



YESASIA

2021

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

YesAsia Holdings Limited

(Incorporated in Hong Kong with limited liability)

Stock Code : 2209

2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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ABOUT THIS REPORT

WELCOME TO YESASIA'S 2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

REPORTING FRAMEWORKS

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

- This ESG report adopts new ESG Reporting Guide disclosure obligations published by the HKEx in December 2019. We comply with a series of mandatory disclosure requirements by including an explicit statement from the board of directors of the Company ("**Board**") setting out the Board's consideration of ESG issues, and description of our governance structure and the management of environmental and social risks. A materiality assessment has been conducted to determine our reporting on the "comply or explain" provisions of the 12 HKEx Environmental and Social Aspects as set out in Appendix 27 to the Listing Rules.

OVERVIEW OF YESASIA

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

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

Our corporate headquarters is located in the New Territories, Hong Kong. We leased nine, one and one properties in Hong Kong, Japan, and the Republic of Korea ("**South Korea**"), respectively, with an aggregate gross floor area of 184,669, 1,921 and 4,915 square feet respectively. We do not own any properties. Our leased properties are primarily used as offices and warehouses.

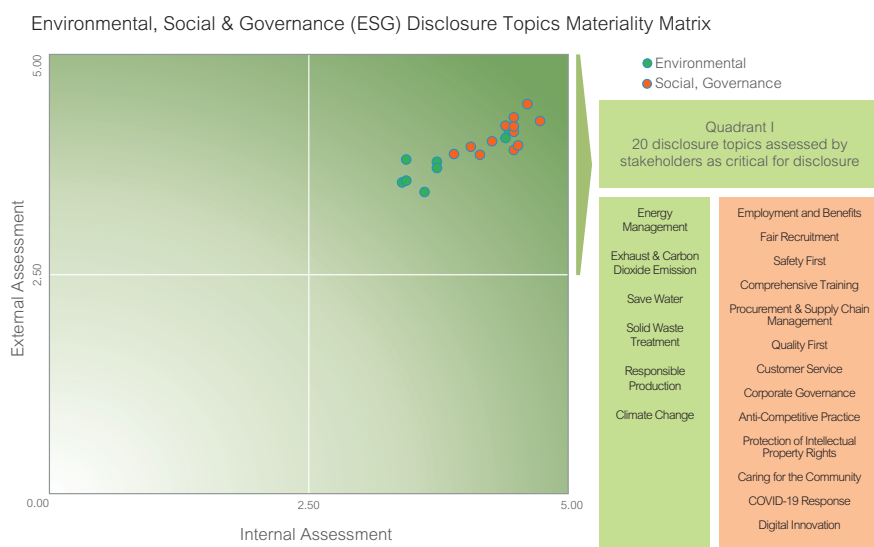
REPORTING BOUNDARY

This ESG report covers the Group's sustainability approach, policy, performance, and strategy for the financial year ended 31 December 2021 ("**Reporting Year**"), which is consistent with that of the Company's annual report. Information and data were collected in relation to the Group's operations, including trading, sourcing, investment holding and logistics & warehouse service activities at (i) the offices and warehouses in Hong Kong, (ii) the office in Japan, and (iii) the office in South Korea, unless otherwise stated. The inclusion of these 11 facilities/sites corresponds to all of YesAsia's regions and wholly owned subsidiaries.

REPORTING PRINCIPLES

Four Reporting Principles – Materiality, Quantitative, Balance and Consistency – underpin the preparation of this Report. A description of the application of these reporting principles is provided as follows as required:

Materiality: During the fourth quarter of 2021, our ESG working group engaged a third-party consultant in the design and implementation of a singular stakeholder engagement exercise themed around the topic of corporate sustainability. Aligning with the HKEx framework, 20 ESG topics were defined and explored. Our internal and external stakeholders were invited to participate, and we received representative responses from customers, employees and suppliers evaluating the importance of each topic to the sustainability of the business.



The exercise shapes a crucial part of our materiality assessment process. Results are mapped onto a materiality matrix, reflecting the relative importance of each ESG topic defined.

With 20 topics placed within Quadrant I, results show that external and internal stakeholders view all topics as material to the business and critical for disclosure. No “comply or explain” provisions are not disclosed on the grounds of immateriality.

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

Quantitative: Key performance indicators (“KPIs”) on ESG performance are prepared and presented while ensuring that they will be measurable and comparable to historical data. *Appendix 2: Reporting Guidance on Environmental KPIs and Appendix 3: Reporting Guidance on Social KPIs* issued by the HKEx, and nationally recognised methodologies, serve as references for all quantitative calculations. Historical data will be available after the first reporting year and provided for comparison from 2021 onwards.

- **Greenhouse Gas (GHG) emissions and energy consumption calculation references and methodologies** are based on *Appendix 2: Reporting Guidance on Environmental KPIs* issued by the HKEx, *2006 IPCC Guidelines for National Greenhouse Gas Inventories*, *IPCC Fifth Assessment Report*, latest grid emission factors published in *List of Grid Emission Factors, version 10.10* by the Institute for Global Environmental Strategies, and utility companies including CLP (2020) and TEPCO (2020).
- **Short- to mid-term targets for paper waste reduction** have been set against a 2021 performance baseline. Further details could be found in the ‘Standard disclosures – Environmental – Environmental Targets’ section of this Report.

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Consistency: Reliable collection and processing methods have been used in this Report to allow for consistent, meaningful comparisons of relevant data over time.

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

MATERIALITY ASSESSMENT

The disclosure topics included in this Report are determined by the results of a sustainability-themed materiality analysis conducted in the fourth quarter of 2021. Our materiality assessment enables us to ensure reporting readiness, and set expectations for our overall accountability on ESG performance and strategy. The analysis (materiality assessment and stakeholder engagement) meets the requirements of the HKEx and demonstrates the application of the four reporting principles towards the preparation of reporting content. In order to ensure consistency with the reporting structure and highlight the Group's full compliance with its "comply or explain" provision disclosure obligations, we present 20 identified topics in the table below, in association with the 12 Social and Environmental Aspects defined by the HKEx:

Identified Disclosure Topic	Associated Aspect under Appendix 27 to the Listing Rules		Page
Exhaust and Carbon Dioxide Emission	A1	Emissions	39-40
Solid Waste Treatment			
Energy Management	A2	Use of Resources	38
Save Water			
Responsible Production	A2	Use of Resources	35-37
	A3	The Environment and Natural Resources	
Climate Change	A4	Climate Change	37-38
Employment and Benefits	B1	Employment	24-26
Fair Recruitment	B1	Employment	21-22
	B4	Labour Standards	
Safety First	B2	Health and Safety	19-20
Comprehensive Training	B3	Development and Training	28-29
Procurement and Supply Chain Management	B5	Supply Chain Management	29-32
Customer Service	B6	Product Responsibility	10-13
Quality First			16-18
Information Security and Personal Data Protection			13-16
Protection of Intellectual Property Rights			20-21
Corporate Governance	B7	Anti-Corruption	22-24
Anti-Competitive Practice			26
Caring for Community	B8	Community Investment	33

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Two topics are additionally proposed to be disclosed in this Report:

Digital Innovation	Others	Innovation of YesAsia's e-commerce platform and related IT infrastructure and support.	32
COVID-19 Response	Others	YesAsia's approach to mitigating COVID-19 pandemic risks and concerns	27-28

Identifying and prioritising the material topics

Our ESG working group engaged a third-party consultant in the design and implementation of a singular stakeholder engagement exercise themed around the topic of corporate sustainability. After reviewing internal documents, company policies, consulting subject matter experts, and considering reporting framework alignment, the ESG working group screened out a total of 20 material topics for further assessment. During the preliminary stage, representatives from the Board were also interviewed to further confirm that the identified topics were relevant to sustainability performance management.

