

ZALL 卓尔智联

Zall Smart Commerce Group Ltd.

卓爾智聯集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2098.HK

2020

線下市場 科技 供應鏈管理 金融 交易 物流 會諸

Environment, Social and Governance Report 2020

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ABOUT THE REPORT

This Report is the Environmental, Social and Governance (“ESG”) Report (the “Report”) of Zall Smart Commerce Group Ltd. (the “Company”) and its subsidiaries (collectively, “Zall Smart Commerce Group”, “we” or the “Group”) for the period from 1 January 2020 to 31 December 2020 (the “Reporting Period” or the “Year” or “FY2020”) to demonstrate the Group's policies, measures and performance on environmental, social and governance during the Reporting Period.

REPORTING STANDARDS

This Report is prepared in accordance with the requirements presented in the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The new amendments to the ESG Guide officially came into effect for financial years after July 2020. During the Year, we continued to adjust the reporting framework and disclosure principles to gradually cover the general disclosure and key performance indicators at different aspects in various environmental and social scopes in the new amendments to the ESG Guide.

BUSINESS PROFILE AND SCOPE OF THE REPORT

Since 2015, Zall Smart Commerce Group has fully launched the Internet-based transformation from offline trade business to the Internet industry. Driven by the two-pronged strategy of “commerce + technology”, the Group focuses on building a new generation of smart B2B trading platforms underpinned by blockchain and based on IoT, AI and big data infrastructure while developing the global supply chains, in an effort to build a smart trade ecosystem. The Group builds on its traditional trade business to promote the integrated development of online and offline business. Since the transformation and upgrade, it has built up trading platforms for agricultural products, chemicals, plastics, ferrous and non-ferrous metals, energy, etc. It also provides services such as finance, property, logistics, cross-border transportation and supply chain management for these platforms.

During the Year, the Group continued to adhere to the two-pronged strategy of “commerce + technology” and step up investment in research and development of digital technologies including blockchain, artificial intelligence and IoT. As a representative of the group, Zall Smart Commerce Research Institute was granted a total of 244 intellectual property rights in 2020, of which 26 were invention patents (including 4 international patents).

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

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As the Group is mainly engaged in supply chain management and trade business, of which revenue from Shenzhen Sinoagri E-commerce Co., Ltd.* (深圳市中農網有限公司) ("Shenzhen Sinoagri"), HSH International Inc. ("HSH") and Shanghai Zall Steel E-commerce Co., Ltd.* (上海卓鋼鏈電子商務有限公司) ("Zall Steel") accounted for approximately 88% of the total revenue recorded by the Company for FY2020, and revenue by business nature can directly reflect the operation scale and corresponding environmental, social and governance risks, we will focus on the disclosure of ESG data of Shenzhen Sinoagri, HSH and Zall Steel. Revenue distribution of the Group for the Year is set out below:

Subsidiaries of Zall Smart Commerce Group	Business	Percentage contribution to total Group revenue
Shenzhen Sinoagri	Agricultural products	55%
HSH	Chemicals/plastics	23%
Zall Steel	Black metals	10%
Others		12%
Total		100%

REPORTING PRINCIPLES

We prepare the Report in strict accordance with the following four reporting principles set out in the ESG Guide:

Materiality:	We continuously collect opinions from stakeholders and determine the ESG issues to be covered and key points to be reported in the Report based on the results of materiality assessment, so as to provide important and meaningful information for stakeholders.
Quantitative:	We measured the key performance indicators with reference to the principles listed in the Environmental, Social and Governance Reporting Guide in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including collecting environmental and social data from various departments, verifying documents, calculating and disclosing data, and finally submitting the ESG report to the Board for review after being verified by the management. Please refer to the relevant sections in the Report for the standards, methods and assumptions (if applicable) used in calculating all performance data.
Balance:	The Report truthfully discloses the ESG information of the Group to provide an unbiased picture of our ESG performance during the Year.
Consistency:	We followed the same data statistics and conversion methodologies as adopted in previous years. Relevant data of the previous year have been disclosed in the Report, which enables stakeholders to have a clearer understanding and meaningful comparison of the Group's ESG performance.

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONCEPTS AND VISION

CONNECTING GLOBAL BUSINESS INTELLIGENTLY AND CREATING VALUE FOR CLIENTS

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

Under its sustainable development strategy, the Group hopes to effectively improve resource allocation in the market and change trading habits with the online trading by upgrading to online trading platforms, thereby reducing its environmental impact and increasing the efficiency of resources utilisation and maximising its value to the society and other stakeholders.

The Group hopes to lead the merchandise trading industry towards sustainable development and operation, making transactions smooth and simple through our global intelligent trading platforms (i.e. “Connecting global business intelligently and creating value for clients”).

SUSTAINABLE DEVELOPMENT POLICY

DIGITAL TRADING PLATFORM

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

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SUPPLY CHAIN MANAGEMENT

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

CLIMATE CHANGE

Climate change not only exerts a visible impact on the environment and ecology, but also changes the mode of social operation and business management. According to the report released by the United Nations Intergovernmental Panel on Climate Change (IPCC) in 2018, we must work together to reduce carbon emissions by 45% by 2030 and achieve net zero carbon emissions (carbon neutrality) by 2050, in order to prevent serious disasters caused by climate change. As the leader of the supply chain industry undertaking the mission of becoming an industry model, we will closely control the impact of business operations on the environment, and continue to conduct research on climate change solutions to facilitate transforming crisis to opportunities.

SOCIAL INVESTMENT

Following the principle of “from society, to society”, the Group has been actively engaging in various charitable undertakings and offering help to those in need in the society leveraging the resources of the Group, aiming to improve and enhance overall social well-being. In addition, to address the financing difficulties of numerous SMEs in the wake of the COVID-19, platforms under the Group resolutely joined hands with an array of financial institutions to launch supply chain financial products, such as the “Special Financial Support Plan for Anti-epidemic and Business Reopening” of Zall Steel and the “Plastic Loan” of HSH, which allowed full-process online operation and provided capital to relieve the impact of the COVID-19 pandemic on their business operations.

CORPORATE GOVERNANCE

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

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE MANAGEMENT STRUCTURE

RESPONSIBILITY OF THE BOARD

Sustainable development is an important part of the vision, mission and core values of Zall Smart Commerce Group, and is given high priority by the Group's Board. The Board is fully responsible for the Group's sustainable operations. Its responsibilities include formulating the Group's overall sustainable development strategies, leading and monitoring the Group's sustainable development performance, providing guidance to the management on relevant strategies, and assuming responsibility for the Group's environmental, social and governance matters.

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

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

RISK MANAGEMENT COMMITTEE

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

- Overseeing the cultivation of a corporate risk management culture;
- Formulating risk management strategies;
- Reviewing and approving the plan to establish a risk management organisation and its responsibilities;
- Reviewing and approving the Group's risk management system and risk control process;
- Supervising senior management's implementation of comprehensive risk management;
- Reviewing and approving the comprehensive risk management report;
- Reviewing and approving the disclosure of comprehensive and significant risks;
- Reviewing and approving risk assessment reports for major decision-making and major events, as well as the operational mechanism and criteria for determination of key business processes; and
- Other responsibilities relating to risk management that should be undertaken by the Group's risk management committee.

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

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

GROUP LEGAL AFFAIRS DEPARTMENT

The Group takes corporate compliance very seriously, and has set up a legal risk prevention mechanism. For business compliance, we have developed a legal risk accountability system which is led by the management and implemented by the legal affairs department, to seek professional advice from legal counsels, and engages all employees. The legal functional department of the Group was separated from the secondary legal affairs department under the risk control department in 2019 into an independent legal compliance department, which further demonstrated the importance attached by the Group to legal compliance affairs. The legal compliance department comprises employees with a legal background to monitor the Group's compliance function and status. Its major responsibilities include:

- Drafting, reviewing and revising the Group's contract templates and legal documents (including but not limited to contracts, agreements, official letters, etc.);
- Providing legal advice and guidance as necessary to the Group's management, functional departments, subsidiaries and investees;
- Participating in the legal due diligence of the Group's external investment and M&A activities; and
- Liaising with and managing external lawyers and assisting external lawyers in legal proceedings.

