



优趣汇控股有限公司
UNQ HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 2177

2022
Environmental, Social
and Governance
Report



CONTENTS

02	About the Report
03	About UNQ
04	Statement of the Board of Directors
05	Enterprise Honours
06	1. ESG Management
06	1.1. ESG Management Structure
07	1.2. Communications with Stakeholder
08	1.3. Materiality Assessment
10	2. Commit to Partners
10	2.1. Win-win Cooperation with Brand Partners
12	2.2. Responsible Supply Chain
15	3. Commit to Customers
15	3.1. Protection of Customers' Rights and Interests
17	3.2. Improve Service Quality and Efficiency
21	4. Commit to Compliance
21	4.1. Business Ethics and Anti-Corruption
22	4.2. Information Security and Privacy Protection
24	4.3. Intellectual Property Management
25	5. Commit to Employees
25	5.1. Employment
29	5.2. Training and Development
32	5.3. Safety and Health
33	5.4. Secure Work Environment
38	6. Commit to Community
38	6.1. Active Service to the Community
39	6.2. Striving for the Dream via Education
40	6.3. Striving for Greener World
41	7. Commit to Environment
41	7.1. Addressing Climate Change
42	7.2. Maintaining Green Operation
45	Appendix: ESG reporting guide index

ABOUT THE REPORT

This is the second environmental, social, and governance (“**ESG**”) report issued by UNQ Holdings Co., Ltd. (the “**Company**”) to highlight the Company and its subsidiaries’ ESG policies, measures, actions, and accomplishments in 2022.

REPORTING SCOPE

Unless otherwise specified, this report covers UNQ Holdings Co., Ltd., and its subsidiaries (“**UNQ**”, the “**Group**” or “**we**”). The disclosure period of the report starts on 1 January 2022, and ends on 31 December 2022.

REPORTING STANDARDS

This ESG report complies with the *Environmental, Social and Governance Reporting Guide* (“**ESG Guide**”) in Appendix 27 to the Listing Rules issued by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

REPORTING PRINCIPLES

- “Materiality” Principle: The communication with stakeholders and material assessment are engaged in the preparing process of the ESG report to identify important ESG topics.
- “Quantitative” Principle: The ESG report adopts quantitative data to present the key performance indicators (“**KPIs**”) at the environmental and social aspects, with descriptions to explain their purpose and impact.
- “Balance” Principle: This ESG report follows the Principle of Balance and presents our ESG performance in an unbiased manner.
- “Consistency” Principle: This ESG report is the second ESG report of the Group. We will continue to use consistent statistical methods in the report so that meaningful comparisons can be made in the future.

REPORTING FORM

This report is published in the online version, which can be viewed and downloaded on the HKEXnews website of the Stock Exchange (<http://www.hkexnews.hk>) and the Group’s website (<http://youquhui.com>).

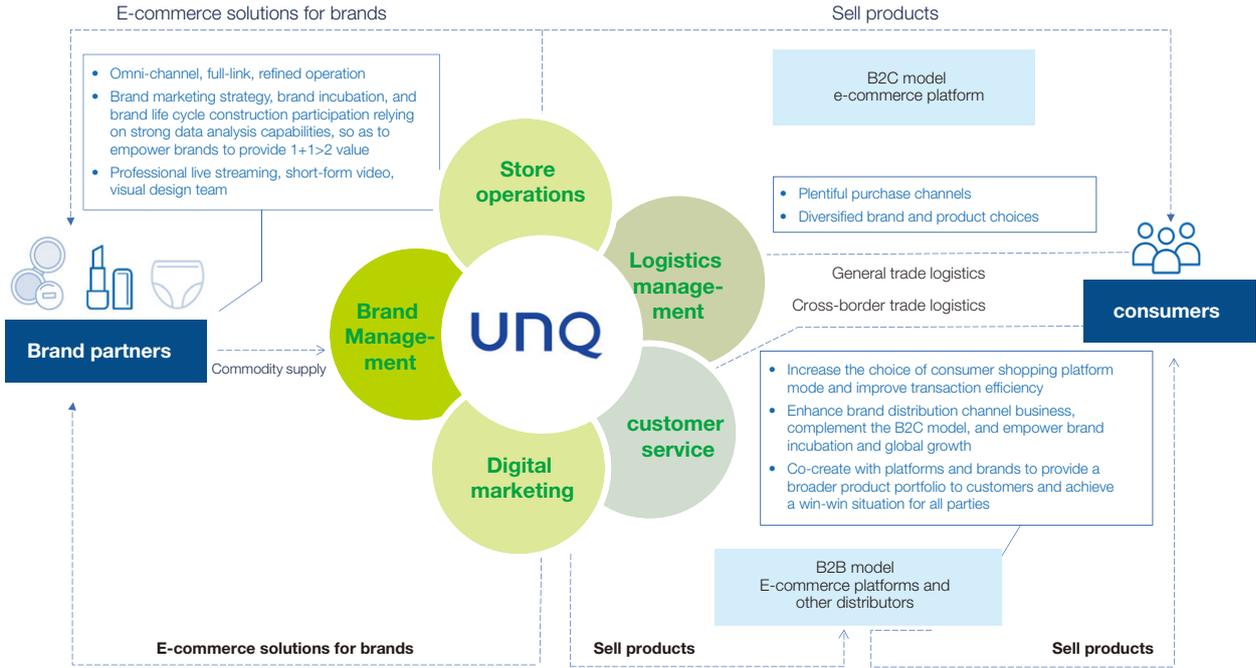
ABOUT UNQ

COMPANY PROFILE

Founded in 2010, UNQ officially landed on the Main Board of the Stock Exchange in July 2021. UNQ, as a leading brand e-commerce operation service provider in China, strategically focuses on Japanese-branded fast-moving consumer goods among global high-quality brands, including personal care products for adults, personal care products for babies, beauty products, health products and others, so as to provide integrated, omni-channel and high-value-added e-commerce operation services for brands, and empower brands to create more value.

UNQ acts as the bridge between brand partners, e-commerce platforms and consumers. UNQ has a professional product-selection and operation team, rich brand and channel resources. With the goal of meeting the increasingly diversified needs of consumers, UNQ is committed to bringing high-quality and interesting products to consumers from around the world, and strives to become the controller of brand resources in the field of “health and beauty” and the in-depth insight of consumer needs.

BUSINESS LAYOUT



STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors (“**the Board**”) of the Company guarantees that no false records, misleading statements or major omissions are contained in the content of this ESG report, and makes the following statement on the ESG supervision and management of the Board:

Governance Framework

The Board is the highest governance body for the Group’s ESG work. The Group has established a “Sustainable Development Working Group” to assist the Board in guiding and supervising the Group’s implementation of ESG work and the progress towards the goals. For the specific content of the Governance Framework, please refer to the chapter entitled “ESG Management” in this ESG report.

Management Policy and Strategy

The Group conducted extensive and in-depth communication with various stakeholders through different channels, analysed and identified major ESG-related issues of the Group, responded to relevant issues, and expounded the management methods to address these related issues in this ESG Report.