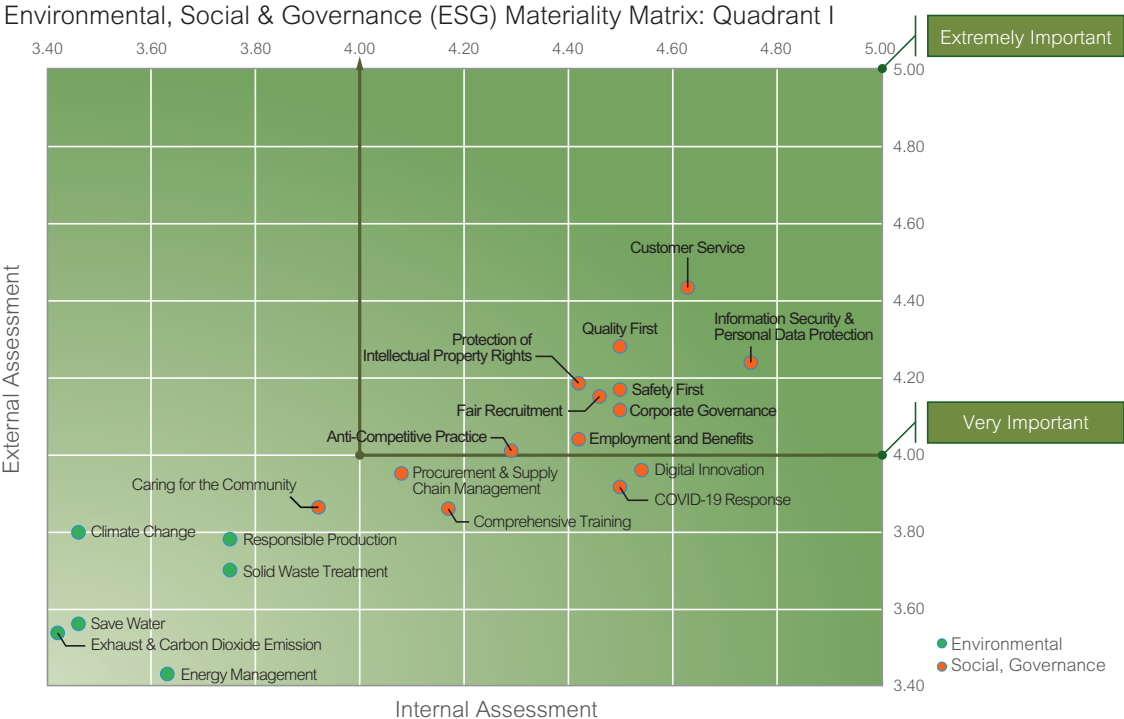
Validating topics with internal and external stakeholders

To create a representative sampling of our external stakeholders, customers and suppliers were selected for their long-term partnership with the Company, and their significance in consideration of our annual revenue generation and operational success. Internal stakeholders, on the other hand, comprise of staff members who have demonstrated reasonable awareness of environment- and climate-related issues, and understanding of the circumstances of our main businesses and associated industry. Over five weeks, a survey was launched online and independently conducted while ensuring stakeholder anonymity and confidentiality. We invited a total of 58 internal and external stakeholders, including employees, customers, and suppliers, to score the importance of each topic to the sustainability of our overall business operations. At the same time, we sought feedback on how YesAsia's sustainability performance has shaped, and/or will influence, their business relationships with our operations and people.

Materiality matrix and the prioritisation of material disclosures

A materiality matrix graphically represents the engagement outcome and serves as an analytical tool. With 20 topics placed within Quadrant I, results show that external and internal stakeholders view all topics as material to the business and critical for disclosure, and express high overall interest in the long-term prospects of our business. The relative positions of each topic to one other offers insight about how we could further prioritise resources to demonstrate the resilience of our business activities and operations in relation to sustainable growth.

The top topics according to materiality are: Customer Service, Information Security and Personal Data Protection, Quality First, Safety First, Protection of Intellectual Property Rights, Fair Recruitment, Corporate Governance, Employment and Benefits, Anti-Competitive Practice, Digital Innovation and COVID-19 Response.



OUR APPROACH TO SUSTAINABILITY

STATEMENT FROM THE BOARD

Board oversight

Our Board, through its risk and compliance committee (“**Committee**”), assumes final oversight of YesAsia’s ESG performance, management approach and strategy. The Committee is responsible for establishing, adopting, and reviewing our ESG policies, and evaluates ESG-related risks (including risks to the Group’s businesses) on an annual basis. To ensure that ESG-related issues are integrated into our strategy, the scope of work of our standing committees are broadened to include ESG-related issues. Under the Committee, an ESG working group (“**Working Group**”) has been set up. With the publication of our first ESG report, the Working Group is designated by the Committee as the key task force responsible for sustainability performance review and the overall reporting process of the Group.

Consisting of management personnel from the Product Team, Logistics & Warehouse, Human Resources (“**HR**”), Information Technology (“**IT**”) and Customer Service (“**CS**”) of YesAsia, the Working Group is authorised to formulate ESG-related management strategies, coordinate and manage related policies and measures, as well as conduct risk assessment and stakeholder engagement.

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

ESG target setting and risk management

This year, to reduce the carbon footprint of our direct operations, the Working Group has proposed measurable mid-term environmental targets for 2025, and been met with strong Board approval. The targets will apply to ESG performance across all our operations and sites in Hong Kong.

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

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

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Challenges and opportunities

We expect stronger governance and reporting to help guide and demonstrate the Group’s progress towards the following goals: environmental protection through corporate social responsibility, compliance with laws and regulations, shareholder diversification and expansion, and access to capital markets.

Moving forward, the Board considers playing a stronger role in reinforcing oversight through closer review and approval of required budgets, objectives, and targets to empower sustainability contributions from our executive members and management teams, and to drive positive, long-term value to our business and valued stakeholders.

Communication with Stakeholders

YesAsia has a large and diverse group of stakeholders, including groups and individuals who are key to our business and may be affected by our business operations. We proactively manage a wide variety of stakeholder relationships to foster open dialogue and capture feedback on prioritising ESG issues.

Stakeholders	<ul style="list-style-type: none">• Main Mechanisms of Communication
Communities	<ul style="list-style-type: none">• Company’s website and social media
Customers	<ul style="list-style-type: none">• Company’s website and social media• Enquiry by E-mail• Product rating
Shareholders	<ul style="list-style-type: none">• Company’s website• Annual reports, interim reports and circulars to shareholders• General meetings with shareholders• Investor meetings• Press releases and announcements
Suppliers	<ul style="list-style-type: none">• Company’s website and social media• Correspondence through by E-mail, letters and messaging applications• Regular meetings
Employees	<ul style="list-style-type: none">• Intranet and E-mail• Channel for complaints and feedback• Surveys• All staff meetings

KEY ESG RATINGS & AWARDS

YesAsia Holdings Limited

Hong Kong's Most Outstanding Business Awards

2019, 2020

Awarded by CORPHUB

PayPal Top Seller

2018, 2019

Awarded by PayPal

YesStyle.com Limited

Caring Company

2021

Awarded by the Hong Kong Council of Social Service

Young Ambassador Program Award from the Hong Kong HR Awards

2021

Awarded by JobsDB

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

Dec 2021

Awarded by Ctgoodjobs

Cosmetics Retailer of the Year – Hong Kong

Aug 2021

Awarded by Retail Asia Awards

Technology Excellence Award – E-commerce Retail

2020

Awarded by the Hong Kong Business

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

2020

Awarded by Myth Focus

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

2020

Awarded by CORPHUB

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

2020

Awarded by ABEA

MATERIAL TOPICS

CUSTOMER SERVICE

Annual performance

The COVID-19 pandemic presented its own unique challenges to YesAsia, among others, the increasing freight costs. The Group encountered a decrease in revenue of approximately 6.5% during the year ended 31 December 2021 compared with 2020. To counter the challenge, YesAsia have focused and will continue to focus on cost savings and increasing efficiently by proactively taking on new initiatives, in particular, the entering into a memorandum of understanding with CN Logistics International Holdings Limited ("**CN Logistics**"), in which CN Logistics would offer more competitive logistics services to us; and the plan for smart warehousing using artificial intelligence, robotics and automation technology to build an AI Robotic Warehouse.

During 2021, the Group was not aware of any major violations of laws and regulations relating to advertising and methods of redress that may have a significant impact on the Group.

Customer profile

Our E-commerce customers generally consist of end customers or small-size businesses who locate our websites via search engines, third-party social media platforms or advertisements on other websites. We enjoy a diverse customer base. Our offline B2B customers mainly comprise of Japan local entertainment retailers.

Customer engagement, marketing, and advertising

The use of social networking platforms allows us to connect directly with customers who provide us with instant feedback on our products and services. It helps us to formulate our marketing and promotion strategies, and review and adjust our product portfolio to match prevailing consumers' preferences. As of 2021, we have more than 3.7 million social media followers across our platforms.

We leverage an array of mainstream social media platforms, including Instagram, Facebook, Pinterest, Twitter, and YouTube, to ensure our continuous and comprehensive exposure to customers. Followers and visitors to our social media accounts may find an item we report is of particular interest to them, and be seamlessly directed to our websites and mobile app.

We employ a comprehensive digital marketing strategy that combines various media tools to maximize our exposure to the targeted consumers. We have internal control policies in place to monitor the content we upload to the social media platforms, and ensure compliance with the policies of these social media platforms. Policies to consistently gauge tastes and trends and provide a balanced assortment of goods that satisfies customer demands, requiring timely collection of market feedback, accurate assessments of market trends and deep understanding of the industry dynamics, as well as emerging consumer trends.