The daily compliance management process of business departments mainly includes:





- All business contracts and agreements of business departments are required to be reviewed and approved by the relevant legal compliance department to reduce the contract performance risks;
- The legal affairs department organises training on laws and regulations to enhance the compliance awareness of business departments;
- The legal affairs staff provide legal consultation and guidance on business, contact with external legal professional institutions, and support business development; and
- The Group's risk control department conducts compliance checks on all departments, while the internal audit centre regularly audits the Group's subsidiaries and proposes specific improvement suggestions, and subsequently supervises the improvement performance.

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STAKEHOLDER ENGAGEMENT

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

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

Stakeholder	Significance of stakeholder	Communications channel
Employees 	As employees are the most valuable assets of the Company, we pay close attention to the sustainable development issues of concern to the employees	<ul style="list-style-type: none"> • Internal emails and publications • Websites and social media • Meetings • Job performance assessment • Employee engagement activities
Customers 	Meeting the sustainable development expectations of customers may consolidate the cooperative relationship and achieve long-term win-win results	<ul style="list-style-type: none"> • Group website • Customer service hotline • Customer questionnaire survey • Interviews and meetings
Investors and shareholders 	Respond to the expectations of investors and shareholders; pursue and create long-term and stable financial returns	<ul style="list-style-type: none"> • Annual general meetings • Annual and interim reports • Press releases and announcements • Investor relations website
Suppliers and business partners 	As the performance of suppliers has a great impact on the overall sustainable development performance of the Group, we must work together with suppliers and business partners on important issues	<ul style="list-style-type: none"> • Annual and interim reports • Business meetings • Audit and evaluation • Field trips

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Stakeholder	Significance of stakeholder	Communications channel
Government and regulatory authorities 	As a responsible enterprise, we pay close attention to the policies and regulations of the government and regulatory authorities, and maintain close contact with relevant authorities	<ul style="list-style-type: none"> • Government regulations and websites • Government public consultation • Email communication with regulatory authorities
Community organisations, media and public 	We pay attention to the voices in the community, and hope to improve people's quality of life through the Group's business activities and community investment	<ul style="list-style-type: none"> • Websites and social media • Press releases • Corporate social responsibility activities

MATERIALITY ASSESSMENT

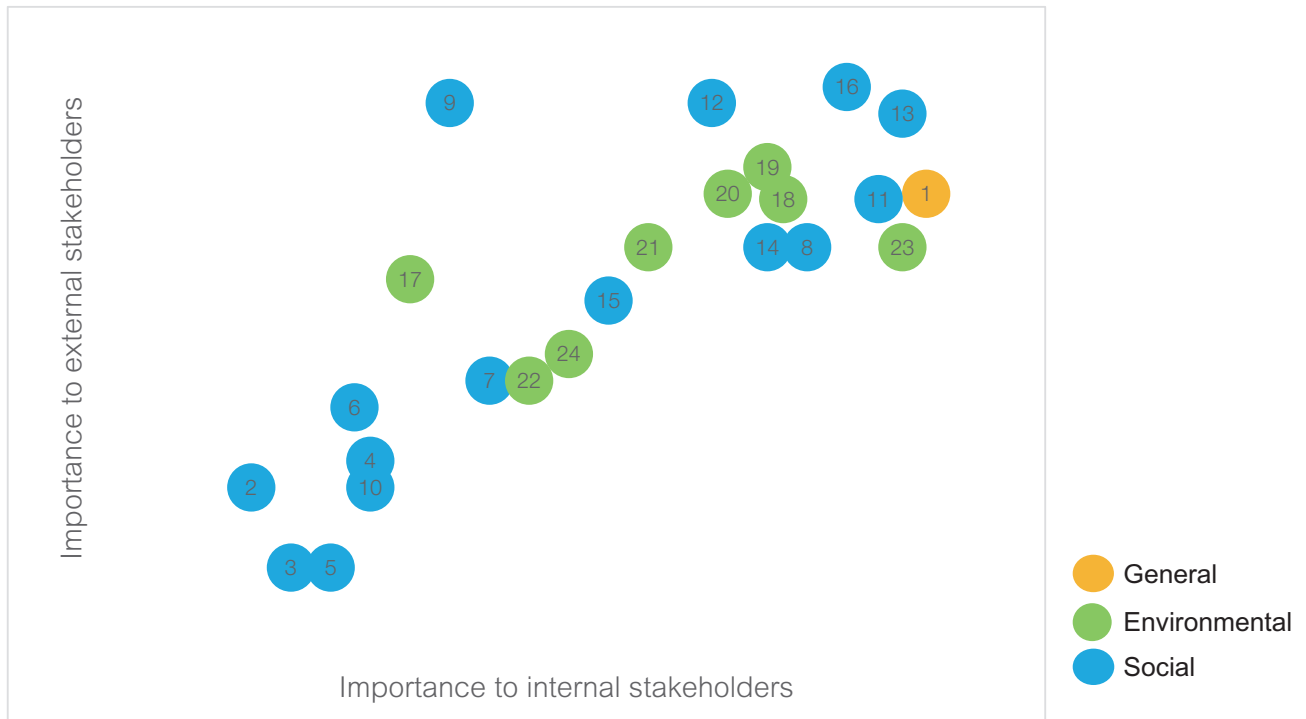
The Group has adopted the following four steps to identify the significant environmental, social and governance issues involved in its operations, determine their priorities, and gauge their materiality from multiple perspectives.

- Identify potential environmental, social and governance issues: List out potential environmental, social and governance issues with reference to the ESG Guide and through analysis of industry peers.
- Stakeholder engagement: A questionnaire survey is conducted to assess the importance and relevance of each environmental, social and governance issue to the internal and external stakeholders of the Group, so as to identify the overall material environmental, social and governance issues of the Group.
- Ranking of materiality: Establish a materiality ranking of environmental, social and governance issues based on stakeholders' evaluation and analysis results.
- Management confirmation: The Group's management confirms the material environmental, social and governance issues and links the issues to the key performance indicators of the Group.

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ZALL SMART COMMERCE GROUP'S MATERIALITY MATRIX FOR 2020

Based on analysis of the characteristics and external social responsibility environment of Zall Smart Commerce Group, we determined its core social responsibility issues and ranked them through internal discussions, external questionnaires and interviews. This enabled us to create the following two-dimensional matrix as an important reference to the Group's performance of social responsibility.



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Among the above 24 sustainable development issues, we identified ten with high materiality through internal discussion, external questionnaire survey and interview. Set out below are the responses of the Group to such ten issues.

Material issues

(1 represents most material)	Response of the Group	Relevant chapter
1. Employee health and safety	Protecting the health and safety of each employee is our top priority. To create a healthy and safe working environment, the Group has formulated comprehensive health and safety policies.	Health and Safety
2. Supply chain risk management	The Group continuously improves supply chain management, including standardising management elements, conducting risk assessment, establishing evaluation and access mechanisms for suppliers, and supervising over other aspects of the product lifecycle, including warehousing and logistics. We will also continue to ensure that the products on our trading platforms meet the national quality and environmental standards, extend the supply chain in a sustainable manner.	Sustainable Supply Chain Management
3. Compliance	The Group takes corporate compliance very seriously, and has set up a legal risk prevention mechanism. For business compliance, we have developed a legal risk accountability system which is led by the management and implemented by the legal affairs department, to seek professional advice from legal counsels, and engages all employees.	Responsibility of the Board
4. Employment, compensation and benefits	The Group places great emphasis on human resources management to attract and retain talents, allowing each employee to give full play to his or her strengths in a safe workplace. The Group continuously provides above-average employee compensation, and organises various training activities to develop employees' potential and enhance their professional know-how. We also constantly expand recruitment methods, and will consider introducing a selection mechanism to identify competent personnel internally for promotion to important positions.	Staff, Compensation and Benefits
5. Diversity, equality and non-discrimination	The Group maintains a fair and diverse workforce. It does not discriminate or dismiss any employee due to race, gender, age or marital status.	Equal Opportunities, Diversity and Non-discrimination

