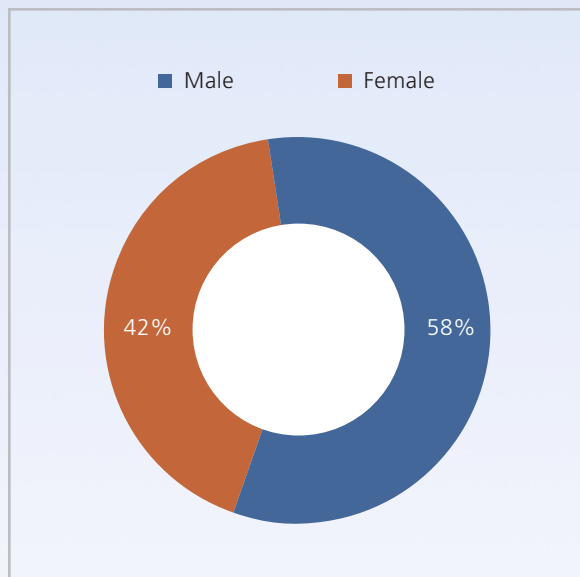
**Figure 2 Total Workforce by Job Grade**



**Figure 3 Total Workforce by Age Group**



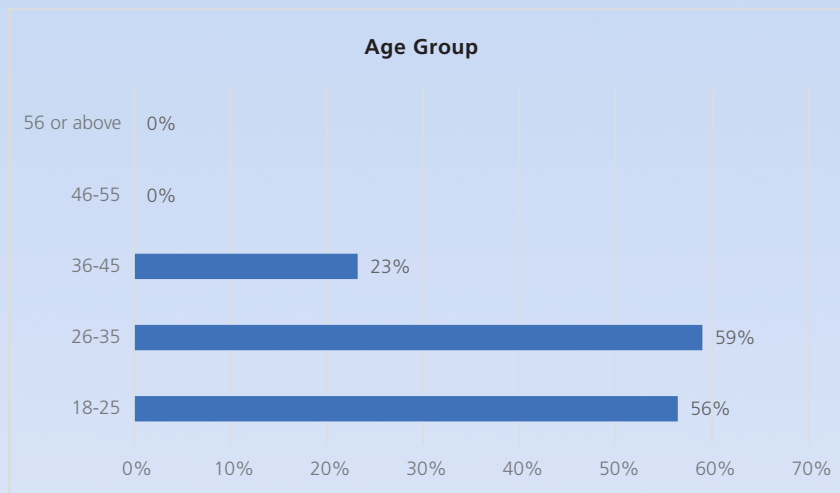
**Figure 4 Total Workforce by Gender**



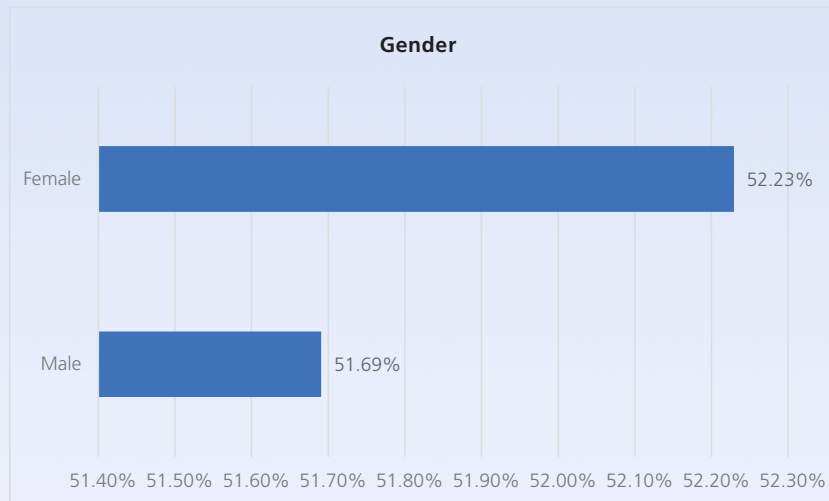
## Turnover Rate

A total of 189 employees left the Group during the Reporting Period, leading to a turnover rate<sup>1</sup> of 52% for the Group.