In addition to social media marketing, performance marketing and retention marketing, we have adopted influencer marketing initiatives that capitalize on the broad follower base of influencers and key opinion leaders ("**KOLs**") to enhance our exposure and strengthen customer interactions. We launched our KOL initiative and 'YesStyle Influencer Program' in January 2018 and February 2019, respectively, enabling us to cooperate with KOLs and influencers on different platforms to further understand customer demand, expand our reach to consumers, and promote the sales of our products. As of 31 December 2021, more than 218,000 KOLs and influencers from around the world have joined our influencer marketing initiatives, providing us with a broad follower base of millions of users.

Case study: YesStyle Elite Club retention marketing

We have established a loyalty program, subject to our constant review, to cultivate customer loyalty and encourage our customers to make repeat purchases. For YesStyle, we operate our membership system, YesStyle Elite Club, under a four-tier membership structure, namely Regular, Bronze, Silver and Gold Member, with each tier receiving different membership discounts and coupons, as well as potential special promotions such as birthday offers. Our members upgrade their membership level through the accumulation of our program tokens, which can be simply earned through activities such as purchasing, writing product reviews, and downloading applications.

Due to the large number of influencers and KOLs we engage with for the promotion of our products, our customers and visitors might associate our brand image with the image of these influencers and KOLs. The effectiveness of our marketing strategies relies on our ability to select appropriate influencers and KOLs to promote our products. We sourced our influencers and KOLs through our own channels and did not engage any external agencies for such purpose.

We have developed criteria and policies on the selection and management processes of influencers and KOLs. When selecting KOLs, we generally consider factors including their number of followers and historical content, our product categories, market trends, and the target audience. Our KOLs are typically awarded coupons for their self-created content. KOLs who wish to receive commissions will normally join our affiliate marketing program with a US-based affiliate marketing network.

Customer retention

Customer retention largely depends on the quality and effectiveness of our customer service and operations, which are handled internally by our in-house personnel and also by third-party service providers. Outsourcing of certain customer service such as our help centre may reduce our ability to ensure consistency in our overall customer service processes, but we have developed a rigorous selection process in the customer service providers.

Methods of redress

We encourage our customers to leave reviews and comments on our websites, mobile app, and social media accounts, and have policies to manage inappropriate, false, or negative product reviews. At the same time, we collect comments and feedback left by visitors and customers to further enrich our content, and to provide our suppliers and brand partners with up-to-date market information. Our corresponding contents are currently offered in seven major global languages – English, French, German, Spanish, Italian, Japanese and Chinese – catering to the international audience.

Return and exchange policies

In 2021, we did not experience any material cancellation of orders, with respect to all of our products, from our customers. We have adopted customer-friendly return and exchange policies to accommodate our customers and to overcome any hesitation that they may have in shopping on our websites. For certain product categories and under certain conditions, our customers can return or exchange products purchased on our websites within fourteen days without giving any reason. These policies improve customer experience and promote customer loyalty, which in turn help us acquire and retain customers.

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As of 2021, we have specific return and exchange policies for each of our platforms and product categories:

- Customers of YesStyle who purchase certain fashion, accessories, lifestyle, beauty, personal hygiene, and grooming products may return their purchases within a 14-day return period. Consumers can return unwanted products, replace defective items, or ask for size exchange within certain prescribed time periods (generally 14 days from the date of receipt of the order, depending on the types of the products involved). For certain fashion & lifestyle products, our customers may request a size exchange within 14 days. Returned items must be in their original packaging, and must be in mint, unused condition. Incomplete returns may be refused or disregarded.
- Customers of YesAsia who purchase video, music, selected TV, concerts and music videos, anime, and collectibles and toys may return their purchases within a 14-day return period for products bought on our E-commerce platform. We generally offer exchange for items that are defective except for selected games items and TV set-top boxes.
- For AsianBeautyWholesale and offline B2B customers, we normally only accept returns or exchanges of defective items. We are responsible for the shipping cost when we ship out replacement items to customers, regardless of whether the original product is defective or requested for exchange. Except for defective item return or exchange, our customers are normally responsible for the shipping expense when returning a product to us.

Our suppliers are responsible for ensuring the quality of the products provided. Any defective products received by us will be returned to our suppliers at our sole discretion, and we generally do not incur any loss for product return. To the extent permissible under the relevant law in Hong Kong, we do not generally offer warranties on products sold by us including merchantability and fitness for a particular purpose. In circumstances that our suppliers offer product warranties for defects in materials or workmanship, we may, at our sole discretion, assist our customers to ship the products to the relevant suppliers for repair or exchange.

To reduce errors in delivering defective and incorrect goods, our warehouse team will perform checks on products when they arrive at our warehouse, tag products with barcodes, and connect them to our inventory management system. We will perform a second round of checks when we pack the orders.

Enquiries handling

Enquiries related to our products and delivery services are recorded, reviewed, and analysed by our customer service team. Our logistics and service team will take remedial actions according to the request by our customer service team. Our customer service staff will respond to our customers' enquiries through the original channel from which we received such enquiry, and generally follows up customer enquiries and complaints on a daily basis. Each of our customer service staff has his/her own login account which allows us to analyse their performance.

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During 2021, our Group received 41,229 product- and service-related enquiries, which were all resolved satisfactorily. However, we did not receive any material complaint from our customers that had materially and adversely affected our business, nor did our Group make any material compensation to our customers as a result of any product liability claims or complaints from our customers.

Product and service-related enquiries received¹

Year	Total number of enquiries	Number of cases resolved satisfactorily
Year ended 31 December 2021	41,229	41,229 (100%)

Help centre

Customer service through our help centre adopts conversational AI technology, which is able to automatically parse data, intent, and tasks from comprehensive customer interactions on a 24–7 basis. Additionally, our customers can make queries and file complaints via various channels such as online written instant messaging, phone call, our official accounts on various social media platforms, and through emails to our customer service team or even directly to our CEO.

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

INFORMATION SECURITY AND PERSONAL DATA PROTECTION

Information security

We are committed to safeguarding the confidentiality, integrity, and availability of all electronic information. The software, system, and other technical tools we use are either developed by our IT team or duly licensed from third-party technology service providers. Our IT systems mainly include in-house developed technology infrastructure supporting our front-end, back-end, catalogue and data-mining systems. We have policies regarding the secure transmission of confidential information over public networks. We utilise a third-party services provider to keep our servers running continuously, and have maintained insurance covering increased cost due to business interruption caused by breakdown of IT system.

This year, we have engaged an independent IT Consultant in Hong Kong (“**IT Consultant**”) to review our IT systems and internal control policy on personal data protection measures, as well as the compliance with relevant data privacy laws and regulations in our key business jurisdictions. The review comprises of a readiness assessment, gap analysis, gap fixing/remediation and re-assessment under our key business process areas.

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

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We will further develop our technology stack, including migrating our technology to cloud data centres for upgraded speed, reliability and cost-effectiveness, and to keep up with the anticipated surge in online real-time traffic and orders arising from the development of our websites and mobile app. We also plan to further strengthen our cyber security measures, including the implementation or enhancement of IDS, DDoS protection, WAF, and load balancing.

We continue to update the features of our websites and mobile app to enhance customer experience and our professional brand image. For example, we plan to enhance our API integration with in-house and third-party applications for improved personalization, marketing, social media and fraud detection functionalities, among others. We will also upgrade our search engine hardware and software to support scalable search enquiries in multiple languages with improved speed, relevancy and accuracy. We plan to establish customer beauty profiles and data analytics features to tap into the increasing market demand for individual customization and a wider variety of products. For our YesStyle mobile app, we will further expand its functionality to incorporate additional features such as searching products through uploading images, and location-based personalisation.

Product orders and transactions

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

In 2021, we have not received any claims related to breach of confidential information due to platform vulnerabilities or confidentiality violations by our third-party service providers (e.g. courier companies), nor suffered any material adverse impact arisen therefrom.

Payment methods

Our wide variety of accepted payment methods subjects us to third-party payment processing-related risks. We accept payments from customers using a variety of methods, mainly include bank transfers, online payments with credit cards, and payment through third-party online payment platforms, such as PayPal, Apple Pay and Google Pay. We generally engage payment gateway companies to process our customers' E-commerce transactions. The payment gateway companies we work with constantly monitor our merchants accounts. We also implement a fraud detection system which flags possible fraudulent transactions. Our credit online team reviews such identified possible fraudulent transactions on a case-by-case basis.