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Material issues

(1 represents most material)	Response of the Group	Relevant chapter
6. Anti-corruption	The Group strictly abides by the anti-corruption and anti-bribery principles and disciplinary supervision measures set forth in the Zall Standards (《卓爾標準》). On this basis, the Group focuses on reviewing its purchases of assets, bidding, engineering construction, personnel management, investment attraction, reimbursement, and receipt of gifts and gift money, and supervises personnel in key positions, while strengthening the development of anti-corruption and anti-fraud policies to promote integrity.	Anti-corruption
7. Customer health and safety	We are concerned about product quality and transportation safety issues. The Company has rigorous restrictions on suppliers and sourcing channels, requiring strict performance of contracts in respect of product performance, standards and designations to ensure product quality from all aspects and guarantee customer health.	Product Responsibility
8. Product and service responsibility	Our stringent product quality inspection mechanism helps ensure product quality. We monitor market prices and trading volumes and keep close communication with customers at all times, which helps us understand customer needs. The Group also develops business-related staff training courses to ensure that the employees of each subsidiary get the hang of the latest industry information, technology and knowledge necessary for them to improve services.	Product Responsibility, Marketing Ethics
9. Data privacy protection	The Group lays great emphasis on the protection of personal information, including the personal and corporate data of employees, customers and suppliers, and understands that effective data privacy protection measures can guarantee its honest operation and the healthy development of customer relations.	Data Privacy Protection
10. Green office	The Group has incorporated green and environmental considerations into its offices, including developing environmental policies, monitoring energy and resource consumption, and promoting green travel, green office and green lifestyles to employees. In the future, we will continue to increase environmental measures to achieve better environmental performance.	Green Office

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AWARDS AND HONOURS

Awarded entity	Awards and recognitions	Issuing institution or authority	Nature
Zall Smart Commerce Group Ltd.	Shortlisted in the “List of the First Batch of Digital Commerce Enterprises with Online and Offline Integration Development” of the Ministry of Commerce	Ministry of Commerce	National honour
	Honorary title of “Enterprises with Outstanding Contribution to Market Supply Guarantee in Epidemic Prevention and Control”	Material support group of COVID-19 prevention, control and command department in Wuhan	Municipal honour
Shenzhen Sinoagri E-commerce Co., Ltd.	Top 500 Chinese Enterprises in 2020	China Enterprise Confederation, China Enterprise Directors Association	National honour
	Top 500 Chinese Service Enterprises in 2020	China Enterprise Confederation, China Enterprise Directors Association	National honour
	China Industrial Internet Unicorn in 2020	B2B Internal Reference, China Industrial Internet Autumn Summit Organising Committee	National honour
	Top 100 Industrial Internet Enterprises in China in 2020	B2B Internal Reference, 2B Industry Internet Alliance	National honour
	2020 Top 100 Industry Leaders in Shenzhen	Shenzhen Industry Leader Corporate Development Promotion Association	Municipal honour
	2020 Top 500 Enterprises in Shenzhen	Shenzhen Enterprise Confederation, Shenzhen Entrepreneur Association	Municipal honour
	Second batch of digital commerce enterprises of the Ministry of Commerce	Department of Electronic Commerce and Informatization of the Ministry of Commerce	National honour
	Ebrun’s “100 Billion Revenue and Capitalisation Award” in 2020	Ebrun	Industrial honour
	Excellent Platform Service Provider for “Supporting the Stable Upgrade of Supply Chain from Agricultural Chain”	10000link.com	Industrial honour
	11th Out of TOP50 Supply Chain Financial Network Selection in 2020	10000link.com	Industrial honour
	Famous Brands in Shenzhen	Federation of Shenzhen Industries	Municipal honour

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Awarded entity	Awards and recognitions	Issuing institution or authority	Nature
Shanghai Zall Steel E-commerce Co., Ltd.	2019 Silver Award for Comprehensive Strength in Modern Service Industry in Jiading District	Shanghai Jiading District People's Government	District honour
	Shanghai Enterprise Meeting of Harmonious Labour Relations Standards	Shanghai Municipal Human Resources and Social Security Bureau	Municipal honour
	Shanghai Lan Tian Jing Ji Cheng 2019 Comprehensive Strength Gold Award	Shanghai Lan Tian Jing Ji Cheng	Honour of Economic Development Zone
	Advanced Trade Union Organisation	Nanxiang Federation of Trade Unions	Trade union honour
	AAA Contract-abiding and Trustworthy Enterprise in Shanghai	Shanghai Contract Credit Promotion Association	Credit rating certification
	2020 Top 100 Enterprises in Shanghai (No.64)	Shanghai Enterprises Federation, Shanghai Entrepreneurs Association, Jiefang Daily Newspaper	Municipal honour
	2020 Top 100 Shanghai Service Enterprises (No.40)	Shanghai Enterprises Federation, Shanghai Entrepreneurs Association, Jiefang Daily Newspaper	Municipal honour
	2020 Top 100 Private Enterprises in Shanghai (No.26)	Shanghai Enterprises Federation, Shanghai Entrepreneurs Association, Jiefang Daily Newspaper	Municipal honour
	2020 Top 100 Private Service Enterprises in Shanghai (No.20)	Shanghai Enterprises Federation, Shanghai Entrepreneurs Association, Jiefang Daily Newspaper	Municipal honour
	2020 Top 50 Growth Enterprises in Shanghai (No.2)	Shanghai Enterprises Federation, Shanghai Entrepreneurs Association, Jiefang Daily Newspaper	Municipal honour
	2020 Top 100 Industrial Internet Enterprises in China	Organising Committee of Autumn Summit of China Industrial Internet	Municipal honour
	The Title of "Trade Headquarters" in Shanghai	Shanghai Municipal Commission of Commerce	Municipal honour
	Top 100 Service Enterprises in the Yangtze River Delta in 2020	Yangtze River Delta Three Provinces and One City Enterprises Federation	Yangtze River Delta ranking
	Internet Leader in Steel Industry in 2019	Industrial Internet Special Committee of China National Association of Metal Material Trade	Association honour
	KiloPeaks Award-100 Billion Revenue	Ebrun Industrial Internet Summit	Industrial honour
	2021 Excellent Modern Supply Chain Service Provider in China's Supply Chain Finance Ecology	10000link Supply Chain Finance Research Centre	Association honour
	Second Prize of the First Digital Warehouse Solution Competition	China Federation of Logistics & Purchasing, Bank of Jiangsu Co., Ltd.	Competition ranking
	National Digital Warehouse Enterprise Pilot of China Federation of Logistics & Purchasing	China Federation of Logistics & Purchasing	Pilot unit

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SUSTAINABLE OPERATION

BUSINESS PRACTICES

Sustainable Supply Chain Management

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

Supply Chain Quality and Risk Management

As the Group's subsidiaries have different operating models and product categories, each subsidiary has its own supply chain management system. Overall, we will review potential suppliers to select those with outstanding products and business performance, formulate clear contract provisions to protect the rights and interests of the Group, regularly inspect the quality of incoming goods through spot checks, continuously monitor the performance of suppliers, update risk assessment results and take appropriate risk mitigation measures in a timely manner.

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

Shenzhen Sinoagri

At Shenzhen Sinoagri, the supplier evaluation team effectively ensures the quality and safety of agricultural products, and all suppliers must obtain a statutory Food Circulation Permit before obtaining online trading qualification. Following basic qualification review, the Company carries out sampling inspection on white sugar purchased in accordance with the national standard GB/T317-2018 "White Sugar" and prepares a report, so as to ensure that the quality of sugar meets national standards. The Company will perform a series of approval procedures to ensure that each supplier complies with the Group's supplier management policy. In addition, the Company regularly evaluates and reviews the qualifications of suppliers, and terminates partnership with unqualified suppliers.

Zall Steel

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

HSH

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

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

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

Region	Number of suppliers in 2020	Number of suppliers in 2019	Number of suppliers in 2018
North China	340	1,264	742
Northeast China	496	140	85
East China	3,830	11,440	9,965
Central China	265	312	256
Northwest China	259	89	45
Southern China	475	1,128	1,579
Others	0	226	1

Anti-corruption

Corporate Principles of Honesty and Integrity

The Group strictly abides by the anti-corruption and anti-bribery principles and disciplinary supervision measures set forth in the Zall Standards (《卓爾標準》). On this basis, the Group focuses on reviewing its purchases of assets, bidding, engineering construction, personnel management, investment attraction, reimbursement, and receipt of gifts and gift money, and supervises personnel in key positions, while strengthening the development of anti-corruption and anti-fraud policies to promote integrity. The Group's disciplinary supervision is carried out by means of regular and special inspections on project quality and safety management, bidding management, procurement management, asset management, archives management, attendance management, contract management, etc.