**Figure 5 Turnover Rate by Age Group**



**Figure 6 Turnover Rate by Gender**

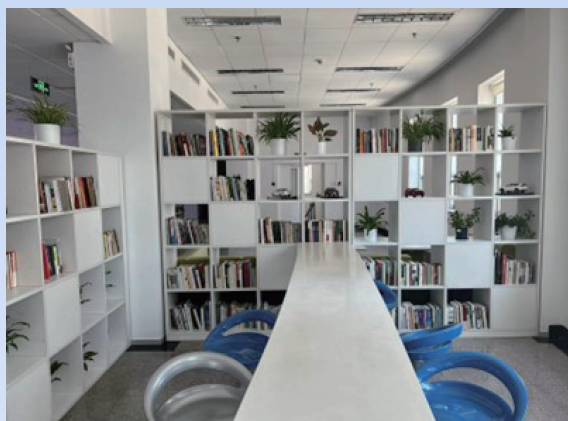


<sup>1</sup> Turnover rate refers to the total number of employee turnover in the reporting period/total number of employees at the beginning of the Reporting Period + the annual total number of employees\*100%.





The Company provides employees with a convenient, comfortable, and humanized office environment. The offices are equipped with basic facilities such as pantries, rest areas and reading areas. In addition to the high-quality and convenient office environment, the Company provides employees with various friendly and considerate leisure activities to promote physical and mental health, such as the monthly staff birthday party, company afternoon tea, etc..



Reading and Rest Area



Staff Birthday Party

### Occupational Health and Safety

We strive to provide a safe work environment for our employees and care about the health of employees. Our insurance packages include commercial insurance, which covers liabilities and losses for death and disability caused by accidents. We review our insurance policies from time to time for suitability in the scope of coverage. We are not subject to significant health, work safety, social or environmental risks as we do not operate any automobile manufacturing, warehousing, displaying and maintenance and repair facilities. To ensure compliance with applicable laws and regulations in relation to providing a safe working environment and protecting employees from occupational hazards, from time to time, our human resources department would, if necessary and after consultation with our legal advisor, adjust our human resources policies to accommodate material changes to relevant labor and safety laws and regulations.

The Group has reported 129 lost days due to work injury, and reported 1 injury case which lost more than 3 working days in the Reporting Period.

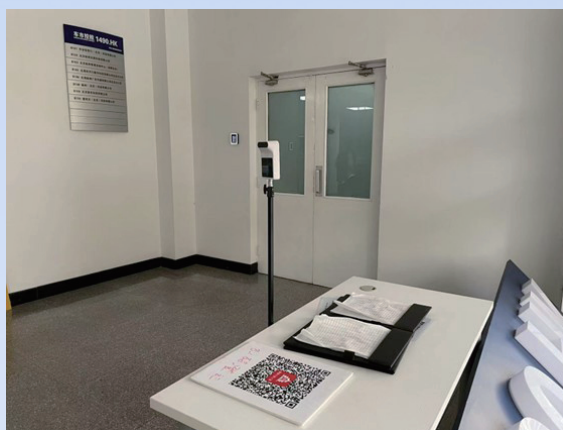
Number and rate of work-related fatalities of the Group occurred in each of the past three years including the Reporting Period are set out below:

Occupational Health and Safety Data			
	2021	2020	2019
<b>Work-related fatality</b>	0	0	N/A
<b>Work-related fatality rate</b>	0%	0%	N/A
<b>Work injury cases &gt;3 days</b>	1	0	N/A
<b>Work injury cases ≤3 days</b>	0	0	N/A
<b>Lost days due to work injury</b>	129	0	N/A

## Environment, Social and Governance Report



During the Reporting Period, the Company considered pandemic prevention and control measures a normalized safety matter. We strengthened the disinfection and cleaning of the office environment in daily operations. We installed infrared temperature detectors at the Company's entrance to monitor the body temperature of people entering and leaving the building in real-time. We strictly managed the use of elevators to prevent overcrowding. We actively called on and organized employees to take vaccines. We implemented pandemic prevention and control measures in a practical way and ensured the safety of employees in the workplace.