In 2021, we have not encountered any material payment fraud that had materially and adversely affected our business or financial position. We are also subject to various rules, regulations and requirements, regulatory or otherwise, governing electronic funds transfers.

Employee training

We conduct annual security planning and training, providing our employees with training materials, seminars, and email quizzes to educate them on navigating the risks they are likely to encounter during our daily operations. Our IT team intends to provide continuous training to our employees when new software features are deployed. We provide training targeting the nature of the E-commerce industry, such as the rapid pace in technological development, and E-commerce consumer trends.

Privacy and personal data protection

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

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

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

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

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In-house training

With regards to the organizational and technical safeguards in-place, trainings for data-related matters and privacy practice are scheduled to be provided to employees on an annual basis.

Handling of personal data by our employees are governed by established business principles and ethical responsibilities as laid out in the employee's handbook. All employees are expected to understand and follow the provisions in the handbook with regards to the data governance of our Group. Such policies are circulated to all employees and administer the confidentiality and data privacy compliance requirements within the Group. Staffs processing personally identifiable information are also required to attend a data privacy related training that is scheduled annually. Similarly, all employees are required to accept and sign a general non-disclosure agreement statement, as part of their employment contracts. Any updates to the employee's handbook will be disseminated to all employees through email, and the employees are expected to read through and understand the updated provisions. Additionally, physical and logical access control management are also implemented and updated as necessitated with secure browsing and electronic data transfer configurations adopted.

Regulations and compliance

With the advice of our Counsel in Hong Kong, during 2021, the Company is in compliance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) in the operation of the business, and with no non-compliance cases observed.

QUALITY FIRST

Quality control of products

The main objective of our quality control is to ensure the quality of the products we deliver to our customers and minimize the number of incorrectly packed items, thereby reducing the cost associated with returning and exchanging these items.

Our quality management begins early from the supplier selection process. We evaluate our suppliers based on available market data on them, such as reputation of the brands they carry as well as relevant customer reviews and enquiries. In addition, our product support team conducts random inspections of the products, to ensure they are in compliance with our standards. Our operation support team will investigate and examine the products when we receive enquiries via customer product reviews.

When packages from our suppliers arrive at our offices or warehouses, we have policies in place to perform a general check to ensure there is no product discrepancy or damage. If we discover any defect, our product team will follow up with the suppliers to resolve the issue effectively and efficiently. Then prior to the delivery of products ordered by each customer, our logistics team will normally check every package against the customer's order record as stored in our system and scan the label on each product being picked to ensure the specification and number of products are accurate.

We constantly monitor our customer reviews of products available on our E-commerce platforms. Return policies and procedures are also clearly set out and easily accessible on our E-commerce platforms. When we receive any customer enquiries regarding any product, we will assess and investigate the product to ensure it is in compliance with quality stated on our E-commerce platforms. Given our established relationships with our suppliers, we are able to quickly attend to our customers' return and exchange requests.

Customers are provided with various communication channels, such as chatbot, emails to our customer service or directly to our chief executive officer to raise any product concern. We conduct investigation when there is a product issue if a product complaint is received. For a founded case, we provide feedback to the respective supplier, require them to be accountable either by refund or replacement. On the other hand, we also compensate the affected customers, whether in the form of refund or product replacement.

Health and safety matters related to products and services provided

Our fashion & lifestyle products and entertainment products do not typically have an expiry date or specific product life cycle. For beauty products with expiry dates, their shelf life generally ranges from two to three years upon manufacturing date. In relation to our products which involve chemicals, we normally obtain the testing reports or certificates of their products from our product suppliers, to ensure that products sold on our platforms do not contain harmful chemicals.

In 2021, we did not experience any material product quality issue, or any product recalls due to health and safety concerns. During 2021, the Group was not aware of any major violations of laws and regulations relating to health and safety that may have a significant impact on the Group.

We perform product recalls in the events of potential safety or quality issues of our products sold. There were no recalls during 2021.

Inventory management

Our inventory control team prepares monthly reports and our operation team carries out annual stock-take, to monitor our inventory levels and reduce inventory obsolescence risk. Our inventory control team and marketing team will identify slow-moving inventories, which are typically inventories that failed to be cleared within a prescribed period of time. Our marketing team will set a discount for each of the slow-moving inventories based on the data analytics. These products will then be sold under our clearance sales campaign or discount section at reduced prices. For the three years ended 31 December 2021, our inventory turnover days were approximately 34 days, 37 days and 27 days, respectively.

Our operation support team performs regular inventory write-off assessments with respect to certain products, including products in poor packaging conditions or to be expired. Before making a write-off request, product team will first check with respective supplier for possible exchange of such products. In addition, our inventory control team makes write-off request on some slow-moving products, which are not able to be sold through clearance sales campaign nor discount section at reduced prices. During the year 2018, 2019 and 2020 ("**Track Record Period**"), our inventory write-off was insignificant.

Labelling

We source our product from a large number of suppliers from Asia and North America in 2021, and typically adopt the product description, claims and labelling provided by the suppliers. Some of the products provided by our suppliers may be defective or of inferior quality or may lack appropriate description, warnings or labels.

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In 2021, we have not received any material claims related to product liability, product description, warnings and labelling, or suffered any material adverse impact caused by such claims. During 2021, the Group was not aware of any major violations of product responsibility laws and regulations relating to labelling that may have a significant impact on the Group.

We have content monitoring processes in place, and maintain product liability insurance. In relation to incidents and claims related to product description and warning between 2017 to 2021, we have adopted additional internal control measures to prevent reoccurrence of similar incidents in the future:

- (i) As advised by our US Legal Advisors, we have displayed requisite compliant warning to customers in California who intend to purchase products from our E-commerce platforms which contain chemicals within the scope regulated by Proposition 65. We have also provided guidance to our employees to apply appropriate warning labels on certain products if such products require warning labels under the laws of California;
- (ii) In relation to labelling and warning instructions on our products, our product team conducts annual review on the updated product safety and consumer protection legislations. The Group will update its internal control policies and operation protocols in response to any changes to the relevant laws and regulations as and when necessary;
- (iii) We only publish product information obtained from official sources and/or from suppliers, including websites of the suppliers;
- (iv) We have and will continue to request for the signing of vendor acknowledgement letters with suppliers of our key products to enhance our legal protection on product information provided by our suppliers and displayed on our websites; and
- (v) We will engage legal advisers to review whether our Group's obligations on product description and warning have been discharged under our commercial arrangement with product suppliers and our customers to ensure compliance as and when necessary.

Quality control of our customer review content

We have adopted quality control measures for our customers' online reviews. For reviews with text only, we have implemented an internal word filter to flag reviews based on a set of criteria. These flagged reviews will subsequently be passed to our editorial team for further approval before being posted on our websites and mobile app. Our content team will also examine the content of our customer reviews, including but not limited to their attached photos and videos before being published.

SAFETY FIRST

We put strong emphasis on work safety. We are committed to meeting all health and safety statutory requirements and to exceeding them wherever it is reasonably practicable. Our warehouse employees are required to attend safety training upon commencement of their respective employment.

We have also established a Business Continuity Plan to prepare the business operations in the event of extended service outages caused by factors beyond our control (e.g., natural disasters, man-made events). All Company sites are expected to implement preventive measures whenever possible to minimize the risks of injury and fatality of employees and operational disruptions. Operations are expected to recover as rapidly as possible when the safety of employees is ensured. Evacuation procedure is also established and our assigned personnel will assist in the evacuation and hold a roll call at his assembly point in case of fire hazard.

We have adopted a total ban on smoking in all of our facilities. Smoking is strictly prohibited in all enclosed areas in the offices, including private offices, conference/meeting rooms, warehouse, common areas, pantries, washrooms and reception areas.

Our respective human resources and administration department and respective department heads are responsible for conducting spot check from time to time to ensure the implementation of these occupational safety and health measures.

Insurance policies

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

- (i) an employees' compensation insurance in compliance with the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) to cover compensation and costs liable by our Group for personal injuries to employees in Hong Kong in the course of employment with us;
- (ii) a group life insurance to cover death and disablement of the employees in Hong Kong in the course of employment with us;
- (iii) a group medical and dental insurance to cover hospitalization, surgical and clinical expenses of the employees in Hong Kong in the course of employment with us;
- (iv) an office insurance for our office premises and office equipment in Hong Kong (where the underlying policy mainly covers loss resulting from burglary, damages made to insured property, and increased cost due to business interruptions).

Our Group also maintains relevant labour insurance under the local laws and regulations of Japan and South Korea, respectively. In 2021, we have experienced no material workplace safety incidents, and accrued zero cases of work-related fatalities and lost days due to work injury, respectively, across all of our offices and warehouses. No (0%) work-related fatalities have occurred for the three years ended 31 December 2021.