Each employee is required to sign the Employee Integrity Agreement before joining the Group, so that employees can understand and comply with the integrity requirements of the Group. This move is to prevent professional ethics risks and protect the legitimate rights and interests of the Group and its employees. The Group provides anti-corruption training for directors and employees. The training materials are uploaded to the Intranet, so that employees can consult and learn the materials at any time to enhance their awareness of integrity and anti-corruption. All employees must declare their interests before joining the Company or participating in procurement and other key business processes, so as to avoid conflicts of interest.

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In addition, the Group has set up a whistleblowing hotline and email, so that employees of the Group and its subsidiaries can directly report illegal and rule-breaking incidents to the CEO of the Group by name or anonymously. The Group's risk management department has set up an internal audit centre to conduct internal audits on the business operations of its subsidiaries. The Group has zero tolerance for any violation of laws and regulations by personnel, and will take disciplinary action against those convicted after investigation and hand them over to the law enforcement agency for handling. The Group's risk management department has issued whistleblowing reward schemes for its subsidiaries, such as the Measures for Rewarding Reporting Staff of Sinoagri Group (《中農網集團員工舉報獎勵辦法》) for Shenzhen Sinoagri, which offers material rewards for employees who report illegal acts and recover major losses for the company and protects whistleblowers from unfair treatment.

The Red and Yellow Line Management Regulations of Zall Steel formulated during the Year allows the Group to further advocate the Company's corporate values, standardise employees' behaviour, create a sound working environment and corporate culture atmosphere, and eliminate discrimination to the interest of customers and the Company. This allows clear distinction from red line, yellow line and warnings based on the nature of disciplinary violations and the seriousness of the consequences with corresponding punishments as dismissal, retention check and notice of criticism. All employees of Zall Steel have received and passed the training prescribed by the management regulations. Relevant regulations have also been introduced into the training courses for new employees, who are required to pass the examination before they become regular employees. On the other hand HSH also stepped up efforts to implement and promote its "Six Prohibitions" staff integrity code, including no gifting to superiors, no taking advantage of their positions, no conducting transactions with the Company through their parents, spouses and other stakeholders, no trading with customers without permission, no disclosing business secrets of the company, no spreading false information and rumours, and no concealing violation of laws and regulations by management staff, which must be reported, if any.

Through its Code of Conduct for Employees (《員工行為準則》), the Group sets out employee behaviours and disciplinary standards in project management, personnel management, administrative management and financial management, which are reviewed by the human resources management department on a regular basis to ensure that such stipulations comply with national and industry standards, and demonstrate the Group's operational principles for practising honesty and integrity. The Group fully complies with national laws and regulations including the Regulations of the People's Republic of China for Suppression of Corruption (《中華人民共和國懲治貪污條例》), the General Rules of the Civil Law of the People's Republic of China (《中華人民共和國民法總則》), the Criminal Law of the People's Republic of China (《中華人民共和國刑法》) and the Anti-money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), and incorporates anti-corruption and integrity policies into its future development planning. During the Reporting Period, the Group had not identified any violation of any applicable law or regulation relating to bribery, extortion, fraud and money laundering.

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PRODUCT RESPONSIBILITY

Product Health and Safety Management

Shenzhen Sinoagri

The quality management system established by Shenzhen Sinoagri has obtained ISO9001 certification, and its software design and development and agricultural products information services have passed relevant international standard certifications. Since agricultural products traded online (mainly white sugar) involve food safety risks, we are particularly concerned with product health and safety issues, and undertake to assume responsibility for the safety of such products.

Although the white sugar provided by upstream suppliers has reached national standards, the Group conducts at least two tests on the sugar to further improve food safety before the goods are delivered to customers. The Company will conduct quality inspections in its laboratory to ensure that the white sugar meets national standards and contains no harmful impurities. Moreover, the Group's central organisation in Shenzhen conducts random spot checks every month. So far, no major quality problems have been found.

Zall Steel

The steel itself comes with a warranty, and each coil of rolled plate has a coil number which can be traced to the manufacturer from the upstream supplier. Although Zall Steel does not directly participate in product quality inspections, it will entrust a third-party warehouse to examine the number of pieces, weight, material, model and quality of the products and put them into storage if no inconsistency is identified. The warranty or coil number and professional examination at the warehouse form two lines of defence for the quality of steel. If concerns about the quality of the steel being sold are raised, Zall Steel will compensate the customer for loss following the appraisal of a third-party institution, and then claim compensation from the supplier. The Company tracks market price movements and market trends on a daily basis to ensure that the steel price and quantity on the platform are reasonable and meet market demands.

HSH

Chemical plastic materials and finished products are found in all walks of life. As such, the Company is concerned about product quality and transportation safety issues. The Company has rigorous restrictions on suppliers and sourcing channels, and requires strict performance of contracts in respect of product performance, standards and designations to ensure product quality from all aspects. Upstream suppliers of HSH must be large manufacturers which maintain long-term partnerships with professional logistics companies, and their products must meet national and market standards. As of now, no major quality or transportation safety issues have been identified by HSH. Product quality verification is completed by customers. If there is any quality issue raised, the Company will report it to the upstream supplier, and the supplier will re-examine the product concerned and issue an investigation report. During 2020, the Company did not recall its products.

Service Complaints

Where customers encounter any problems during transactions, the Group has a 24-hour customer service centre to provide online consulting services. In each region, there is a regional account manager who responds to the opinions and questions raised by customers and provides face-to-face assistance and problem-solving services for customers. In case of customer complaints, the operation department will collect and record them, assist in investigating the causes of complaints, inform each complainant of the investigation process, and follow up with the handling methods and results, so as to ensure customer satisfaction and a fair and open complaint handling process. We also regularly review customers' opinions, and develop and implement improvement measures when necessary.

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

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Green Procurement

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

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

Marketing Ethics

Advertising and labelling

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

Data Privacy Protection

The Group lays great emphasis on the protection of personal information, including the personal and corporate data of employees, customers and suppliers, and understands that effective data privacy protection measures can guarantee its honest operation and the healthy development of customer relations. Given the necessity to collect and use personal data of customers or consumers when conducting business, the Group attaches great importance to the management and maintenance of personal data. We will not transfer or disclose customer information without consent, except for signing confidentiality agreements with customers. The Group has developed a sound data privacy protection system featuring hierarchical management over the access, viewing and modification of data in the data system with clear administration privileges among relevant employees, and built up an information database with multiple passwords and firewall protection to ensure the security of private information. The personal data of all employees, customers and related parties are protected by the General Principles of the Civil Law of the People's Republic of China, the Personal Information Protection Law and other laws and regulations that protect the right to use and privacy of personal data. During the Reporting Period, the Group found no violation of laws and regulations related to data privacy in respect of the products and services it provided.

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Intellectual Property

We are pleased to be the pioneer of digital technology in China. During the Year, the Group was granted 244 intellectual property rights, including 26 invention patents (including 4 international patents). Intellectual property is essential to us. The Group respects and protects intellectual property rights to support fair competition and enhance economic and social benefits. The Group has established the Measures for Patent Application Management to protect its unique R&D achievements. Once we find any infringement of the Group's patents, we will ask the infringer to make compensation or pay royalties for the use of our intellectual property. If the case is serious, we will hold the infringer accountable by legal means to protect the legitimate rights and interests of the Company. In addition, we require all employees to protect tangible and intangible assets. For the use of others' R&D achievements, authorisation must be obtained, otherwise the employees involved will be punished.