ENTERPRISE HONOURS

2022

- FY2022 Best Tmall Global Partner Award
- 2022 Excellent Companies in Digital Commerce (Shanghai E-commerce Industry Association)
- FY2022 Tmall Global 100 million Club – Kobayashi Pharmaceutical
- 2022 Annual Platinum Supplier of Tmall Supermarket
- FY2022 Tmall Global Best New Brand Incubation Partner

2021

- Tmall Global Purple-Star Service Provider in the third quarter of 2021
- 2021 Cainiao International Superior Partner
- Tmall's TOP5 Global Singles Day Promotion Most Popular Service Providers
- In the first half of 2021, Tmall's TOP10 list of excellent parent-child service providers
- Tmall Five-star Service Provider

2020

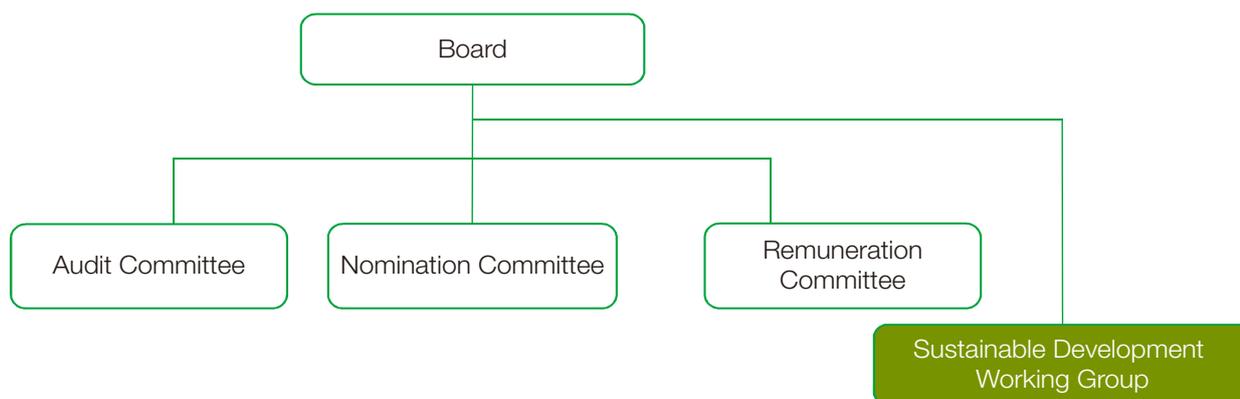
- Tmall Global KA Service Provider for the first quarter of 2020
- FY2020 Best Tmall Global Partner Award
- First Batch of Tmall Global Merchants
- Alibaba Brand Data Bank Certified Service Provider
- Tmall Five-star Service Provider

1. ESG MANAGEMENT

1.1. ESG MANAGEMENT STRUCTURE

To better implement the Group's sustainable development strategy and drive each department to operate using ESG principles, we established a Sustainable Development Working Group to achieve effective ESG management in a systematic and scientific way. We specified ESG management functions at each level with clearly defined rights and responsibilities:

- The Board is responsible for evaluating and determining ESG management policies and strategies, supervising ESG matters, taking full responsibility for the Group's ESG strategies and reporting, regularly reviewing ESG-related matters, and reviewing the progress of ESG-related goals, and approving the annual ESG report.
- The Sustainable Development Working Group is responsible for formulating specific ESG management policies, strategies, and performance indicators and annual plans for ESG work, assessing and determining risks and opportunities related to ESG matters, ensuring that a suitable and effective ESG risk management system is in place, regularly reviewing ESG goals and commitments, implementing ESG management policies and ESG policy guidelines, and reporting the progress of ESG work to the Board.



UNQ ESG Management Structure

1. ESG MANAGEMENT

1.2. COMMUNICATIONS WITH STAKEHOLDER

We proactively communicate with stakeholders in various forms to understand and timely respond to their expectations and requirements on ESG. And we will also consider the suggestions and feedback from all parties when carrying out ESG management. All this shows our commitment to build a close, smooth and healthy relationship with stakeholders.

Stakeholders	Issues in focus	Way of communication
Shareholders and investors	<ul style="list-style-type: none"> Return on investment Information disclosure Risk management 	<ul style="list-style-type: none"> Annual reports, financial statements and announcements Investor briefing Official website Conferences, roadshows and investor summits
Government and regulators	<ul style="list-style-type: none"> Compliance operation Tax payment according to law 	<ul style="list-style-type: none"> Daily reporting and communication Response to relevant inquiries from regulatory authorities Field visits and surveys Seminars and communication meetings
Media and NGOs	<ul style="list-style-type: none"> Driving industry development Responsible marketing Business integrity Social responsibility 	<ul style="list-style-type: none"> Social media Official website Press conferences Conference communication
Employees	<ul style="list-style-type: none"> Employee rights protection Occupational health and safety Employee welfare Equal opportunities and diversity 	<ul style="list-style-type: none"> Internal meeting Performance communication mechanism CEO mailbox Employee training
Brand customers	<ul style="list-style-type: none"> Honest operation Win-win cooperation 	<ul style="list-style-type: none"> Regular communication Industry summits
Consumers	<ul style="list-style-type: none"> Guarantee of personal privacy Guarantee of service quality 	<ul style="list-style-type: none"> Official website Customer service hotline Customer satisfaction survey Social media
Suppliers	<ul style="list-style-type: none"> Fairness and justice Win-win cooperation 	<ul style="list-style-type: none"> Assessment and evaluation on suppliers Business communication and cooperation
Community and public	<ul style="list-style-type: none"> Charity Community involvement 	<ul style="list-style-type: none"> Official website Community visits Cooperation with public welfare organisations

1. ESG MANAGEMENT

1.3. MATERIALITY ASSESSMENT

In 2021, the Group conducted a materiality assessment to determine the importance of each ESG issue to the Group's business development and various stakeholders, and used the assessment results as an important reference for the preparation of ESG management strategies and ESG reports. The specific process is as follows:

Step 1 Identify ESG Issues

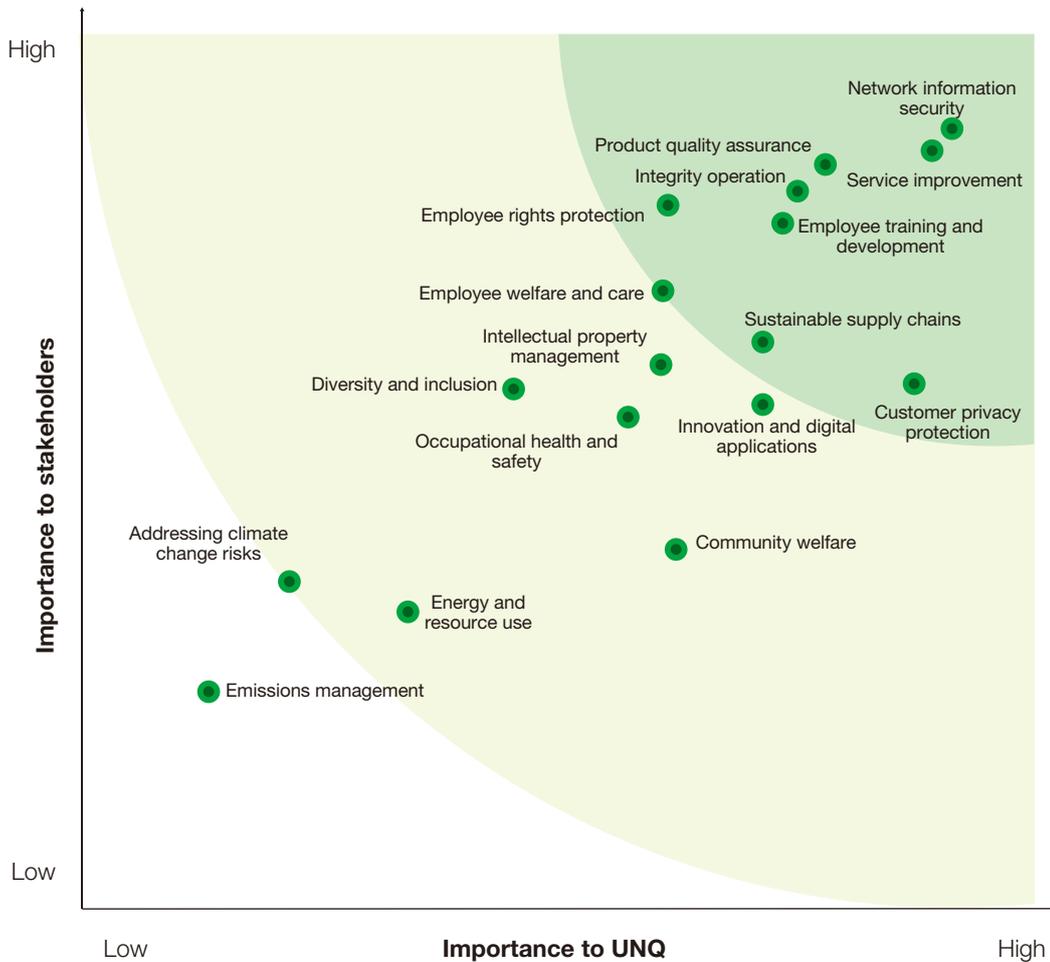
In line with the requirements of the *ESG Guide* and combined with the Group's actual business and industry characteristics, we have analysed and identified 18 ESG-related issues which stakeholders are concerned about through a series of methods, and confirmed that they have covered our ESG practices;