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During 2021, the Group was not aware of any major violations of laws and regulations relating to the provision of a safe working environment and protecting employees from occupational hazards that may have a significant impact on the Group, including but not limited to the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong).

PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

We sell products manufactured by third parties. Some of these products may therefore infringe on the intellectual property rights of third parties if no proper authorization is in place. We mitigate these risks by including relevant terms and conditions in the Supplier Agreement. For the three years ended 31 December 2021, we conduct background checks before engaging with our suppliers, comprising mainly brand owners and authorised distributors. When we enter into agreements with our brand partners or suppliers, they generally provide us with licenses to use their intellectual property in connection with the sales and promotion of their products. These licenses are typically coterminous with the respective agreements.

In 2021, we were not involved in any material dispute or claims, regarding infringement of intellectual property rights with third parties or retail customers, that have resulted in material impact on our operations, finances and reputation.

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

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

We believe that we have taken all reasonable measures to prevent any infringement of intellectual property rights of third parties. When we are notified by certain intellectual property rights owners of products which may be susceptible to trademark or design infringement, we would perform internal investigation on such matters, remove relevant products where deemed appropriate and settled the claims upon mutual agreement with the relevant parties.

“YesAsia has sufficiently protected the intellectual property of suppliers (including supplier’s patent, product technology, packaging design, etc.).”

4.04/5 by suppliers

Content monitoring

For contents we share on our websites, mobile app and social media platforms, we endeavour to create original photos and videos, or use materials provided to us by the suppliers. We have and will continue to request for the signing of vendor acknowledgement letters with suppliers of our key products to enhance our legal protection on product information provided by our suppliers and displayed on our websites. Under such acknowledgement, the brand partners and suppliers were obliged to hold us harmless against any claim, damage, liability, charge or expenses due to their fault arising from our promotion and sales of their products, including such as third-party intellectual property rights infringement and/or other non-compliance under applicable laws and regulations.

Subject to our content monitoring process, our registered users can upload to our websites and mobile application various types of content, such as updating user profiles and posting product reviews. We require our users to confirm before registration that the content to be uploaded is in compliance with the relevant laws and regulations and does not infringe other parties' legal rights, including copyright, and to indemnify us against all damages arising from third-party claims against us resulting from such uploaded or linked content. In addition, we have adopted and implemented relevant internal procedures aiming to ensure that no prohibited or pirated content is displayed on our platform. We also have a dedicated content monitoring team which is responsible for monitoring and preventing the public release of inappropriate or illegal content on our websites and mobile application.

Insurance policies

We have purchased a cyber insurance policy to minimise the risk of loss from infringement. Such insurance policy covers against copyright, trademark, and domain name infringement, invasion of privacy, plagiarism, any false light, and related media content liabilities.

FAIR RECRUITMENT

As an E-commerce platform headquartered in Hong Kong, our employees come from 12 different countries and regions, including Hong Kong, South Korea, Japan, the United States, Australia, the United Kingdom, Canada, the People's Republic of China (excluding Hong Kong) ("**PRC**"), France, Germany, Republic of Guatemala, and the Philippines, providing us with unique local intelligence. In 2021, our Company has been recognised by Ctgoodjobs for 'Best Diversity & Inclusion Strategy Award (Gold) from the Best HR Awards'.

Gender balance

	2021	
	Employee headcount	%
Total	592	–
Male	167	28.2%
Female	425	71.8%

We uphold equal opportunity and anti-discrimination in recruitment, resulting in 2.55 female employees for every male employee in our workforce; two out of nine Directors on our Board are female.

It is the Company's policy to welcome talents of all ages, gender and aspirations to join us with equal opportunity.

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We generally recruit our employees from the open market, or through employment agencies, and enter into employment contracts with them. Shortlisted candidates are requested to provide identification documents to prove that legal requirements for the minimum age for admission to employment are sufficiently met. The industry and economic activities associated with our core businesses and supply chain are not labour-intensive, therefore, we deem the risk of contributing to or being linked with the use of child and forced labour through workplace practices or supplier or client relationships to be extremely low to none. We have never discovered child and forced labour cases for the three years ended 31 December 2021.

During 2021, the Group was not aware of any major violations of laws and regulations relating to preventing child and forced labour that may have a significant impact on the Group, including but not limited to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and relevant regulations in South Korea and Japan.

“YesAsia practices and protects the labour rights of its employees (such as diversity, anti-discrimination, equality).”

4.33/5 by employees

“YesAsia is a socially responsible company.”

4.25/5 by employees

“I understand YesAsia’s sustainability vision.”

3.92/5 by employees

CORPORATE GOVERNANCE

Governance structure

Various committees have been established under the Board in accordance with the Corporate Governance Code in Appendix 14 to the Listing Rules (‘Corporate Governance Code’). Our Company has established three Board committees, including the Audit Committee, the Nomination Committee and the Remuneration Committee, as required per Listing Rules. An Audit Committee was established to review the internal control system and procedures for compliance with the requirements of the Listing Rules, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), and other applicable laws, rules and regulations. Two more committees, the Tax Committee and the Risk and Compliance Committee, have been set up as well.

In 2021, our Company fully complies without deviations from the provisions of the Corporate Governance Code. Zero legal cases regarding corrupt practices were concluded or brought against our Company and employees. To further enhance the quality of our corporate governance, our Directors participate in physical and e-learning under our Continual Professional Development program, building up their professional knowledge through arrangements by our legal counsellor, seminars held by accounting regulatory bodies, and understanding updates to listing requirements on the HKEx.

Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year and comply with the “comply or explain” principle in our corporate governance report, which will be included in our annual reports after Listing.

Board diversity

We have adopted a board diversity policy ('Board Diversity Policy') which sets out the objective and approach to achieving and maintaining the diversity of our Board, and in turn, enhances the effectiveness of our Board. The Board Diversity Policy provides that our Company should endeavour to ensure that our Board members have the appropriate skills, expertise and diversity of perspectives that are required to support the execution of our business strategy. Pursuant to the Board Diversity Policy, selection of candidates for Directors will also be based on a range of diversity perspectives, including but not limited to skills, professional experience, educational background, knowledge, expertise, culture, independence, age and gender.

Our Board believes that merit-based, contribution-based appointments will best enable our Company to serve the Shareholders and other stakeholders going forward. Our Board comprises nine members, including three Executive Directors, three Non-executive Directors and three Independent Non-executive Directors. Our Directors have a balanced mix of experiences, including management and strategic development, finance and accounting experiences. Furthermore, our Board has a good mix of new and experienced Directors, who have valuable knowledge and insights of our Group's business over the years, while the new Directors are expected to bring in fresh ideas and new perspective to our Group.

We value gender diversity and we will continue to take steps to promote gender diversity at all levels, including our Board. In particular, two out of three of our Executive Directors are female and the Chair of the Board is also female which is a testament to our Group's dedication to achieving gender diversity at the Board level.

Our Nomination Committee will (i) report annually, in the corporate governance report contained in our annual report, on our Board's composition under diversified perspectives, and monitor the implementation of the Board Diversity Policy; and (ii) will review the Board Diversity Policy, as appropriate, to ensure the effectiveness of the Board Diversity Policy and discuss any revisions that may be required, and recommend any such revisions to our Board for consideration and approval.

Corruption preventive measures & whistle-blowing procedures

In 2021, no cases related to corruption and whistle-blowing issues have been received by our HR & Admin Departments or the Audit Committee. During 2021, the Group was not aware of any major violations of anti-corruption laws and regulations related to bribery, extortion, fraud and money laundering that may have a significant impact on the Group, including but not limited to the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong), and relevant regulations in South Korea and Japan. There was no concluded or ongoing legal cases regarding corruption practices brought against the Group or its employees during 2021.

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Our employee handbook, distributed to all our employees, contractors, subcontractors, sets out expectations including not engaging in any form of anti-corruption and bribery, and whistle-blowing procedures following any violations. Under our internal control manual, we dedicate a full chapter on Fraud Prevention. An anti-corruption talk by the Independent Commission Against Corruption (ICAC) as training was held at our Hong Kong office on 15 December 2021, mandatory for all team members on the assistant manager level, and open to all general team members. The training provided team members with knowledge of anti-corruption laws, raised awareness against corruption temptations in daily work and skills to make ethical decisions and manage corruption risks.

It is provided in our internal control manual that if there is suspected corruption case or misconduct, the Company has provided whistleblowing channels to empower our team members to report directly and anonymously to our Audit Committee. The information of the whistleblower is kept confidential. Investigation is carried out with a fair and zero tolerance attitude to all kinds of violations, including but not limited to bribery, fraud, corruption and money laundering. All reports are handled with care and fairness to ensure that whistleblowers are protected against unfair dismissal and unwarranted disciplinary actions.