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

TALENT MANAGEMENT HEALTH AND SAFETY

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

In terms of daily occupational health and safety affairs, the Group's principal business — supply chain management does not involve high-risk jobs, and employees mostly work in the Group's offices and certain off-site locations. As such, the Group has established the Fire Safety Management Measures (《消防安全管理制度》) to strengthen the fire safety awareness of office employees and standardise fire safety management of the Group. We have established a sound fire safety inspection process for all workplaces and office areas. Before leaving work, the administrative and human resources department shall check whether the sockets, computers, water dispensers, doors and windows in each department have been switched off or closed. If it is found that any electrical appliance, door or window is yet to be turned off or closed, the relevant person in charge shall be issued a warning and be required to rectify the situation. Those who violate the rules twice will be punished. In addition to routine fire inspections in office premises, the Group will regularly contact local fire control authorities to arrange fire and awareness enhancement exercises to boost employees' awareness of crisis.

The Group and its subsidiaries strictly follow the Construction Practice Manual (《工程項目實操手冊》) of the Group while carrying out construction projects, which contains a quantitative evaluation form on project safety and occupational health management, along with guidelines for behaviour management, standardised on-site management, accident emergency management, construction site safety management, and management and use of personal safety protection articles. The Group also inspects the safety work of construction projects, such as whether smoke detectors are installed according to the requirements of building fire protection, and regular maintenance of firefighting equipment and emergency lighting equipment. Regulations of the Group on engineering management stipulate that employees must wear safety helmets when entering a construction site, and dangerous goods are prohibited from being brought into the construction site.

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The Group has formulated Labour Disciplines and Safety Management (《勞動紀律及安全管理》) in the Zall Standards (《卓爾標準》) in accordance with the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), the Fire Prevention Law of the People's Republic of China (《中華人民共和國消防法》) and other relevant laws and regulations. This describes various office safety matters and contingency measures, and together with the above systems of the Group, protects the interests and physical and mental health of employees. During the Reporting Period, the Group had not identified any violation of laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards.

Thanks to the above measures, we effectively protect the safety of our employees. We have recorded zero work-related injuries or deaths for three consecutive years (2018, 2019 and 2020).

Development and Training

The Group has formulated Staff Training and Management (《員工培訓管理》) to provide staff with diverse training courses. These include both internal and external courses for a range of different skills. The Group's policy for continuous learning and development includes induction training for new entrants as well as courses on job responsibility, business skills, management skills and professional skills, in addition to other types of educational training and development.

During the Year, our training activities combined offline centralised training and online courses. Online courses, which include induction training for new employees and vocational skills training, enable every employee to take courses anytime, anywhere. Offline centralised training, including business scenario training, post skill enhancement courses, corporate culture construction and middle and senior executive management capability enhancement training, enables first-hand participation of employees and a better learning experience. The Group also organises staff training activities from time to time to enable employees to absorb new industry knowledge and strengthen their own abilities.

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

	2020		2019	
	Percentage of employees trained	Average training hours	Percentage of employees trained	Average training hours
Employee training				
Gender				
Male	79%	22	53%	8.24
Female	74%	22	38%	4.66
Level of positions				
General employees	75%	21	47%	4.25
Mid-level employees and management	85%	24	53%	5.97
Senior management	79%	27	40%	12

Remark: The Group has expanded the collection scope of social data to include data on training since 2019. As such, we only provided data for 2019 and 2020

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Staff, Compensation and Benefits

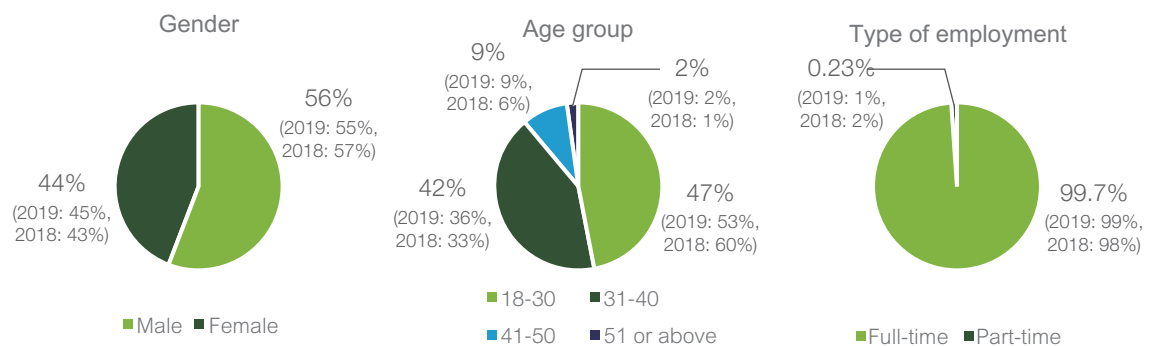
Compensation and dismissal, recruitment and promotion, working hours and leaves

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

The management has formulated a Reward and Punishment System (《人事獎勵與處分管理》), a Remuneration and Performance System (《薪酬績效制度》) and a Performance Assessment System (《績效考核辦法》). In calculating employee remuneration, management will consider factors such as external economic conditions and industry pay levels to ensure that its packages are market competitive. Management also pays heed to maintaining fair, differentiated and competitive remuneration for the same position within the Group. Employee performance is another major consideration, and is evaluated using an appraisal process which combines annual and monthly assessments, the results of which will be considered in determining employees' salaries. The Group has also set up the tools for performance appraisal to assess the performance capabilities of employees in a comprehensive manner.

Furthermore, the Group ensures reasonable working hours and leave — including statutory holidays, marriage, maternity/paternity, breastfeeding, annual and paid sick leave — for each employee. Rules limit overtime to a maximum of three hours per working day under normal circumstances, or five hours per day in special cases. Aggregate overtime per month is limited to a maximum of 36 hours. The Group complies with the Labour Law of the People's Republic of China and other applicable laws and regulations relating to recruitment, dismissal, working hours and leave, and ensures that each procedure is legal and reasonable. These rules are fully reflected in the Group's Staff Recruitment Management System (《員工招聘管理制度》), Staff Leave System (《員工休假制度》) and Staff Welfare Standards (《員工福利標準》), all of which are designed to ensure a healthy work-life balance for each employee. For departing employees, we also ensure that they receive their due benefits and compensation in accordance with the Resignation Management System.

During the Reporting Period, the total number of employees under the reporting scope was 868 (2019: 926; 2018: 827), while the percentage distribution of Group employees was as follows:



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The Group and its affiliated platforms regularly hold a variety of staff activities, in order to facilitate team building in a pleasant and harmonious way, enhance employees' sense of belonging to the Group and ease their work pressure. Each month, the Group holds birthday parties for employees and organises various festivals or themed activities to enrich the lives of all employees, so as to promote communication among employees and enhance cohesion.

Staff activities organised by HSH during the year included:



Mid-Autumn Festival celebrations



Quarterly birthday party for employees



Christmas party

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Equal Opportunities, Diversity and Non-Discrimination

The Group maintains a fair and diverse workforce. It does not discriminate or dismiss any employee due to race, gender, age or marital status. The Group's Human Resources Management (《人力資源管理》) describes its principles of equal opportunity, diversity and non-discrimination. The Group's principle of equality applies to various aspects, including employees' recruitment and dismissal, probation, vacation, opportunities, career development and promotion, as well as other benefits and the welfare system. Fair procedures and objective criteria are implemented in all these aspects to ensure that all employees and job applicants receive fair treatment. The Group provides a feedback mechanism to allow employees to report any defects regarding the principles of equal opportunity, diversity and non-discrimination. Such channels include regular seminars and interviews and e-mail communications. After receiving feedback, management will assign personnel to investigate the matter in an objective, impartial, practical and realistic manner. Reports on the investigation's progress will be made in a timely fashion, and appeasement work will be done as appropriate. Employees who give constructive advice will be rewarded.

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

During the Reporting Period, the Group found no violation of laws and regulations related to employee compensation and dismissal, recruitment and promotion, working hours and holidays, equal opportunity, diversity and anti-discrimination.

LABOUR STANDARDS

Prevention of Child or Forced Labour

The Group puts emphasis on avoiding labour exploitation and child labour, and strictly abides by all labour laws. The Group will not employ child labour under the age of 16. The Labour Contract and Personnel File Management (《勞動合同與人事檔案管理》) within the Zall Standards (《卓爾標準》) developed by the Group clearly stipulates that no child labour shall be employed in any form. The Group has established a confidential and anonymous complaint mechanism for the reporting of child labour, and requires employee age verification as a necessary procedure under its human resources policies.