Daily Pandemic Prevention Measures

### IV. COMMUNITY INVESTMENT

The Group understands that engaging the community in which we operate is an essential corporate responsibility. The Group therefore encourages our employees to participate in activities in a bid to give back to the community. We will consider contributing to activities and organizations that benefit the community in the future. The Group's community engagement focuses on issues such as environmental protection, labor needs and health. During the Reporting Period, due to the impact of the COVID-19 pandemic and the city's pandemic prevention and control measures, the Group suspended the community engagement activities that were originally planned to be implemented. In the coming future, the Group will continue to seek opportunities to serve the community through a wider range of channels.

### V. ENVIRONMENTAL PROTECTION

Regarding the business nature of the Group, our consumption of natural resources and generation of waste has little impact on the environment. Nevertheless, as one of the leading internet companies in the industry, we recognize the importance of environmental protection and conservation of natural resources in our business operations. We have implemented a number of energy-saving measures to lower greenhouse gas emissions. Environmental considerations are one of our key priorities.

#### Air Emissions

The business operations of the Group did not generate any significant direct emissions in relation to gaseous fuel consumption or vehicles, hence no such information related to air emissions is presented in this report.



### Climate Change

We understand the impacts and risks of extreme weather. Although this issue does not have much influence on our business, we still pay close attention to the progress of the 2019 Annual Report on China's Policies and Actions for Coping with Climate Change 《中國應對氣候變化的政策與行動2019年度報告》 and international COP25 organized by the United Nations. The Group is willing to adopt practical and appropriate recommendations in contributing to improve the environment.

#### Strategy

We acknowledge that climate change brings physical and transition risks and opportunities to our business. Our physical risks primarily result from acute and chronic risks caused by climate change, while transition risks mainly come from reputational risk and policy and regulatory risk. On the other hand, climate change would also provide us with the opportunity to improve our resource efficiency, energy sources and market/product and services.

In terms of physical risks, acute climate events caused by climate change, such as typhoons, earthquakes and tsunamis, may affect offline operations, employee safety, and asset safety. On the other hand, chronic risks, such as extreme changes in precipitation and climate patterns, global warming and rise in sea level, may increase energy consumption and operating costs for our offices. There are transition risks as well. In terms of reputational risk, shareholders may expect us to take proactive management actions and improve disclosure transparency on climate action, if we fail to respond well to these demands, it may have impact on our reputation, which may have an adverse impact on our operating income. We believe that climate change has also brought various opportunities to us and by improving our resource efficiencies, we could reduce resource usage, including electricity, fuel oil and water resources.

#### Risk Management

We have made climate change-related risks a key focus of our corporate risk management system, and re-identify and re-evaluate them each year. By conducting policy research, peer benchmarking, making reference to expert opinions, domestic and foreign climate change information, and the TCFD risk analysis framework, we identify climate change risks and opportunities closely related to our operations and development and evaluate the risks and opportunities and financial impact it brings to the Company, and to develop and implement relevant responses.



## Environment, Social and Governance Report

### Greenhouse Gas (“GHG”) Emissions

During the Reporting Period, the Group’s business activities generated the GHG emission of 164.55 tonnes of carbon dioxide equivalent (“tCO<sub>2</sub>eq”), mainly carbon dioxide, methane and nitrous oxide.