Anti-corruption training

	2021	
	Category subtotal	Unit
Total	110	people
	110.0	hours
Employee category		
Director	3	people
	3.0	hours
Management and general staff	107	people
	107.0	hours

EMPLOYMENT AND BENEFITS

Employees who have completed their probation are entitled to discretionary performance bonuses and medical insurance coverage. We provide a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) our eligible employees in Hong Kong. Contributions are made based on a percentage of the employee’s basic salary.

Our Employee Handbook stipulates the policies and procedures, including recruitment and dismissal, benefits and welfares, working hours and rest arrangement, equal opportunities, anti-discrimination on promotion and other rights and benefits of our team members.

We regularly review the performance of our employees and make reference to such performance reviews in our discretionary performance bonus, salary review, and promotional appraisal in order to attract and retain talented employees.

Founder DNA is embedded into our corporate culture. The future success of our business depends, to a significant extent, on the continued efforts of our key personnel, especially our founders, and our ability to attract, train and retain qualified personnel, particularly management, technical, marketing and other operational personnel with expertise in the fashion & lifestyle, beauty and entertainment industry in various geographic locations.

We have also developed a strong mid-level management team in charge of various business functions. Our management has nurtured a customer-centric corporate culture emphasizing respect, dignity, teamwork, innovation, and high-quality work. These values, coupled with people development programs and incentive plans, have greatly attracted and motivated our employees. Many of our employees have a long employment history with the Group. As of 31 December 2021, the average length of employment of our senior management, together with our mid-level employees (of assistant manager rank or above) is above 10 years.

During 2021, the Group was not aware of any major violations of employment laws and regulations related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare that may have a significant impact on the Group, including but not limited to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and relevant regulations in South Korea and Japan.

Business development expansion in South Korea

In addition to our local product teams in South Korea, Japan and Hong Kong, we have also established a business development subdivision under our Korean product team. This new team strengthens the capability of our Korean product team to source new suppliers, as well as to maintain good relationships and to collect feedback from existing and new suppliers. These business development personnel are well versed in Korean and understand the local South Korean market. Going forward, we plan to further expand our Korean product team, as well as its business development subdivision by recruiting more employees.

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Workforce, total and by gender, employment type, age, geographic region, employee categories

	Category subtotal (headcount)	Turnover rate by category (%)
Total	592	21.5%
Gender		
Male	167	23.3%
Female	425	20.7%
Employment type		
Full-time	557	N/A
Part-time	35	N/A
Age group		
16-24	79	50.6%
25-34	274	22.6%
35-44	133	12.0%
45-54	87	8.0%
55-64	19	10.5%
>65	0	0%
Geographic region		
Hong Kong	570	21.6%
Japan	6	0%
South Korea	16	25.0%
Employee category		
Senior management	24	4.2%
Middle management	119	11.8%
General staff	449	24.9%

ANTI-COMPETITIVE PRACTICE

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

The five largest product suppliers and the five largest other suppliers in 2021 are Independent Third Parties. To the best knowledge and belief of our Directors, none of the Directors or their close associates or any Shareholders (which, to the best knowledge of the Directors, beneficially own more than 5% of the Shares) had any interest in any of the five largest suppliers of the Group in 2021. None of our five largest product suppliers and the five largest other suppliers (other than product suppliers) were our customers during 2021.

COVID-19 RESPONSE

Office and workforce arrangements

In light of the COVID-19 outbreak, we have implemented a work-from-home policy and special working hour arrangements. Hygiene guidelines are issued for every employee to follow to ensure that basic hygienic standards are met in the workplace. We have installed air purification systems in the offices and warehouses to remove volatile organic compounds which pose health risks on our employees. The Hong Kong office transformed its an open office layout with transparent plastic dividers, set up to separate individual desks and minimize airborne virus transmission. To minimize infection risks amongst employee, Virus protection kits (including surgical masks, alcohol gel and vitamin C tablets) are provided on-demand.

“Personal Protective Equipment provided by YesAsia is sufficient. The working environment at YesAsia is safe and hygienic.”

4.46/5 by employees

Both KR & JP offices followed the workplace protocols and travel guidelines wherever applicable for the local areas, and adopted the WFH arrangements with the approvals from local team heads. The Company also provides surgical masks in these two offices. A subsidy was granted by the Japanese government during the first quarter of 2021 for purchasing equipment for work-from-home arrangement of our Japan office.

Contingency plans

In light of the measures taken, we believe that there has been no material adverse impact on our business operations since the outbreak of COVID-19. Employees are encouraged to work at home to minimize the infection risk in daily face-to-face interactions. We have also established guidelines and contingency plans to respond to the potential risks of discovery of confirmed COVID-19 cases among our employees. Once a member of our Group is confirmed positive with COVID-19 infection, our response team will immediately activate procedures including reporting to our management and the authority, identification of close contact personnel, arrangement of virus testing and isolation for employees of high infection risk, disinfection cleaning by professionals, etc.

In the case of infections at our Hong Kong office, the HR department takes charge of email and SNS texting to distribute timely information about infected colleagues working in offices and warehouses. We liaise with the Government's Department of Health to stay updated about the latest situation and cooperate with mitigation measures. Office areas are sterilized, and fellow employees working on the same floor may resume return to office only after submitting proof of a negative antigen test result.

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Operations and supply disruptions

In 2021, there has been no material changes to the Group’s shipping arrangements as compared with the previous year. The operating hours of our warehouse divisions have not been affected, and local transportation and logistics services in Hong Kong have also remained in operation. However, despite that there was no material supply disruption encountered as a result of COVID-19, the outbreak had resulted in an upward revision of our freight-out cost and reduced number of available logistics suppliers, and we were able to pass on such increase to our customers without any material adverse impact on our operations and financial performance. Due to the increased logistics costs, we removed the free standard shipment option for our customers in certain countries and increased the minimum transaction amount per order for free shipping since April 2020 and May 2020, respectively, to ensure that the orders could be fulfilled within a reasonable period of time.

OTHER STANDARD DISCLOSURES – SOCIAL

COMPREHENSIVE TRAINING

In order to improve employees’ knowledge and skills for discharging duties at work, promote overall efficiency, employee loyalty and employee retention, we provide our employees with technical and operational on-the-job training, people development programs, a stock option scheme, a performance bonus scheme and promotion prospects. We have suspended face-to-face training temporarily amid COVID pandemic in 2021. Nevertheless, the Company has established the learning and development policy and plan for 2022.

We are committed to safeguarding the confidentiality, integrity, and availability of all electronic information. For more details on training topics related to data protection and IT security, please refer to the “Information security and personal data protection – Employee training” section in this Report.

Employees trained

	2021	
	Percentage of employees trained (%)	
Total	37.3%	of headcount in total
Gender		
Male	45.5%	of headcount in category
Female	34.1%	of headcount in category
Employee category		
Senior management	75.0%	of headcount in category
Middle management	69.7%	of headcount in category
General staff	26.7%	of headcount in category

Training hours completed

	2021		Unit
	Average training hours completed per employee		
Gender			
Male	5.30	hours per headcount in category	
Female	8.78	hours per headcount in category	
Employee category			
Senior management	3.78	hours per headcount in category	
Middle management	8.00	hours per headcount in category	
General staff	7.87	hours per headcount in category	

PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

Headquartered in Hong Kong, a global logistics hub, we are able to maintain the efficiency of our warehousing, fulfilment and delivery functions at a high level. We have built local product teams in South Korea, Japan and Hong Kong to source suppliers and products that resonate well with our customers.

Our suppliers can be principally classified into (i) product suppliers which mainly supplied our fashion & lifestyle, beauty and entertainment products, and (ii) other suppliers which mainly involve the provision of logistics services, payment gateway services and online advertising services. We use third-party couriers to deliver orders, and deliver our goods through major local and international courier companies.

In 2021, we typically sourced products from suppliers comprising brand owners and resellers in Asia and North America, directly or through other third-party E-commerce platforms. Our major product suppliers were generally based in two countries, South Korea and PRC.

Case study: Green procurement with style

YS by Yesstyle, is a new own-brand fashion collection with timeless statement pieces and additional trendy items, and wardrobe essentials for everyday life. The primary consideration in these unique designs is to focus on sustainability and product quality as the core values of our products – over half of the designs, 27 pieces out of 47, have been produced using technologies and raw materials that help us reduce the environmental impact of our products. We carefully select the fabric materials for each piece, including eco-friendly materials such as organic cotton, organic woven and recycled polyester, then sourced them from fabric mills with internationally recognised qualifications with the Global Recycling Standard (GRS) for Recycled Polyester and the Global Organic Textile Standard (GOT) for Organic Cotton. Certified organic cotton complies with strict standards for the entire production process, from raw materials to farming and manufacturing.