In addition, the Labour Contract of the Company also provides that no forced labour shall be used by threats of violence or illegal restriction of personal freedom. We regularly assign independent persons to investigate possible signs of forced labour. In case of forced labour, any employee who is forced to work may apply for financial compensation, and the employee(s) forcing others to work shall be subject to punishment or other legal consequences.

The Group has also popularised the relevant standards, as we require suppliers to prevent employment of any child labour or forced labour, which, once discovered, will be investigated into by us.

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

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SOCIAL CONTRIBUTIONS

JOINT FIGHT AGAINST COVID-19

Following the outbreak of COVID-19, Zall Smart Commerce Group took the initiative to shoulder the responsibilities of epidemic prevention and control. It joined hands with enterprises within the Zall ecosystem to tap into their industrial strength and market resources and made every endeavour to devote itself to the fight against the pandemic through all means possible, thereby practicing the social responsibilities of private enterprises in the new era.

Anti-pandemic milestones of Zall Smart Commerce Group in 2020

January 2020 On 23 January 2020, Wuhan was closed down, and all medical supplies were in urgent need. The Group actively supported the combat against COVID-19 in Wuhan, and gathered 320 volunteers from the Company to form the Zall Epidemic Combat Commando to snap up medical materials globally. Capitalising on the advantages of Zall Smart Commerce Group's cross-border supply chain, Zall opened up the global material procurement chain in only 48 hours to secure 6 million medical materials from all over the world to Wuhan delivered by 11 flights. Zall was the first and largest enterprise to rush foreign emergency medical supplies to Wuhan, thus becoming an important supplier of first aid materials, and establishing a safety firewall for medical staff dedicated to fighting against the pandemic.

February–March 2020 On 3 February 2020, module hospitals were established in Wuhan. The Group converted the North Hankou International Trade Centre (漢口北國際商品交易中心) ("North Hankou") and its other properties into module hospitals without hesitation to accommodate mild COVID-19 infected cases, along with setting up library corners, charging stations, TV corners, etc. in the module hospitals. As of the end of March, our 7 emergency medical hospitals and 3 module hospitals had provided 9,567 beds and accommodated 7,589 patients with COVID-19. Since then, Zall has also lent support to the operation of two rehabilitation stations, and offered 500 employment opportunities to family members of medical staff.

In the same period, Futian District of Shenzhen released a message to collect epidemic prevention materials from all walks of life. Upon such request, Shenzhen Sinoagri, as a key enterprise in Futian District, Shenzhen, shared the anxiety of Futian and urgently searched and purchased facial masks, gloves and other materials through various channels at home and abroad, given extremely scarce epidemic prevention materials across the whole country, and donated them to Futian District People's Government on 16 February, which were then distributed to medical and social service workers fighting against the pandemic at the front line.



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July 2020

During the epidemic, there was a severe shortage in blood and blood bank in Wuhan. On 4 July 2020, Hubei TV Economic Channel and Wuhan Blood Centre launched a large-scale public blood donation activity in North Hankou. Zall Smart Commerce Group organised 12 teams of employees and representatives of market merchants, comprising a total of 390 warm-hearted volunteers to take part in the voluntary blood donation activity.



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September 2020

During the National People's Congress and the Chinese People's Political Consultative Conference in 2020, the top leaders specifically participated in the deliberation of Hubei delegation. As the only entrepreneur representative, Mr. Yan Zhi, deputy to the National People's Congress, co-chairman and co-chief executive officer of the Board of the Group and chairman of the Zall Foundation, reported on the pandemic control tasks undertaken by Zall to the top leaders. On the morning of 8 September 2020, the National Commendation Conference for Combating COVID-19 Epidemic was held in the Great Hall of the People in Beijing. The Party Committee of Zall Foundation initiated and founded by Mr. Yan Zhi was awarded the honorary titles of "National Advanced Collective Fighting Against COVID-19 Epidemic" and "National Advanced Primary Party Organization", making it the only private enterprise in Hubei Province to win two honorary titles at the same time. Zall Foundation was also awarded the Special Contribution Award for COVID-19 Epidemic Prevention and Control by the Red Cross Society of China, and Mr. Yan Zhi was granted the honour of "National Advanced Individual from Private Enterprise in Fighting Against COVID-19 Epidemic".

During the pandemic, the Group took the initiative to shoulder the responsibility of safeguarding the safety of the city and people, and remained at the front line of epidemic prevention and control. From organising to the collection of continuous donation of emergency medical materials, to building module hospitals and providing extra beds, participating in emergency treatments, as well as sharing China's experience to support anti-epidemic initiatives, we spared no effort in giving full play to our resource scheduling and allocation capabilities. Our fast response, extensive participation, heavy involvement in emergency treatment and long-term fight against the epidemic brought into spotlight the strong social responsibility of private enterprises in the new era, demonstrating our dedication and actions in maintaining public health and safety.

Community Investment

Zall Smart Commerce Group, since its establishment, has recognised the pivotal role of public welfare and responsibility in corporate growth while exploring innovative business models and developing and expanding business scale, and proactively participated in public welfare undertakings. It rolled out public welfare projects in four major fields: poverty alleviation and disaster relief, education assistance, environmental protection, and development of cultural and sports undertakings to practice the social responsibility of private enterprises. During the Reporting Period, the Group donated RMB1 million to support a wide array of community investment programs.

1. DEDICATED TO POVERTY ALLEVIATION AND FOCUSING ON RURAL REVITALISATION

Poverty alleviation is one of the three major targets put forward by the 19th National Congress of the Communist Party of China. In order to further promote the implementation of the major decisions made by the CPC Central Committee regarding poverty alleviation and better fulfill the social responsibilities of private enterprises, the Group assisted Zall Foundation in associating industrial development with land, conscience, happiness of farmers, together with old revolutionary bases and poverty-stricken areas to form a harmonious "Community of Shared Future". A poverty-alleviation office "Rural Care" has been set up, along with the establishment of the 4 in 1 targeted aid system that facilitates "promoting employment and entrepreneurship with industrial investment, and locally tailored products through e-commerce platform, featuring industries via resources grafting, supporting education and medical treatment with poverty alleviation funds", in order to tap into the industrial poverty alleviation-leveraging cultural and tourism industries, be deeply involved in the rural economic development and contribute to the sustainable development of poverty-stricken areas.

In 2020, the Group assisted Zall Foundation in the targeted poverty alleviation campaign, providing aids to a total of 50 poor villages in Hubei, all of which had been lifted out of poverty. It contributed to online promotion and sales of the special agricultural products from 25 villages in aggregate, and provided e-commerce trainings for more than 3,000 people. It established living halls in five poor villages, which were equipped with libraries, e-commerce rooms and sports rooms, and delivered books and cultural and sports facilities to more than 20 villages to promote rural cultural revitalisation.

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2. CONCERNED ABOUT EDUCATION AND KEEPING A CLOSE EYE ON DEVELOPMENT OF EDUCATION

Zall Smart Commerce Group has kept abreast with the development of education, lending support to education subsidies, scientific research and innovation, talent introduction, and donating basic education facilities in rural areas to facilitate the development of urban higher education and contribute to the national education cause.

In 2020, the Group assisted Zall Foundation in establishing Hope Primary Schools, which is expected to benefit more than 1,500 children in rural areas, promote the balanced development of education in poor mountain villages and support the development of rural education.

3. RESPONSE TO THE CALL FOR PROTECTION OF YANGTZE RIVER AND DEVOTED TO ENVIRONMENTAL PROTECTION PUBLIC WELFARE

In response to the national call for the protection of the Yangtze River, the Group assisted Zall Foundation in actively participating in the public welfare projects of protecting wetland and endangered species, establishing ecology protection areas and promoting nature education, so as to advance the development of environmental protection in Hubei Province and the Yangtze River Basin.