Step 2 Confirm the Materiality

Through internal interviews and discussions, and soliciting opinions from external experts, the Group has evaluated various issues from two aspects: "importance to UNQ" and "impact on stakeholders", and generated a materiality assessment matrix based on the results of the survey;

Step 3 Validate Assessment Results

The Board and the Sustainable Development Working Group have reviewed and confirmed the assessment results. In 2022, the management discussed the Material Analysis Matrix of 2021 and adjusted the topics as appropriate according to policy updates, market changes and the actual situation of the Group. There are 9 issues extremely important to the Group that have been updated and selected, including network information security, service improvement, product quality assurance, integrity operation, employee training and development, employee rights protection, employee welfare and care, customer privacy protection and sustainable supply chains. We will provide targeted responses to key issues in the relevant sections of this ESG report to meet the concerns of various stakeholders. The latest Material Analysis Matrix is as follows:



UNQ Material Analysis Matrix

2. COMMIT TO PARTNERS

Value chain partners are UNQ's important partners. We are committed to utilizing brand resources in the field of "health and beauty" and gaining in-depth insight into user needs, so as to provide integrated, omni-channel and high-value-added e-commerce operation services for brands. We hope to constantly introduce new brands to the platform, tap brand potential and engender brand innovation vitality. When cooperating with suppliers, we establish a scientific supplier selection and management system, and work with them to create a sustainable supply chain.

2.1. WIN-WIN COOPERATION WITH BRANDS

The Group strictly selects high-quality brands, and provides brand partners with innovative solutions by leveraging our own digital operation capabilities, so as to strengthen the connection between brands and consumers.

2.1.1. Strict Selection for High-Quality Brands

To build a better environment for cooperation, we formulated the *Potential Evaluation Form for New Brands* to evaluate the brand in question from the four dimensions of "market", "product", "brand" and "investment". Based on the grading-score, we select the most popular brands selling high quality products at a good price, enjoying a high reputation or having good prospects, and reach cooperation with these brands. As of 31 December 2022, we have cooperated with 29 brand partners and 67 brands.

We regularly review the qualifications and certification materials of brands, and actively urge them to update the approvals. At the end of each year, we check the industrial and commercial information, cosmetics production license and other qualifications of the brands, and require them to update the product filing certificates, imported product inspection and quarantine reports, brand licensing and other supporting materials to ensure the authenticity of their high-quality products.

If we find any product problems when marketing, promoting or providing services, we will immediately report to the brands and cooperate with them to inspect the whole series of the products, and recall those with problems to protect the rights and interests of consumers.

2.1.2. Partners Empowerment

To solve the brand's difficulty in marketing, inventory and operation, we conduct data analysis with the information integration advantages of the platform, and visualise the consolidated data analysis results of each port using the business intelligence (BI) dashboard, so as to help brand partners to improve their operation capabilities.

- **Marketing**

We match the brand consumer portraits with the portrait of fans from influencer online streaming to find the best key opinion leaders (KOL) for brands, thus allowing for targeted market positioning with greater marketing efficiency.

2. COMMIT TO PARTNERS

- **Inventory**

We analyse and forecast inventory turnover by integrating purchasing data, inventory data and sales data of various platforms, and set reasonable future plans for purchasing and sales accordingly, so as to improve the efficiency of commodity turnover.

- **Operation**

We have developed an automatic collection procedure for the operation data of certain stores on Tmall and the data collected is transformed into an operation data dashboard, which is used to enable timely monitoring processing of massive data.

Meanwhile, we dig deep into consumer preference and the areas where consumers are active based on the latest market data. We also look for brand partners' highlights in product selection, pricing and other aspects, to help brands to optimise operation strategy, and constantly improve product sustainability in the cooperation to meet the various needs of consumers.

[Case] Assisting BOSCIA for brand incubation and expanding the influence of Clean Beauty

We analysed the trends and found out that features like “plant-amino acid facial cleanser”, “mild” and “friendly to sensitive muscles” received high attention among consumers. We cooperated with BOSCIA, a high-end brand of “amino acid facial Wash” under FANCL Group, to help the brand achieve incubation from 0 to 1 in China. We take environmental friendliness and health and safety as the starting point to help brand promotion on multimedia platforms. At the same time, we continued to track market changes on the basis of data integration and analysis, so as to provide solutions for BOSCIA's research and development of new products, and optimisation for supply chain cost. With our help, BOSCIA achieved rising profits while increasing its presence in the Clean Beauty market.

[Case] Exploring dual consumption demand and creating sustainable preferential single product

In 2022, we cooperated with Kobayashi Pharmaceutical to upgrade its “warm paste” series products, which are exclusively sold at Tmall supermarket. The upgraded versions are divided into special pack and gift pack, both of which contain more products at the same price. The special pack is 6% more efficient than the original container packaging in usage, while the gift pack uses degradable paper packaging, which contains at least 10% renewable raw materials and 20% plant-based raw materials. This co-created single product not only meets the consumers' demand for preferential products, but also satisfies their preference for environmental products, which helped Kobayashi Pharmaceutical to increase product sales and enhance brand reputation.

2. COMMIT TO PARTNERS

2.2. RESPONSIBLE SUPPLY CHAIN

We continue to optimise the supplier quality management system, and stabilise the excellent supply-demand relationship to reduce procurement risks and costs, thus building a more efficient and responsible supply chain, and improving the core competitiveness.

2.2.1. Supplier Management

We conduct strict access and audit management on suppliers. When evaluating new suppliers, we comprehensively consider multiple energy efficiency dimensions such as service and product quality, timeliness of delivery, contract performance capacity, and price level, and choose the best one for cooperation. Meanwhile, we regularly conduct supplier audits. We reward qualified suppliers with points, and at the end of the year, we select excellent partners according to the point ranking, and give awards simultaneously. We have also put forward rectification requirements for suppliers that fail to meet the assessment requirements, and will terminate cooperation with suppliers who still fail to meet the audit requirements after rectification.

We actively communicate with suppliers in the form of online meetings from time to time. During the meetings, we discussed with suppliers about how the business operates and jointly deal with unexpected problems. In addition, we also carried out offline review meetings with suppliers to communicate and deploy future cooperation based on the review results. In 2022, the Group established a partnership with 172 suppliers.