Recycling plastic into polyester fabrics helps the planet not only by reducing plastic waste, but also lessening the carbon footprint of clothing production, as recycled polyester (rPET) requires less energy and resources to produce compared with regular polyester. In comparison to conventional cotton, organic cotton preserves the same natural, biodegradable qualities while grown without the use of chemical pesticides, synthetic fertilizers or genetically modified organisms (GMOs). Better for the environment and for farmers, organically grown cotton results in lower GHG emissions, reduced soil degradation, and safer conditions for farming communities.

With regards to marketing and promotion, we have designed our E-commerce websites to display eco-friendly products at the top of the product listing page as a highlighted promotional feature. The term “Eco-friendly” appears in each product listing title, and is available as a filter option to enable refined searches for environmentally conscious consumers. We have decided to utilise recyclable paper labels and recycled poly bags for the packaging of products ordered under this fashion collection.

We maintain relationships with existing suppliers who can adapt to fast-changing consumer preferences, and source from new suppliers who can offer appealing products. In selecting new suppliers, we normally make decisions based on our industry experience and market research data, including existing customers’ review and feedback of the brand and product. Furthermore, we also conduct stringent inspection to ensure that they meet the standards in areas such as quality and safety, occupational health and training, anti-corruption. Suppliers who do not pass our yearly evaluation are required to take timely correction and/or corrective actions; otherwise the unqualified suppliers will be suspended or removed from the approved vendor list. Once we are satisfied that the brands and products provided by a new supplier which fit well with our market position and requirements, our customers’ appetite and has a good selling potential, our product support team will generally conduct a random sample check before engaging such supplier to ensure that the quality of the products is consistent and meets our standards. We have updated our ESG policy this year to indicate our consideration of cooperating with suppliers who value the importance of ESG factors.

In relation to our beauty products which involve chemicals, we normally obtain the testing reports or certificates of their products from our product suppliers, to ensure that products sold on our platforms do not contain harmful chemicals. In particular, our beauty products sourced from South Korea had not undergone any animal testing during their production processes.

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We do not have a material reliance on any particular product or service supplier. We generally enter into service agreements that can be terminated on short notice with third-party service providers, including technology service providers, couriers, goods transition centres, contact centres, outsourced labour in our Hong Kong warehouse, and payment gateway service providers. Since 2021, we engaged in exclusive agreement with some of our suppliers for retail and distribution purposes.

During 2021, we launched our own private label “YS by YesStyle” under the product group “Western Fashion”. The brand offers quality fashion using eco-friendly materials, such as organic cotton and recycled polyester, and materials meeting the Global Recycled Standard (GRS) or Global Organic Textile Standard (GOTS).

The number of suppliers by geographical region and number of suppliers where the practices relating to engaging suppliers are implemented during 2021 are as follows:

Suppliers², total and by geographic region and supplier category

	2021
	Number of suppliers
Total	22,661
Geographic region	
Hong Kong	74
Japan	47 ³
South Korea	401
PRC	22,108
Asia (except regions mentioned above)	22
Americas	9
Others	0
Assessment criteria	
New suppliers/service providers	11,534
New suppliers/service providers assessed	11,534 (100%)
Existing suppliers/service providers assessed	11,127 (100%)
All suppliers/service providers assessed for corporate social responsibility	87 ⁴

COVID-19

There were certain disruptions to our business operations during 2021, including suspension to the manufacture of fashion & lifestyle products in the PRC, and interruptions to logistics services provided by our couriers.

The pandemic created challenges across the industry, including YesAsia, as a result of disruptions in business operations and logistics arrangements due to unprecedented measures such as city lockdowns, travel restrictions, quarantines and business shutdowns which have been re-implemented by the local governments in 2021, in regions and countries which are related to our business operations, including Hong Kong, Japan and South Korea, as well as key countries where we derive our revenue from, such as the United States, the United Kingdom, Australia, Canada and European Union.

² For the purposes of this KPI (B5.1, 5.2), only product suppliers have been considered.

³ Includes consignment suppliers.

⁴ 87 of 401 suppliers based in South Korea provided us with cruelty-free, vegan products.

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

DIGITAL INNOVATION

Future plans

We plan to continue to improve our logistics processes, infrastructure, and network by refining our existing algorithms and adopting new technologies to dynamically optimize our fulfilment and inventory management capabilities. We have policies to manage risks due to interruptions resulting from events beyond our control or the control of these delivery companies, such as inclement weather, natural disasters, political movement, transportation disruptions, labour unrest or global and/or regional pandemics.

In particular, we plan to upgrade our warehouses in Hong Kong to increase our product availability as well as fulfilment speed and accuracy, thereby improving the overall efficiency of our supply chain. We also plan to implement voice picking technology to better improve our order processing efficiency, as well as to install improved storage racks for more streamlined inventory management. In addition, we aim to improve our delivery services by working more closely with our logistics partners, reducing shipping time and costs, and enhancing order tracking for our overseas customers. To increase our daily order fulfilment capacity, we will expand our workforce by hiring additional numbers of full-time and part-time logistics workers, ensuring that customer demand is met during the peak season and beyond.

Case study: Digital innovation in supply chain optimization

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

E-commerce platforms generally formed their own operation capability with the accumulation of time and experience. With long-term operation of online direct platforms, the participants have fostered a strong operation and management team as well as skilful technician reserve and obtained sufficient operation experience with high efficiency and quality services.

In the meantime, as influencers try out and evaluate products, they provide our suppliers and brand partners with a library of elaborated product reviews and user generated content. In September 2020, we received the “Technology Excellence Award” for our YesStyle Influencer Program awarded by Hong Kong Business magazine.

CARING FOR THE COMMUNITY

The Group is committed to performing corporate social responsibility to give benefit to the surrounding communities. The Group encourages team members to actively participate in volunteer services and participate in community projects. Looking ahead, the Group will continue to participate in all kinds of community projects and bring positive impacts to the society.

As a recognition of our efforts to promote corporate social responsibility, we were awarded with 'Caring Company' by the Hong Kong Council of Social Service consecutively for 14 years from 2007 to 2021. Contributing to society and supporting worthy causes is always of a high priority of our Group. Hence, the Group strives to promote social development and progress by contributing to charity, environmental concerns and education. In the Reporting Year, to support those in need during COVID-19, we donated 4,500 bottles of disinfection gel (approximately 6,400 USD in worth) and cup sets (approximately 3,400 USD in worth) to the Hong Kong Family Welfare Society, and 25 cartons (approximately 1,600 USD in worth) to Caritas/Salvation Army.

Back at our offices, our YS office organised a garbage classification volunteer activity to promote environmental protection in the workplace. For the second year running, we offered five internship positions under the STEM Internship Scheme organised by the Hong Kong Government to encourage young talents to pursue their professional goals and gain industry exposure.

Investment in community	Community resources mobilised	Community projects
114,000 USD	25 volunteers 50 volunteer hours	5 projects/activities

OTHER STANDARD DISCLOSURES – ENVIRONMENTAL

DISCUSSION OVERVIEW

With the aim of reducing the impact of operations on the environment, we establish an ESG policy in 2021, and identify and assess environmental risks according to the relevant legal requirements and environmental consequences.

In 2021, we did not receive any complaint from our business partners, customers or any other parties in respect of any ESG issues and we have not experienced any material environmental incidents arising from our operations. Our Group had not been involved in any material non-compliance issues in respect of any applicable environmental laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that may have a significant impact on the Group, including but not limited to the Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), the Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), the Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) and relevant regulations in South Korea and Japan. We have complied with applicable ESG-related rules and regulations, and have not directly incurred any cost of compliance.

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ENVIRONMENTAL TARGETS

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

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

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

Papermaking on the industrial level is a water-intensive process. Heavy paper consumption contributes to deforestation and accounts for around a quarter of landfill waste if not diverted to recycling.⁵ We have determined that short- to mid-term targets shall be set for paper recycling and waste reduction by 2023 and 2025 against a 2021 baseline, when we first started collecting measurable data on paper usage. The targets apply to the whole Company with progress evaluation and monitoring implemented across all our business operations and sites.