In 2020, the Group assisted Zall Foundation in continuously promoting the project of “Protecting the Home of Green Head Duckling” and setting up four patrol teams for Green Head Duckling in Fuhe Wetland, Fanwan Lake National Wetland Park and Liangzi Lake Wetland, with a total patrol mileage of 18,000 kilometres throughout the year, which timely prevented more than 300 illegal acts of destroying wetland ecology and wildlife resources, and rescued 332 trapped wild birds. It also launched nearly 50 activities on natural education, such as the 6th National Nature Course “Getting Close to Wetlands”, which fuelled participation of nearly 100,000 citizens and students and advocated the public to approach to nature, get close to nature, gain an insight into nature, and arose the awareness of environmental protection.

4. ENCOURAGING INHERITANCE AND SUPPORTING THE DEVELOPMENT OF CULTURAL AND SPORTS UNDERTAKINGS

The Group assisted Zall Foundation in supporting the development of cultural and sports undertakings within and outside Hubei. It supported cultural projects such as literature magazine publishing, grass-roots cultural construction and literature research, endeavoured to convene the 6th Wuhan Poetry Festival, and focused on supporting public welfare sports infrastructure such as Hubei youth sports training base and free community stadium, as well as sports talent training and competition, aiming to promote the prosperity and development of cultural and sports undertakings.

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ENVIRONMENTAL PROTECTION

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

The Group profoundly understands its social responsibilities as a listed company and contributes to the country's green development in line with the direction of national development. Green development for Zall Smart Commerce Group is by no means "empty talk". We need to balance economic, environmental and social needs to ensure sustainable development. Through the joint efforts of the Group, customers and stakeholders, we hope to develop and implement sustainable solutions that meet the needs of society, integrate economic growth with sustainable resource consumption, and achieve a "win-win" balance between the development and environment.

Addressing Climate Change

Climate change is exerting increasing impacts on human societies and natural ecosystems across the world. Reducing carbon emissions and adapting to climate change have become one of the important management issues for enterprises in the coming generation. The Group undertakes to assess the risks and opportunities arising from climate change in supply chain business operations, market demands, quality and safety with reference to approaches recommended by the internationally recognised Risk Assessment Framework in future, and takes measures to reduce the carbon emissions of the Group's operations while encouraging employees, customers, suppliers, communities and other relevant groups to save energy and reduce emission, so as to slow down global warming. In addition, we also expect to adopt climate scenario analysis in future research to test the resilience of the Group's business in climate-related scenarios, and we plan to make analysis on different climate scenarios. We expect to have a better understanding of the physical risks confronted by the Group in different climate-related scenarios through analysis, including any residual risks beyond the control measures in place in our operations.

As climate change exacerbates extreme weather conditions, bad weather is more likely to affect logistics efficiency, resulting in delayed transportation or damaged goods. The Group has formulated logistics guidance for severe weather conditions and established an extensive and close communication network with the logistics team to promptly respond and take actions according to the transportation conditions, so as to ensure service quality and maintain the reliability of the service platform. In addition, some of our operating bases are located in coastal areas and therefore exposed to severe weather conditions such as heavy rain, typhoons, and severe thunderstorm. Protecting the safety of employees is the top priority of the Group. In severe weather conditions, we provide early warnings, reduce employee travels, and prohibit outdoor works.

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Green Office

In accordance with relevant laws, regulations and requirements, the Group has formulated a Proposal for Environmental Protection and Energy Conservation at Offices (《辦公室環保節能提倡書》) to guide its efforts to manage and conserve resources. The Group's major green office and energy conservation measures are described below:

Saving electricity

- Switch off computers, printers, photocopiers and other office equipment immediately after work to reduce standby time.
- In summer, the air conditioning shall be set at not lower than 25° C.
- Minimise use of artificial lighting during daytime, or in vacant office spaces. Lighting shall be switched off in sunny day, when fewer employees are in office or at the end of the workday. Desks should be positioned to maximise exposure to natural light.
- Obsolete high power consumption equipment in favour of new energy-saving technologies and equipment. Adopt new and energy efficient technologies and products for infrastructure construction and equipment upgrading.
- Use central air-conditioning control system in the office; the administrative department sets upper and lower limits of air-conditioning temperature according to weather conditions.

Saving paper

- Fully promote online office and realise paperless approval process.
- Advocate double-sided printing which is the default for printing of all computer files to save paper.
- The printing room is equipped with a recycling box to collect single-sided printed paper for secondary printing of non-important documents.
- Simplify documents. Matters for which there is no need to issue printed documents should be handled through meetings if possible. When printed documents are needed, the printing quantity shall be accurately calculated to avoid excess printing.

Saving administrative resources

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

Environmental protection and waste reduction

- Eliminate waste of water resources and strengthen the daily inspection, maintenance and management of water equipment.
- Set up dry and wet garbage bins in offices according to the national garbage classification policy.
- Use cloth bags and environment-friendly bags instead of plastic bags in response to the plastic restriction order.
- Reduce the use of disposable items such as paper cups.
- Continuously publicise the benefits and methods of energy conservation and emission reduction to current and new employees, so as to form a corporate culture in this regard.

Indoor air quality

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

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The Group has also formulated Management Measures for Environmental Sanitation and Greening (《環境衛生與綠化管理辦法》). Through such measures, the Group conducts the planning and design of offices to maximise their energy and resource efficiency. The Group also works to improve the “green” knowledge and skills of personnel, including their understanding of varieties of flowers, plants and trees and their cultivation.

GREENHOUSE GAS EMISSIONS

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

Greenhouse gas emission scope	Greenhouse gas emissions unit	Total emissions in 2020	Total emissions in 2019	Total emissions in 2018
Transport energy direct emissions	Tonne (CO ₂ e)	270	307	395
Intensity (per Group employee)	Tonne (CO ₂ e)	0.31	0.33	0.48
Electric energy indirect emissions	Tonne (CO ₂ e)	725	733	13,118
Intensity (per Group employee)	Tonne (CO ₂ e)	0.84	0.79	16
Total direct and indirect greenhouse gas emissions from the sources above	Tonne (CO ₂ e)	995	1,040	13,513
Intensity (per Group employee)	Tonne (CO ₂ e)	1.15	1.12	16

Remark: Calculation of carbon dioxide emission (CO₂e) is based on the 2019 Regional Grid Baseline Emission Factors of China issued by the Ministry of Ecology and Environment of the People's Republic of China, the Guide for Greenhouse Gas Emission Accounting Methods and Reporting for Industrial and Other Sectors (Trial) published by the National Development and Reform Commission of the People's Republic of China, and the Reporting Guidance on Environmental KPIs by The Stock Exchange of Hong Kong Limited.

Reducing energy consumption can directly reduce the Group's greenhouse gas emissions. For the Group's measures to reduce energy consumption, please refer to the “Energy Consumption Management” section below. The Group employed various energy-saving measures, which reduced transportation energy consumption and electricity consumption.

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RESOURCE USE

WATER CONSUMPTION MANAGEMENT

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

Water

consumption

Type	Unit	Total water consumption in 2020	Intensity (per Group employee)	Total water consumption in 2019	Intensity (per Group employee)	Total water consumption in 2018	Intensity (per Group employee)
Water consumption	m ³	13,611	16	10,638	11	8,297	10

The Group fully appreciates the importance of water resources to the earth's environment. As the Group's business involves a negligible consumption of water, the Group's focus is on reducing the water consumed in office activities. The Group encourages employees to use recycled water or grey water when feasible for flushing toilets, irrigation and other purposes. The Group also publicises water conservation by posting signs in its offices to raise water-saving awareness. We control the water flow of faucets with different functions to reduce unnecessary waste of water, and regularly maintain and examine water flow devices to avoid waste caused by leakage. The Group's offices use municipal water supply and have no problems in obtaining water sources. This year, our frequent cleaning and sanitation measures directly resulted in an increase in water consumption. For more on water conservation plans, please refer to the "Green Office" section below.