Scope of GHG emissions	Emission sources	GHG emission (in tCO <sub>2</sub> eq)	Total GHG emissions (in percentage)
<b>Scope 1</b>			
<b>Direct Emission</b>	Combustion of fuel	N/A	N/A
<b>Scope 2</b>			
<b>Energy Indirect Emission</b>	Purchased electricity	56.9	34.58%
<b>Scope 3</b>			
<b>Other Indirect Emission</b>	Electricity used for processing freshwater by government departments/third parties	0.02	65.42%
	Electricity used for processing sewage by government departments/third parties	0.01	
	Business air travel	107.63	
<b>Total</b>		<b>164.55</b>	<b>100%</b>
	<b>GHG emission intensity (per m<sup>2</sup> of building area)</b>	0.05	
	<b>GHG emission intensity (per employee)</b>	0.95	

*Notes:*

1. Emission factors were made in reference to Appendix 27 of the Listing Rules and their referred documentation as set out by the Stock Exchange, unless stated otherwise.
2. CO<sub>2</sub> emissions from the Group’s business air travels were reported in accordance with the International Civil Aviation Organization (ICAO) Carbon Emission Calculator.
3. The GHG emission of purchased electricity is calculated according to the “Notice on the Management of Corporate Greenhouse Gas Emissions Reporting in 2019”, with an emission factor of 0.61.



The Group identifies electricity consumption at the workplace and business air travel as the major sources of GHG emissions. We target to reduce our GHG emissions by 10% by 2031 with 2022 as a base year and encourage our employees to turn off the light and air conditioners when not in use. We also promote public transportation and video conferences in replacement for business trips. If it is necessary for our employees to go on business trips, the choice of high-speed rail is an alternative to air travel in the PRC.

During the Reporting Period, the Group was not aware of any non-compliance with the Environmental Protection Law of the PRC 《中華人民共和國環境保護法》 and the Law of the PRC on Prevention and Control of Atmospheric Pollution 《中華人民共和國大氣污染防治法》 and other relevant standards, rules and regulations that have a significant impact on the Group relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

### Waste Management

The business operations of the Group did not involve generation of any significant hazardous waste. Hence, no such information is presented in this report.

The business operations of the Group did not involve generation of any significant non-hazardous waste. Hence, no such information is presented in this report.

### Conservation of Resources

The Group, on an ongoing basis, identifies all possible sources of environmental pollution from the office operations and evaluates the extent of its environmental impacts. The Group executes target-driven and practical measures and sets reduction targets for some important environmental indicators to demonstrate our commitment to environmental protection.

### Energy Consumption

As we acknowledge that lighting, air-conditioning etc. are essential in maintaining our operation, the Group regularly reminds employees to conserve energy resources. We target to reduce energy consumption by 10% by 2031 with 2022 as a base year. We make an effort to investigate and explore, as far as possible, ways to improve the energy efficiency of electrical appliances such as air conditioning, lighting and electrical installations and other office equipment in the workplace.

To implement the said target, we ensure that all employees turn off lights before leaving the offices. Natural lighting is preferred during the daytime. We prefer LED lights and reduce the lighting devices from the areas that exceed the luminance level. We also require staff to turn off the computer and office equipment when leaving the office and close the windows when using the air conditioner. The workplace is maintained at a comfortable temperature to encourage energy savings and emissions reductions. In this regard, the Company has referred to the relevant standards recommended by the General Office of the State Council and set the air conditioning temperature to 26.0 °C in summer to reduce over-use of air conditioning. We encourage work from home beyond office hours, if necessary. We conduct regular electrical and power generation equipment inspections to ensure safety and operational efficiency. We encourage carpooling when commuting and attending external meetings. We adopt online meetings and communications to reduce travel and energy consumption whenever possible. We can conserve electricity efficiently in this course when employees have built up the above good daily habits. During the Reporting Period, the offices of the Group consumed 93,258 Kilowatt-hour (“kWh”) of electricity, with an intensity of 28.07 kWh/m<sup>2</sup> and 539.06 kWh/employee.