Indicator	Number of suppliers	2022
Domestic suppliers		
Northeast China		5
North China		18
East China		92
South China		15
Central China		4
Northwest China		3
Southwest China		9
Overseas suppliers		
Overseas		26
Total		172

2. COMMIT TO PARTNERS

2.2.2. Supply Chain Social and Environmental Risk Management

We pay constant attention to social and environmental risks in the supply chain, and fully consider relevant risk factors when selecting and cooperating with suppliers.

We incorporate social impact evaluation into the supplier access assessment process. We have signed *Data Security Survey Form* with all logistics suppliers to control and avert potential risks related to information security such as data leakage in the logistics process; we also have other policies in place such as the *Central Warehouse Service Agreement* to clarify management requirements concerning personnel safety, fire safety, inventory safety and equipment safety. We require suppliers to sign the *Letter of Commitment for Anti-Commercial Bribery*, which clarifies what is a conflict of interest, the scope of improper interests and the consequences for breach of contract, so as to ensure the common interests of both parties.

In order to build a green supply chain, we actively promote the delivery in original boxes, and improve the distribution process through centralised distribution, intelligent warehousing division, cross-border direct delivery, shipping LCL and other ways to improve logistics efficiency and reduce the carbon footprint of commodities in the supply chain.

Cainiao Door-to-Door Pickup

Scattered customer orders are transported in a centralised way according to the city category, and then small trucks will be arranged for separate loading and distribution after these orders reach the destination city; and Tmall supermarket orders are processed in a centralised way according to the ordering rules. The centralised distribution method reduces the number of vehicles dispatched from the departure place to the destination and improve the full load rate of trunk vehicles.

Direct Delivery of Cross Border Brand to the Bonded Area

After communicating with the brand partners, we adjusted the original goods transportation process from “brand partners' overseas warehouses – UNQ's overseas warehouses – UNQ's domestic bonded warehouses” to directly transport overseas goods to the domestic bonded zone for shelf sales by sea, eliminating repeated packaging during the original overseas ex-warehousing and the receiving period.

Shipping LCL

We prioritise low-carbon sea transportation. From 2020, the original port lines, namely, Tianjin, Shanghai and Ningbo have been merged in Ningbo port line, so that the shipping line becomes basically regular and fixed (Japan-Ningbo). As of 31 December 2022, LCL has been conducted for 119 times, greatly reducing the number of marine containers, and the container loading rate is more than 95%.

Intelligent Warehousing

Based on the reasonable layout of our warehouses across China, through the calculation logic of the intelligent system, the goods are automatically shipped from the nearest warehouse according to the consumer's place of receipt, so as to ensure the optimal logistics transportation route and unnecessary waste of resources.

2. COMMIT TO PARTNERS

2.2.3. Guarantee for Stability of Supply Chain

During the fight against the pandemic, we communicated with the brands and the logistics partners more frequently to optimise distribution methods and transportation routes. All these efforts contributed to shortened transit time, reduced personnel contact, and improved logistics efficiency and safety.

During the “Singles Day” promotion period, we coordinated with brand partners and directly delivered goods from their warehouses near the community to improve the delivery efficiency. At the same time, as we cooperated with the express transfer warehouse, the orders were directly delivered to the express warehouse and quickly transferred to the transfer centre for allocation, improving the shipment efficiency without the pick-up by enterprises, and ensuring the stable supply chain.

3. COMMIT TO CUSTOMERS

UNQ values customer experience, and constantly improves the professionalism of service personnel to ensure that the service is delivered in a compliant and smooth manner. In addition, we create more value for our customers with AI tools, so as to serve them with higher quality.

3.1. PROTECTION OF CUSTOMERS' RIGHTS AND INTERESTS

In strict accordance with the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests* and other relevant laws and regulations, we constantly improve the service system and ensure compliant marketing activities, so as to improve our services following the customer satisfaction metrics.

3.1.1. Customer Service System

We built a top-down customer service management structure featuring four levels of “director-manager-supervisor-specialist”, and formulated the *Customer Service Standard Manual* to provide targeted guidance for customer service personnel and regulate their service behaviours.

We regularly carry out evaluation and promotion assessments of customer service personnel, who will be evaluated from multiple dimensions such as knowledge and skills, general skills, professional ability, and management ability as required by the *Job Competency Standards*, to urge them to improve their service ability.

At the same time, we set up a management mechanism for customer service quality to evaluate customer service personnel in terms of the service skills, sales ability, professional ability and compliance during live chat on a sampling basis, and the problems identified will be reported to the business supervisor with one-to-one guidance or guidance in a group provided according to the uniqueness of the problems. To implement closed-loop management, we summarise collected problems, and analyse cases and provide business solutions on a monthly basis, then check the rectification of problems in the next month.

3.1.2. Responsible Marketing

In compliance with the requirements of relevant laws and regulations such as the *E-Commerce Law of the People's Republic of China* and the *Advertising Law of the People's Republic of China*, we formulated the *Compliance Rules for Advertising Claims* to stipulate the pre-approval, post-supervision and response to violations of advertising claims, so as to ensure the compliance, authenticity and effectiveness of marketing content.

To further strengthen marketing compliance management, we adopted three key measures of “training, electronic early warning and reverse supervision” to control associated risks before, during and after the marketing activities.

- Training: Popularise marketing compliance knowledge to employees around the compliance of advertising and promotion, and reduce the risk of violation in advance;

3. COMMIT TO CUSTOMERS

- Electronic early warning: According to the banned word database, we capture and determine the banned text and pictures in the page. The early warning will be triggered when the banned content is found and the operation department will make rectification accordingly;
- Reverse supervision: Cooperate with the outsourcing customer service team to conduct reverse supervision of the Group as part of daily inspection, so as to avoid the blind area of self-inspection and comprehensively improve the risk prevention ability.

In addition, we are committed to delivering positive values to consumers in marketing, focusing on the sustainable development of the brand in publicity, and guiding consumers to embrace green, healthy and rational consumption.

[Case] Practising responsible marketing and bolstering the brand's environmental influence

We set up a separate section of Sofy's public welfare forest on the page of the official flagship store on Tmall to display Sofy's actions to protect the environment, thus calling on consumers to contribute to environmental protection by "watering" the public welfare forest online. Meanwhile, we focused on the content marketing of Sofy's newly designed environmental instyle bag, introducing its design concept and environmental materials, in an attempt to popularise green consumption by guiding consumers to focus on the environmental friendliness of products.



3. COMMIT TO CUSTOMERS

3.1.3. Customer Complaints and Satisfaction

To deal with customer complaints more efficiently, we formulated the *Maintenance Mechanism for Customer Complaints*, clarifying the responsibilities of relevant personnel and standardising the corresponding maintenance workflow, to ensure that all kinds of complaints can be properly resolved.

At the same time, we set up a special group for customer complaints handling, consisting of the legal department and customer service team. When receiving complaints from customers, the special group will take the lead in contacting with the operation department, propose targeted resolutions according to the complaints types after communication and negotiation with customer, and report the final results to the relevant regulatory agencies for the final determination and treatment of the ultimate responsible person. The Group requires the customer complaints to be well resolved within 24 hours, and all complaints from different channels should be resolved in the month when it is received. In 2022, we received a total of 26 customer complaints from various channels with 100% complaints resolved.

As the Group's business activities do not involve product production, the relevant conditions for triggering a product recall do not apply. To protect the legitimate rights and interests of consumers and their health and safety, we have actively cooperated with the brand in the relevant processes of product recall initiated by the brand to ensure the timely implementation of relevant measures such as consumer notification, outbound suspension and unified return, and ensure the smooth implementation of the recall processes.

3.2. IMPROVE SERVICE QUALITY AND EFFICIENCY

We strive to make our customer service response faster, be proactive in reaching out to our customers, continuously improve our customer service training system and create AI service tools. As a result, we bring a better service experience to our customers.