Target categories	2021 performance baseline	
Total paper usage/waste disposed to landfills (g)	22,852,780	Hong Kong offices and warehouses
	248,050	Japan office
	424,578	South Korea office
Total paper usage intensity by revenue (g/USD)	0.141	
Total paper usage intensity by workforce (g/headcount)	38,602	Hong Kong offices and warehouses
Total paper waste collected for recycling purposes (g)	0	Across Hong Kong, Japan and South Korea offices and warehouses

⁵ TheWorldCounts 2022, accessed 18 March 2022, <<https://www.theworldcounts.com/challenges/consumption/other-products/environmental-impact-of-paper/story>>

During the Reporting Years, the Company has started the building of smart warehouse with artificial intelligence, robotics and automation technology (“**AI Robotic Warehouse**”), which is expected to significantly reduce paper usage/waster disposed to landfills of the Group upon commencement of operations in the third quarter of 2022.

Under the HKEx reporting framework, we deem target-setting for KPIs A2.3 and A2.4 as immaterial for disclosure this year. As the Company did not involve manufacturing or significant use of machinery and vehicles, we consider the energy use efficiency targets and water efficiency targets immaterial to our operations.

RESPONSIBLE PRODUCTION

Demand for products can change significantly between the time inventory is ordered and the date by which we hope to sell it. Demand may be affected by seasonality, new product launches, changes in product life cycles and pricing, product defects, changes in consumer spending patterns, changes in consumer tastes with respect to our products and other factors, affecting expected order quantities. However, we have identified the heightened risks of inventory obsolescence, a decline in inventory values, and inventory write-downs or write-offs in the E-commerce industry, and have developed a business model with effective inventory management and optimized supply chain.

Our business model requires us to manage our inventory effectively. We generally adopt a just-in-time inventory management strategy for most of the products we sell but complemented by optimal amount of inventory for quick selling products. We depend on our demand forecasts to make purchase decisions and to manage our inventory. Upon receiving our purchase orders, our suppliers will generally check their respective product inventory against our purchase orders and confirm us with the expected delivery schedule. We typically make payment to our suppliers before they arrange for the product delivery to us. For most products, after receiving our payments, suppliers will send the goods to our Hong Kong warehouse, relevant local offices, or third-party goods transition centres, following which we will arrange for further delivery to our retail or wholesale customers worldwide. Given the nature of the business of the Group, we believe that our business operations have minimal direct impact on the environment and natural resources.

E-commerce platforms

When a customer places an order, our order management system automatically processes the order and matches it against our inventory level. If there is no inventory of the ordered products in our warehouse, we will directly place a purchase order with the corresponding supplier.

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

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

In relation to resource utilization management of our offices, we adopt a document management system and a paper management system with the aim to reduce the amount of paper waste used for record-keeping and avoid unnecessary printing.

In relation to resource utilization management of our warehouses, we adopt a “just-in-time” procurement strategy that in and out of inventories are carefully managed so as to reduce overstocks and wastes. For shipment, we fully utilise ordered carton boxes, plastic boxes and bags, paper tubes, wrapping and cushioning materials. In order to minimize packaging materials used for product fulfilment, we strive to ensure that different sizes of carton boxes are always available for re-packing to accommodate various sizes of ordered products.

Offline B2B sales channel

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

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

Case study: Digital innovation for procurement and warehouse efficiency

For our best-selling products, we rely on our data analytics to determine the appropriate number of products to be procured. In drawing up our procurement plan and determining an optimal inventory level, our inventory control team will consider factors such as the historical sales figures in our database, customer reviews, the prevailing trends, seasonality, our promotion schedule and the supply chain conditions. Our product team will then place purchase orders with the respective suppliers.

We intend to optimize and expand our warehousing, fulfilment and logistics capacity to accommodate increasing volumes of customer orders, enhance customer services, provide better coverage across the markets, and support our expansion into new product categories. In particular, we plan to upgrade our warehouses in Hong Kong by exploring AI warehouse technology for more efficient order processing. We will also improve storage racks for more streamlined inventory management.

Packaging material consumption

Types of packaging material	Total	Unit	2021		
			Hong Kong offices and warehouses	Japan office	South Korea office
Total, plastic	204.87	metric tonnes	204.47	0.40	N/A
Total, paper	133.08	metric tonnes	132.55	0.53	N/A

SOLID WASTE TREATMENT

Packaging boxes received from our couriers serve as one of the main non-hazardous wastages generated in our operations. In this regard, these packaging boxes are delivered to recycling companies or factories nearby.

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

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

DISCHARGES INTO WATER AND LAND

The Group does not involve any production and manufacturing process in the daily operation. Therefore, no sewage is discharged to soil and water sources. There is no significant discharge of waste water.

CLIMATE CHANGE

Our ability to process and fulfil orders timely and provide high-quality customer service depends on the efficient and uninterrupted operation of our warehouses. Our Directors have identified that the following categories of climate-related risks may affect our business:

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

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

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In 2021, we demonstrate active measures to mitigate these risks. We have established a Business Continuity Policy and Disaster Recovery Plan for mitigating or responding to significant interruptions in the operation of our warehouse facilities, whether as a result of a natural disaster or other causes. We have maintained insurance covering certain damage or loss to our inventories and equipment in our warehouse.

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

ENERGY MANAGEMENT

It is the Company's policy to reduce carbon emissions, saving energy and other resources. We seek to adopt business practices which take into consideration social and environmental needs for sustainability. Our energy consumption is mainly derived from electricity consumption from our offices and warehouses, and IT servers maintained at the data centres of our third-party service providers. The latter contributes as the main source of our indirect greenhouse gases emissions, therefore, increasing energy efficiency has been one of the key considerations in our operations. Currently, we play a limited role and rely on our data centre operators for their control over energy usage.

In our own direct operations, we have installed LED lights and utilised a forklift truck at our Hong Kong warehouses.

Energy consumption

Types of energy	Unit	2021		Total intensity, workforce (per headcount)
		Total consumption	Total intensity, revenue (per USD)	
Total	'000kWh	10,473.2	0.000065	17.7
<i>Indirect energy consumption</i>				
Electricity purchased	kWh	1,932,908.0	0.012	3,265.0
<i>Direct energy consumption</i>				
Diesel oil	L	2453.6	0.000015	4.1
Liquified petroleum gas ("LPG")	MJ	30,650.4	0.00019	51.8

SAVE WATER

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

Water consumption

	Total	Unit	2021 Hong Kong offices and warehouses	Japan office	South Korea office
Total water consumption	1,972	m ³	1,972.0 ⁶	0.0	0.0
Total intensity by revenue (per USD)	0.000012	m ³ /USD			
Total intensity by workforce (per headcount)	3.33	m ³ /headcount			

EXHAUST AND CARBON DIOXIDE EMISSIONS

The major source of air emissions that is indirectly generated by us is attributed to gasoline and diesel consumed by an external transportation fleet engaged by the Group to deliver goods from our warehouses to shipping destinations. As we have outsourced the transportation arrangement to logistic service companies, which are independent third parties that are not owned by or controlled by us, the retrieval of relevant data of such emissions is not feasible.

We are, however, keen to cooperate with logistics service providers which have a relatively higher environmental awareness and strive to minimise the environmental impact of direct emissions from their transportation fleet.

The truck we use for transportation of the inventories at our warehouses is an environment-friendly commercial vehicle approved by the Environmental Protection Department with a lower level of emissions.

The major sources of the Group's greenhouse gas emissions are other indirect emissions from paper disposal (scope 3), energy indirect emissions from purchased electricity (scope 2). During 2021, the Group emitted a total of approximately 113,655.26 tCO₂e of GHG. Further details of the types of emissions and respective emission data of the Group during 2021 are set out in the table below.

⁶ Water consumption figures for Hong Kong is incomplete. Due to billing arrangements, water consumption information for one of our warehouses was cut off at the end of November, therefore data is presented only for the months of January to November.

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

	2021	Unit			
Total GHG emissions (Scope 1, 2 and 3)	113,655.26	tCO ₂ e			
Total intensity, revenue	0.00070	tCO ₂ e/USD			
Total intensity, workforce (people)	191.99	tCO ₂ e/ headcount			
Air pollutants⁷					
NOx	5,667,872.0	kg			
SOx	28,198.4	kg			
PM	0.0	kg			
2021					
			Hong Kong offices and warehouses	Japan office	South Korea office
	Total	Unit			
Scope 1 – direct					
Stationary combustion	1.96	tCO ₂ e	1.96	0.00	0.00
Mobile combustion	6.75	tCO ₂ e	6.75	0.00	0.00
Scope 2 – energy indirect					
Purchased electricity	724.14	tCO ₂ e	697.83	7.27	19.04
Scope 3 – other indirect					
Business air travel	0.47	tCO ₂ e	0.47	0.00	0.00
Paper disposal	112,921.95	tCO ₂ e	109,693.34	1,190.64	2,037.97

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

FEEDBACK

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

⁷ NOx and PM emission figures are incomplete due to the unavailability of emission data by vehicle type, e.g. kilometre travelled not measured.