## Environment, Social and Governance Report



### Paper Usage

We encourage reusing or recycling packaging such as plastic or paper bags and cartons. We adopt office digitalization to minimize overprinting. We also reuse printing paper as much as possible in compliance with personal data privacy regulations. We educate our employees to think twice before printing any email and include the reminder in the email footer to remind recipients. We closely monitor the number of annual reports printed each year to avoid waste.

### Packaging Materials

The Group's operations did not involve any regular use of packaging materials. Hence, no such information is presented in this report.

### Water Consumption

We understand that reducing waste at the source is the best solution for sustaining green business operations. We target to reduce water consumption by 10% by 2031 with 2022 as a base year. During the Reporting Period, we execute the measures below for water management, mainly in the washroom areas. Employees are educated and instructed to close the faucet tightly before leaving. In order to raise the water conservation awareness of our employees, relevant water-saving tips are posted in the washroom area. During the Reporting Period, the offices of the Group consumed 49.5 m<sup>3</sup> of fresh water, with an intensity of 0.015 m<sup>3</sup>/m<sup>2</sup> and 0.29 m<sup>3</sup>/employee. Moreover, the Group did not encounter any significant issue in sourcing water that is fit for purpose.

## VI. SUPPLY CHAIN MANAGEMENT

Our suppliers primarily include brand promotion, information technology, exhibition promotion and offline event promotion service providers. The services provided by our suppliers generally include promoting our Company's brand, promotion planning and set-up of exhibitions participated by us, promotion planning of offline events organized by us, and Internet and technical support. All new suppliers are required to provide the relevant qualification and undergo the background check to mitigate the environmental and social risk. The factors affecting the selection of the suppliers include their reputation and qualifications, full compliance in operations (such as no bribery and corrupt), environmentally friendly and socially responsible. When selecting suppliers, we practice the concept of green environmental protection in the procurement process, and purchase and use recyclable office appliances. During the Reporting Period, we required our employees to purchase office equipment with ecolables when purchasing office supplies. After the supplier is selected, we will sign services contracts with them. We also formulate the standardized procedures for service acceptance. Suppliers shall meet our required standards, or they must rectify in time if acceptance is not qualified. We maintain regular communication with suppliers for effective management and construct good relationships so that they can continuously supply qualified services for us.

During the Reporting Period, the Group engaged a total of 234 suppliers, 219 were from Mainland China, and 15 were from Hong Kong.

### VII. ANTI-CORRUPTION

We are aware of the importance of protecting legal rights and interests as well as regulating misconduct business practices for sustainable, stable and healthy development. Apart from strictly following, but not limited to, the Criminal Law of the PRC 《中華人民共和國刑法》, the Anti-unfair Competition Law of the PRC 《中華人民共和國反不正當競爭法》 and the Interim Provisions on Banning of Commercial Bribery 《關於禁止商業賄賂行為的暫行規定》, we have formulated internal policies such as the Anti-fraud and Reporting Mechanism Management Measures 《反舞弊與舉報機制管理辦法》 to better monitor suspicious transactions and standardize reporting procedures. We have introduced a reporting mechanism and regular declarations of conflicts of interest for all staff, including Directors, and provided regular training on corruption and bribery prevention. During the Reporting Period, the employees and the Group were not involved in any legal cases relating to extortion, bribery, fraud, and money laundering. There was no concluded legal case regarding corrupt practices brought against the Group or its employees during the Reporting Period.

In November 2021, we provided a 1.5-hour anti-corruption training on Corporate Governance: Beyond Compliance (Listed Company Business Ethics Promotion Program) to help our Directors and employees address anti-corruption issues, with 7 people involved in training.

Further, we have developed Anti-Fraud and Whistleblowing Policy that outlines multiple whistleblowing channels and our whistle blower protection system, which conveys the message of our zero-tolerance in relation to fraudulent activities for all the employees and suppliers/business partners. We encourage employees and suppliers/business partners to report any concerns that they may have regarding any non-compliant or potentially fraudulent activities. We protect the safety of whistle-blowers by ensuring that they do not receive any unfair treatment or any form of retaliation during the process.



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