3.2.1. Customer Service Training

We established an integrated training system, which is divided into sub-systems of commodity knowledge training, customer service skills training and management knowledge sharing. Customer service staff were able to reinforce their knowledge base, improve their hands-on skills and achieve a higher level of professionalism through the training.

3. COMMIT TO CUSTOMERS

Type of Training	Programme Name	Training Details	2022 Training Achievements
Training of Commodity Knowledge	Empowerment Training	We provide both online and offline training with scenario-based practices and hands-on simulations. The training includes feedback and comment techniques for products, compliant marketing, and legal and regulatory requirements, etc. In addition, we provide special training for talents in live-streaming marketing.	We conducted a total of 10 empowerment training sessions, with an average of 18 person-time per session.
Customer Service Skill Training	Induction Training	We provide customer service training for new recruits engaged in customer service once every four days. The training covers basic skills such as awareness of customer service, pre-sales and after-sales customer service skills, skills to promote customer satisfaction, techniques for dealing with customer complaints and knowledge of information security.	We conducted a total of 48 training sessions for new recruits, covering 298 person-time, with 100% satisfaction from the participants.
	In-service Training	We provide training twice a month for in-service customer service personnel, covering knowledge on skills enhancement in different categories, such as mindset, profession, skills and techniques, and real cases sharing.	We conducted a total of 28 training sessions for in-service personnel, covering 986 person-time, with 98% satisfaction from the participants.

3. COMMIT TO CUSTOMERS

Type of Training	Programme Name	Training Details	2022 Training Achievements
Management Knowledge Sharing	Basic Courses	The course covers time management, communication skills, workplace decorum, emotion management, 6S management and others.	Conducted a total of 9 knowledge sharing sessions, covering an average of 23 participants per session, with 96% satisfaction from the participants.
	Group Level Courses	The training for the group level personnel focuses on basic management courses and professional skills courses, including basic analysis skills for problems, how to become a excellent team leader, etc.	
	Section Level Courses	The section level refers to supervisor level. The training focuses on team management courses, mainly including analysis and solution of difficult problems, employee performance management, meeting management and goal management.	

3. COMMIT TO CUSTOMERS

3.2.2. Smart Service

We leverage automated intelligent tools such as “Store Honey Girl”, “AG Automatic Refund”, “Yingdao” RPA (Robotic Process Automation), and “Banniu” to improve customer service efficiency. The tools have made customer enquiries on pandemic prevention measures and automatic registration of questions raised much easier, thus greatly reducing the workload of customer service personnel and reassuring the customers on hold. In addition, we continue to maintain a high level of service with “Store Honey Girl”, and have been selected into “Bee Top List” for several times. In 2022, the Sofy official flagship store operated by us won the “Alibaba Store Honey Girl Singles Day Promotion Bee Top List · Silver Bee Award”.

- Based on the key logistics restricted areas, customers will be provided with precise keywords to respond to specific questions as well as a secondary link, through which customers can check the specific information of shipping and the restriction status.
- In 2022, the coverage of customized scenarios of “Store Honey Girl” customer service robot reached 99.5%, which was 41.15% higher than the industry average of 58.35%; The conversion rate is only 36%, which is 9% better than the industry average of 45%; Satisfaction reached 46%, 6% higher than the industry average of 40%.

“Store Honey Girl”
Customer Service Robot

- For the situation that an epidemic area cannot be delivered to, the mini program “Yingdao” will actively leave a message to the user, remind the user to cancel the purchase, and appease customers by promising that the goods can be repurchased at the current price on the recovery of logistics.
- In 2022, Automatic Batch Message Leaving of “Yingdao” RPA has covered 19 scenarios, saving more than 4,500 hours of timeliness, processing more than 650,000 messages, and saving the workload of about 600 customer services personal.

Automatic Batch Message
Leaving of “Yingdao” RPA

- Banniu is used for data collection of customer service center. During the offline period of customer service, Banniu self-records customer questions. The customer service will actively check all of the recorded questions once they are online, to reduce the waiting time of customers.

“Banniu” Self Service Hall

Automated Intelligent Tools

4. COMMIT TO COMPLIANCE

UNQ is committed to creating an honest and fair business environment. The measures include optimising our own governance system, building a sound mechanism for power and accountability, firmly opposing corruption, safeguarding data and privacy, strengthening intellectual property management and abiding by business ethics. As a result, UNQ is able to enjoy sustainable growth.

4.1. BUSINESS ETHICS AND ANTI-CORRUPTION

We have a “zero tolerance” policy on corruption. For instance, we strictly abide by the relevant provisions of the *Criminal Law of the People’s Republic of China*, the *Law of the People’s Republic of China for Countering Unfair Competition*, the *Company Law of the People’s Republic of China* and other laws and regulations on job embezzlement, prevention of bribery, extortion, fraud, and money laundering. We clarified the penalty provisions for accepting or soliciting bribery, fraud and other violations of discipline and regulations in the *Reward and Punishment Policy*. If the circumstances are serious, the violator shall be dismissed by the Group immediately. In 2022, there were no incidents of corruption in the Group.

We have established an integrity policy with our partners to prohibit any bribery, unfair competition and other illegal practice in conducting business. We also require all key personnel and partners to sign the *Letter of Commitment for Anti-Commercial Bribery*, which ensures that the entire business operation process conforms to the requirements of business ethics.

We established a sound reporting channel and processing procedure system. Employees and external related personnel can report violations of business ethics or related incidents through the reporting mailbox jubao@myunq.com. After the reporting is confirmed as true, we will deal with the case seriously and publicise the results. We keep all whistle-blowers and all information provided strictly confidential and prohibit retaliation against the whistle-blowers. In addition, we will give whistle-blowers a certain amount of cash rewards according to the impact of the incident to encourage stakeholders’ whistleblowing behaviour on violations of laws and disciplines in accordance with the law.

We have included business ethics and anti-corruption as one of the key contents of induction training. For example, we conducted business ethics training, publicity and implementation for all employees regularly; created a legal information section with monthly updates in the office automation (OA) system; and publicised the legal risks and prevention measures of commercial bribery to all employees. In doing so, we passed on the values of integrity, honesty, incorruptibility and self-discipline to every employee. In 2022, we provided anti-corruption training for all board members. The training covered topics such as accepting or soliciting bribery, conflict of interest and fraudulent behaviours, internal controls and risk management, and the integrity role of board members. The training lasted for approximately 2 hours per member.

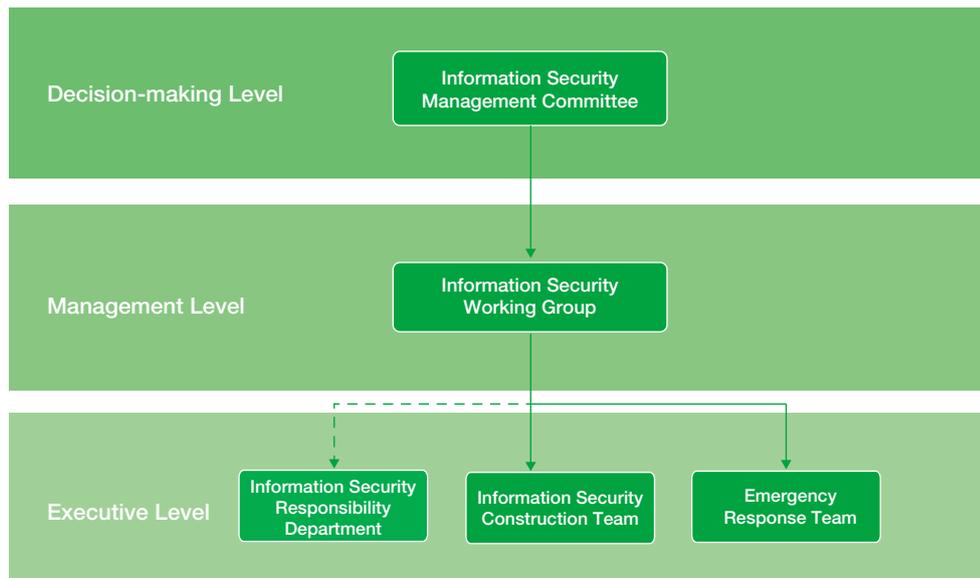
4. COMMIT TO COMPLIANCE

4.2. INFORMATION SECURITY AND PRIVACY PROTECTION

We comply with legal requirements such as the *Cybersecurity Law of the People's Republic of China*, *Data Security Law of the People's Republic of China* and *Personal Information Protection Law of the People's Republic of China*. We also formulated the *Information Security Management Policy* to regulate and guide data security, privacy protection, use of equipment, access management, network security, and handling of security incidents. In general, we are committed to providing secure business solutions to our partners.