ENERGY CONSUMPTION MANAGEMENT

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

Energy

consumption

Type	Unit	Total consumption in 2020	Intensity (per Group employee)	Total consumption in 2019	Intensity (per Group employee)	Total consumption in 2018	Intensity (per Group employee)
Electricity	kWh	1,392,653	1,604	1,302,887	1,407	18,789,238	22,720
Petrol	Litre	136,502	157	138,039	149	177,811	215

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Reducing transportation emissions

The Group operates its own logistics fleet to support logistics arrangements. The fleet's fuel efficiency and other performance data are closely monitored and the vehicles are maintained to a high standard to ensure optimal operation. When vehicles travel, we will plan routes to minimise travel distance, so as to reduce travel time and energy consumption of vehicles. As described in the "Vehicle Management" section, the Group's Zall Standards (《卓爾標準》) require vehicle maintenance to be conducted every 5,000 km — an exercise that includes changing the oil, oil filter, air filter and auto filter. Vehicle equipment and components that fail to meet standards are immediately repaired or replaced. The Group has also begun to build a green logistics system. It makes reasonable arrangements of transportation routes to improve vehicle loading rates, reduce fuel consumption and minimise transportation emissions.

Saving electricity

The Group has implemented a series of measures to reduce greenhouse gas emissions from the source, and during and after processes. To systematically protect the environment, fully utilise energy and resources and reduce resources consumption, the Group established the Energy and Resource Management System (《能源及資源管理制度》), which systematises the reasonable utilisation, management and control of energy and resources consumed by its departments. By strengthening energy usage management and adopting measures which are technically feasible, financially reasonable and acceptable to the environment and society, the Group reduces its consumption, waste and greenhouse gas emissions, and effectively uses resources from the stage of energy exploitation to consumption. In addition, we preach such management measures to enhance the environmental awareness of departments and promote orderly use of electricity.

PACKAGING MATERIALS

Our supply chain business involves the use of packaging materials such as packaging paper and cartons. Upholding the principles of simplicity and environmental protection, we try to use recyclable products and reduce the use of packaging materials on the precondition of guaranteeing the logistics safety of products. During the Year, our consumption of packaging materials is as follows:

Type	Unit	Consumption in 2020	Consumption in 2019
Packaging paper	kg	0	50
Cartons	kg	130	70
Adhesive tape	kg	61	0

Remark: The Group has expanded the collection scope of environmental data to include data on packaging materials since 2019. As such, we only provided data for 2019 and 2020

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THE ENVIRONMENT AND NATURAL RESOURCES

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

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

EMISSIONS MANAGEMENT

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

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

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

WASTE GAS AND SEWAGE EMISSIONS

Airborne emissions directly generated by the Group mainly come from the use of fuel for logistics and administrative vehicles. Sewage emissions mainly originate from water consumed during inventory inspection and the testing of agricultural products.

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

Waste gas and sewage emissions

Type of emissions	Unit	Total emissions in 2020	Total emissions in 2019	Total emissions in 2018
Nitrogen oxides (NOx)	Kg	798	559	790
Sulphur dioxide (SOx)	Kg	2.01	2.03	2.61
Particulate matter (PM)	Kg	75	52	74
Sewage	Tonne	5,820	8,674	6,240

Remark: Waste gas emissions are calculated with reference to the emission factors provided in the Reporting Guidance on Environmental KPIs issued by The Stock Exchange of Hong Kong Limited.

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The Group has made great efforts to reduce emissions from logistics vehicles and has incorporated this into its sustainable development business practice plan. We require that vehicles of third-party logistics suppliers as well as the Group's own vehicles meet national emission standards in order to ensure high fuel efficiency and minimise pollutant emissions. The Group companies have always advocated the use of public transportation. For short-distance travel, employees are encouraged to walk or use public transportation, so as to reduce use of personal vehicles. The Group also regularly maintains and repairs vehicles to improve the fuel efficiency to achieve green environmental protection efficiency. With the popularisation of new energy vehicles, we also encourage employees to use new energy vehicles and reduce the use of automobiles fuelled by oil. For transportation energy consumption, Zall Steel is committed to integrating industry resources, and its non-truck operating common carrier network freight platform, Xiaohuo Zhiyun, dedicating to accurately matching transportation needs to create an efficient, convenient and safe logistics trading platform through introducing Beidou/GPS positioning visual system to provide customers with transportation services such as inquiry, car search and cargo tracking and a complete set of logistics solutions. During the Reporting Period, the Group did not find any violation of laws and regulations on exhaust gas.

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

HAZARDOUS WASTE EMISSIONS

Laboratory hazardous waste

The Group strictly abides by the Solid Waste Pollution Prevention Law of the People's Republic of China and other environmental laws and regulations to deal with hazardous wastes. As the portion of the Group's quality inspection that involved sulphuric and hydrochloric acids was outsourced to third parties during the Year, the Group did not generate material hazardous waste emissions during the Year. During the Reporting Period, the Group had not identified any violations of the laws and regulations relating to hazardous waste.

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NON-HAZARDOUS WASTE EMISSIONS

Office waste

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

Non-hazardous waste emissions

Type of waste	Unit	Total emissions in 2020	Total emissions in 2019	Total emissions in 2018
Ink cartridges	kg	100	0	27
Toner cartridges	kg	45	7	8
Paper	kg	1,290	160	45
General waste	kg	1,200	32	54

The Group has formulated a Proposal for Environmental Protection and Energy Conservation in the Office (《辦公室環保節能提倡書》) to manage its office waste emissions more effectively. Its measures begin with waste reduction at the source and recycling. We reduced the number of indoor waste collection bins to encourage employees to reduce waste emissions. We advocate double-sided printing in the office, and all computer files are default-set at double-sided printing to save paper. A single-sided paper recycling box has been placed in the printing room to collect paper for secondary printing of non-important documents. Another recycling box collects waste paper for delivery by designated personnel to qualified recyclers. We advocate streamlining documents in the office. Matters for which there is no need to issue printed documents will be dealt with through meetings if possible. If printed documents are indeed necessary, the quantity of printing shall be accurately calculated to avoid excess. In addition, the Group advocates the reuse of waste, such as encouraging employees to make rational use of discarded cartons as express packaging where applicable in order to reduce the waste of resources.

Since 2019, Zall Steel has endeavoured to comply with the Regulations of Shanghai Municipality on the Management of Domestic Waste, strictly implemented the “four categories” of waste, and disposed of domestic waste by “recyclable waste”, “harmful waste”, “wet waste” and “dry waste” categories. Meanwhile, given the increased use of facial masks during the COVID-19 epidemic, we also set up special garbage bins for facial masks to ensure meeting the hygienic standards required by the state. In internal management, Zall Steel adopted online management to basically realise paperless office, which not only improved the efficiency of information transmission in internal management, but also reduced the use of office supplies, thereby implementing the energy saving and emission reduction initiative. It closely focuses on the national environmental protection policy regarding environmental protection management to formulate a green development strategy that aligns with the corporate operation, establish environmental awareness of energy conservation and emission reduction, and incorporate it into the corporate values and culture, and assume social responsibility for energy conservation and emission reduction.

During the Reporting Period, the Group had not identified any violations of the laws and regulations relating to non-hazardous waste and discharges to land.

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KPI A1.2 Greenhouse gas emissions in total and, where appropriate, intensity	Greenhouse Gas Emissions	
KPI A1.3 Total hazardous waste produced and, where appropriate, intensity	Hazardous Waste Emissions	
KPI A1.4 Total non-hazardous waste produced and, where appropriate, intensity	Non-hazardous Waste Emissions	
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KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Water Consumption Management	
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General disclosure and key performance indicators (KPI)	Section in this Report	Remark
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KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Addressing Climate Change	
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KPI B1.1 Total workforce by gender, employment type, age group and geographical region	Staff, Compensation and Benefits	We will disclose total number of employees by region in the report for the next year
KPI B1.2 Employee turnover rate by gender, age group and geographical region	N/A	We are establishing the data collection mechanism to present the data. The data will be available in the next report

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General disclosure and key performance indicators (KPI)	Section in this Report	Remark
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KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Sustainable Supply Chain Management	
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General Disclosure Policies relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Product Responsibility	
KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	N/A	
KPI B6.2 Number of products and service related complaints received and how they are dealt with	N/A	We are establishing the data collection mechanism to present the data. The data will be available in the next report
KPI B6.3 Description and practices relating to observing and protecting intellectual property rights	Intellectual Property	
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General disclosure and key performance indicators (KPI)	Section in this Report	Remark
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Aspect B8: Community Investment		
General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Social Contributions	
KPI B8.1 Focus areas of contribution	Social Contributions	
KPI B8.2 Resources contributed to the focus area	Social Contributions	