4.2.1. Governance Support

We review and revise all information security related policies at the beginning of each year to ensure the effectiveness of our information security management system. To define clear information security responsibilities at each level, we have established an Information Security Management Committee responsible for information security planning and strategy formulation, and its detailed assignments are as follows:



Information Security Management Framework

We carry out information security awareness training and corresponding examinations as a necessary process for employee entry, as well as regular information security knowledge training, publicity and implementation. Also, the Information System Department organises employee information security reviews from time to time to reduce information security risks faced by the Group.

4. COMMIT TO COMPLIANCE

[Case] Enhancing employees' awareness of risk prevention with information security training

In 2022, we conducted an offline information security training for 8 employees in key functions for 1 hour. We have made *Information Security Awareness Training* compulsory for new recruits as online courses and set up post-training tests to ensure that employees have mastered the knowledge related to information security. 164 new recruits have participated in the 2022 information security online training.

4.2.2. Cyber Security

In the *Information Security Management Policy*, we provide detailed provisions on network security, such as access guidelines, norms for behaviours online and virus prevention, to ensure the security of employees' Internet access devices and their online behaviour. Meanwhile, we assign network administrators to maintain network servers, exam and analyse security logs regularly, devise virus prevention and control measures, and handle network malfunctions in time to minimise the possibility of network intrusion.

In 2022, we invested considerable efforts to installing domain control systems for the Group. As of 31 December 2022, the Shanghai regional account and domain control system have all been installed. The Hangzhou regional account has been installed, and the installation of the domain control system is continuously in progress. The domain control system manages staff access to the intranet by means of domain accounts, sets access control on network behaviours such as accessing shared data, and audits the network access records of terminals together with the network access system and Internet behaviour management system. This guarantees network security for the Group.

4.2.3. Data Security

We developed the *Data Security Management Policy* to further standardise data security management. We also relied on the *Reward and Punishment Policy* to promote a better understanding of data security regulations and to reduce the risk of data usage for the employees. Also, we formulated the *Data Backup and Disaster Recovery Plans* to specify database backup cycles and troubleshooting plans, and stipulate that data recovery tests must be performed at least once a year for timely troubleshooting and pre-emptive risk management.

We also conducted categorised and hierarchical management for information assets. We standardised the workflow for revision of confidentiality level and de-classification, regulated the information asset labelling management, and clarified the processing and protection requirements for information assets, and categorisation and procedural requirements for leaks.

We strictly monitored access from external sources to limit the movement of the Group's data within the scope of the internal network drive. Meanwhile, we integrated employee accounts with the domain control systems, so that employees no longer have access when they leave the Group. In 2022, we installed a remote access VPN in light of data security for employees working from home. Employees have to apply for permission to use the VPN to access the Group's network remotely for the safety of the Group's information assets.

4. COMMIT TO COMPLIANCE

4.2.4. Privacy Security

We strictly follow the *Personal Information Protection Law of the People's Republic of China* to minimise the risk of privacy violation and leakage. We are committed to safeguarding the privacy of our partners and consumers. We also require all employees to sign a non-disclosure agreement at the time of onboarding to raise their awareness of privacy protection.

We do not actively collect consumer information. All information we received in the service process has been desensitised by external partners. In the customer relationship management system (CRM), we contact our customers via external platforms. Based on the platform's privacy regulations, we no longer download private customer information. We have special personnel to be responsible for the accounts with authorisation of data export; we regularly review the platform operation logs to determine if there are any suspicious or non-compliant behaviour. Therefore, we keep our customers' data safe.

We closely monitor the opening tools of platform stores operated by the Group, and at the same time take hierarchical management measures for customer service account permissions. Specifically, the main store account is only used by a very small number of persons engaged in operations, customer service management, and finance, while the use permissions of the sub-accounts are classified by post, with only basic permissions such as viewing are reserved for designated personnel, thus realising isolation of information viewing or use permissions and minimising the risk of data misuse and privacy breaches.

4.3. INTELLECTUAL PROPERTY MANAGEMENT

The Group highly values intellectual property management. We include intellectual property protection clauses in our contracts to regulate both parties and any third parties involved for the use of property rights, such as images, fonts, audio, video, trademarks, domain names. During the procurement process, we demand that suppliers produce proof of intellectual property rights, so as to avoid any infringement of others' intellectual property rights in advance.

We vigorously apply for patents such as trademarks and copyrights. In 2022, we received approval for 4 trademarks, 3 copyrights of software and 2 copyrights of fine art works. As of 31 December 2022, we owned a total of 63 trademarks, 23 software copyrights, and 7 fine art works' copyrights.

[Case] Organising font compliance review to reduce the risk of business infringement

In 2022, we took the initiative to organise all departments to conduct a self-examination on font compliance to avoid infringement and illegal practices regarding fonts used for distribution, exhibition, screening and information dissemination online. At the same time, we provided font compliance awareness training and review for our design department to complete compliance control at the source.

5. COMMIT TO EMPLOYEES

UNQ respects and treats every employee equally, safeguards and protects their legitimate rights and interests. In addition, UNQ creates a learning enterprise atmosphere by providing a variety of training courses, expands the career development path for its employees, and always keeps an eye on their physical and mental health to create a happy workplace.

5.1. EMPLOYMENT

The Group strictly abide by the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China* and other relevant laws and regulations, and have established a comprehensive employment system with annual systematic revision performed to provide sufficient respect and protection for the rights and interests of its employees.

5.1.1. Recruitment

We strive to provide fair and reasonable employment and competitive opportunities for all applicants. We encourage our employees to apply for positions of their choice through internal applications and competitions, and employee recommendations. Meanwhile, we attract outstanding talents through diversified recruitment channels such as media recruitment, campus recruitment, headhunting recruitment, and employee recommendation. We strictly review the identity information of each personnel recruited, establish personnel files for employees, and explicitly prohibit the employment of child labour and forced labour in the *Recruitment, Employment and Contract Rules*, and if we discover the incidents of child labour or forced labour, relevant measures will be taken in accordance with laws and regulations to ensure that the rights of employees are not infringed. In 2022, there were no incidents of child labour or forced labour in the Group.

We have newly developed a *Management Policy for Onboarding, Employment after Probation, Transfer, and Resignation* to provide regulation and guidance for each process of employment. Besides, we revised the *Management Policy for Recruitment* and added new rules for employee recommendation rewards and internal hiring management. The revision contributed to the allocation of human resources for the Group and boosted the motivation and loyalty of our employees.

We value diversity and inclusion at our workplace. As of 31 December 2022, the Group had 421 employees. The specific number of employees and their turnover rates are as follows:

Indicator	Employee structure	
	Unit	2022
Headcount	Persons	421
By gender		
Male	Persons	112
Female	Persons	309
By employment type		
Full time	Persons	415
Part time	Persons	6

5. COMMIT TO EMPLOYEES

Employee structure		
Indicator	Unit	2022
By employee type		
Senior management	Persons	23
Middle management	Persons	88
Junior employees	Persons	310
By age group		
Under 30 years old	Persons	265
30-50 years old	Persons	146
Over 50 years old	Persons	10
By region		
Shanghai	Persons	98
Hangzhou	Persons	280
Beijing	Persons	27
Overseas	Persons	16
Employee turnover rate		
Indicator	Unit	2022
Total turnover rate	%	52.21
By gender		
Male	%	55.38
Female	%	50.95
By age group		
Under 30 years old	%	50.00
30-50 years old	%	56.42
Over 50 years old	%	37.50
By region		
Shanghai	%	51.94
Hangzhou	%	54.98
Beijing	%	22.86
Overseas	%	15.00

5. COMMIT TO EMPLOYEES

5.1.2. Working Hours and Holidays

In accordance with the *Labour Law of the People's Republic of China*, we formulated the *Attendance Management Policy* and conducted employee attendance management through the online system to standardise working hours management. We prohibit forced labour, and advocate that employees balance work and rest on the premise of ensuring the work progress and quality. For overtime work incurred, we pay overtime expenses for statutory holidays or grant compensatory leave in other cases, and reimburse overtime meal and travel expenses as required.

In addition, we have stipulated management rules for various holidays in the *Attendance Management Policy*, which specifies that employees are entitled to various holidays, including national statutory holidays, annual leave, marriage and childbirth leave, sick leave, personal leave, bereavement leave, etc., and stated that employees' annual leave was incremented annually according to working years. Meanwhile, we provide extra holidays for our employees, with three days off before the Spring Festival holiday to facilitate their travel. In 2022, we added parental leave to ease the stress of childcare and improve the well-being of our employees' families.

5.1.3. Compensations and Benefits

We continue to optimise our compensation structure system, update the *Compensation Management Policy* and the *Performance Management Policy*, and adjust the employee evaluation cycle and rules, so as to give full play to the role of compensation incentive and promote employee development.

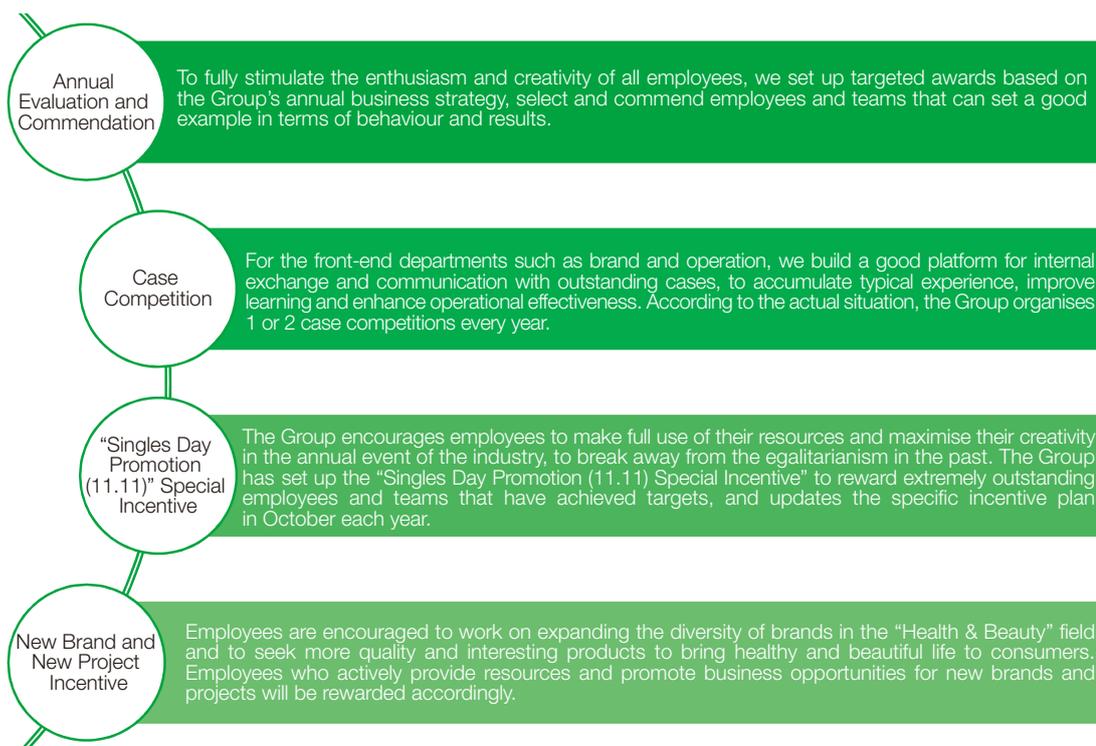
To further enhance employees' sense of belonging, we have formulated the *Employee Benefits Policy* to clarify various benefit policies that employees are entitled to. According to the requirements of relevant national and local laws and regulations, we pay basic social insurance and housing provident fund for employees and provide high temperature allowances in accordance with the government regulations of the place where social insurance is paid. In addition to statutory benefits, we also provide employees with various enterprise benefits such as wedding and funeral benefits, holiday gift benefits, additional commercial medical insurance, regular physical examinations, birthday benefits, afternoon tea, etc.

5. COMMIT TO EMPLOYEES

5.1.4. Employee Incentives

We have constantly improved the employee incentive mechanism, and formed four incentive segments, namely, “Annual Evaluation and Commendation”, “Case Competition”, “Double Eleven (11.11) Special Incentive” and “New Brand and New Project Incentive”, to fully stimulate the enthusiasm and creativity of all employees.

In order to further explore the internal growth momentum of the Group and enhance the Group’s own cohesion and market competitiveness, on 27 April 2022, the Board of the Group have adopted the 2022 Restricted Share Unit Scheme, which aims to recognize and reward the contribution of participants to the Group in order to attract the best talent and provide them with additional incentives to sustain and further promote the success of the Group’s business.



Four employee incentive segments of UNQ

5.2. TRAINING AND DEVELOPMENT

We provide employees with equal and diversified development channels and a targeted training system, to optimise talent allocation and create a practical high-level workforce.

5.2.1. Career Development

We set up a dual-channel career development path aiming at management development and professional development to give full play to the strengths of employees and realise rational allocation of talent resources.

We support employees' career development through daily competitive employment mechanism and year-end job debriefing evaluation. When there are positions available within the Group, we will organise internal recruitment based on actual demands, and arrange a trial period of about 3 months for coaching accordingly to make them competent in their positions. Year-end job debriefing is classified into intra-department debriefing and inter-department debriefing. The employee' superior, the head of the second-level department and the head of the first-level department will conduct a comprehensive evaluation of their job debriefing performance, and determine promotion candidates based on their performance evaluation results.

For new recruits, we developed the *New Recruits Training Plan* and set up the "New Recruits Coaching Programme" to help new recruits fit in the group faster and better. The coaching involves group policies and business. In terms of group policies, we conduct daily, weekly and monthly trainings to make employees become familiar with the Group's basic conditions through training lectures and self-study. In terms of business, there are mainly three phases. The first phase focuses on integrating newcomers into the team and making them familiar with processes and projects, the second phase focuses on their work status, collaboration within and outside the department and the quality of tasks completed, and the third phase focuses on their capability to work independently, phased work results and customer feedback. In the process of training newcomers, mentors formulate phased teaching plans for employees, conduct communication and replay with them in real time, and adjust the content of the next phased plan depending on the completion of objectives.

5. COMMIT TO EMPLOYEES

5.2.2. Employee Training

We establish open and inclusive characteristic training systems for employees. Based on the three types of training plans including “management”, “occupation” and “newcomers”, we have set up four levels of training courses including “leadership”, “general strength”, “professional strength” and “new strength”. Through channels such as enterprise open courses and online digital learning platform, we provided customised talent development programmes for different types of employees.

In terms of “leadership” training, we help first-line and middle managers to apply what they have learned to actual management scenarios through practical guidance and thought sharing from superiors in “Azure Project” and “Cyanine Project”. For the leadership improvement of management trainees, we help them quickly understand the basic business of the group and cultivate basic leadership through the “U Excellent Student Project”. In terms of “general skills” training, we improve employees’ general skills in the workplace through face-to-face training, online training camp and offline training. In terms of “professional ability” training, we have carried out professional upgrading courses for different job types to strengthen key abilities of employees. In terms of “new talent” training, we have carried out diversified training courses from the day of entry to the full-time period of the staff, through offline training, online self-study and other forms, to help the new staff quickly integrate into the team. In 2022, more than 70% of the Group’s employees received trainings, and the annual average hours of employee training reached 7.3 hours.

In addition, we continue to expand the team of internal trainers to provide a stage for employees to exercise and grow. As of 31 December 2022, we have trained 26 internal lecturers.

Level of Training	Type of Training	Project Name	Training Object
Leadership	Management training Junior Management Training	Azure Project	Middle management
		Cyanine Project	Primary management
		U Excellent Student Project	Graduate scheme
Competency	Vocational training	U Enjoy Hall B+	Brand centre, operation headquarters, new media, general management
		U Enjoy Hall G+	All employees
Professionalism	Position professional skills training	Operation courses sharing	Operation position
		Case contest	
		Design professional capabilities course sharing	Design position
		Legal affairs, HR sharing meeting	Functional position

5. COMMIT TO EMPLOYEES

Level of Training	Type of Training	Project Name	Training Object
Newcomers	Newcomer training	Bud Project Bud Information Meeting (Training in the first week) Bud Self-study Room (online training – within 7 days upon entry) Bud Creation Camp (offline intensive training – within 3 to 6 months upon entry) Required courses (6 months before becoming a regular)	New recruits

Indicator	Employee Training	
	Percentage of trained employees (%)	Training hours per capita (hours)
By gender		
Male	65.18	7.98
Female	72.49	6.93
By employee category		
Senior management	91.30	6.00
Middle management	72.73	8.34
Junior employees	68.39	5.02

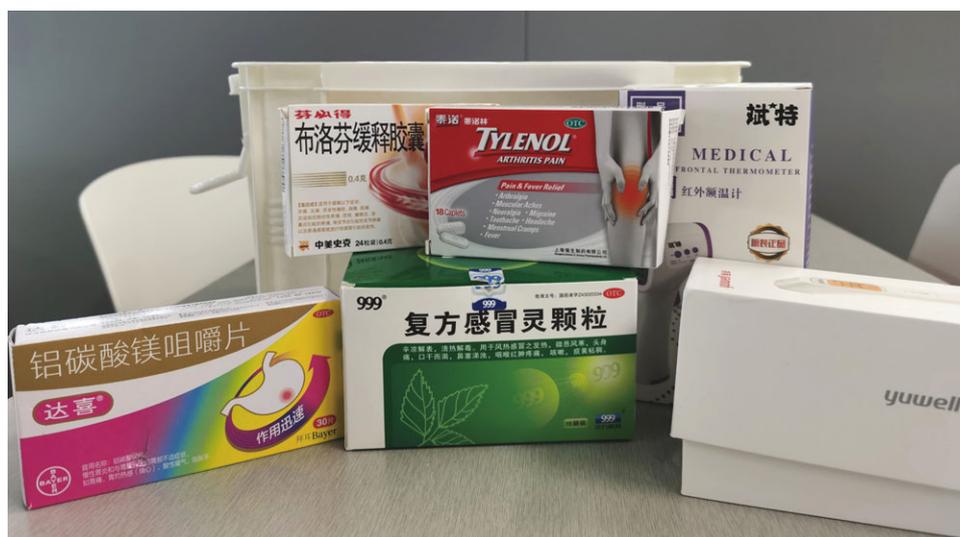
5. COMMIT TO EMPLOYEES

5.3. SAFETY AND HEALTH

We integrate occupational safety and health into all aspects of our operation, strictly abide by the *Labour Law of the People's Republic of China*, the *Fire Prevention Law of the People's Republic of China* and other safety-related laws and regulations, and strive to achieve all-employee, comprehensive and whole-process occupational safety and health risk management.

We pay close attention to the safety and health of our employees, set up a complete fire protection system in the office area, conduct regular safety hazard checks and fire protection knowledge publicity, and have formulated the *Rules on the Company's Office Environment* to strictly control dangerous behaviours such as using open flames and high-power electrical equipment. At the same time, we formulated the *Employee Physical Examination Policy* to provide all employees with free pre-service physical examinations and annual physical examinations to ensure that employees keep abreast of their health conditions.

Faced with the impact of the pandemic, we collaborated with each department to strengthen pandemic prevention and control management, and to reduce the impact of the pandemic on the health of employees. The Human Resources Department released the guidelines on pandemic life-related services in a timely manner, and kept close contact with each department on a daily basis to collect employees' health information. For employees with abnormal physical conditions, the one-to-one daily tracking mechanism was adopted to know about their physical conditions and whether they needed help. The pandemic prevention and response team publicised relevant policies and information in a timely manner, guided employees to do a good job in personal pandemic prevention work, and strictly implemented pandemic prevention and control measures in the office. In addition, we conducted disinfection and ventilation in the workplace on time, and implemented comprehensive check and registration of visitors, so as to reduce the potential risk of the pandemic.



5. COMMIT TO EMPLOYEES

Employee casualties				
Indicator	Unit	2022	2021	2020
Number of work-related fatalities	Persons	0	0	0
Ratio of work-related fatalities	%	0	0	0

Lost work hours			
Indicator	Unit	2022	
Lost days due to work injury	Days	0	

5.4. SECURE WORK ENVIRONMENT

The Group adheres to the people-oriented approach and develops an open and transparent communication mechanism. At the same time, we strive to promote the work-life balance of our employees, and enrich employee care measures and leisure activities to continuously enhance their sense of well-being and belonging in the workplace.

5.4.1. Democracy and Communication

We encourage equal, direct and respectful two-way communication. In order to listen to employees' voice, we constantly enrich communication channels by opening special mailboxes online and setting up opinion mailboxes at camera-free locations to smooth employee communication channels and create an open, transparent and trusting working atmosphere.

[Case] Eliminating geographical barriers to resolve communication anxiety

The brand incubation line team has two branches located in Shanghai and Hangzhou, and daily communication is hampered by geographical constraints. In 2022, we launched an all-employee team building of the Brand Incubation Department to eliminate social barriers with outward bound-related games, which enabled employees to make active communication from passive participation in games and enhanced communication and familiarity between employees in both places, laying a solid foundation for smooth cooperation in later work.



5. COMMIT TO EMPLOYEES

[Case] Organising communication meeting to promote employees' sense of belonging

In 2022, we organised an all-employee communication meeting for the pharmaceutical and health brand line to help new colleagues get more familiar with the new work environment. Meanwhile, we initiated employee self-introduction in a relaxed atmosphere, thereby making them know each other better through games. After the event, there were obviously more discussion and communication within the team, fostering a good team communication atmosphere.



In 2022, the Group's senior management got actively involved in daily linear communication with employees, including the "face-to-face coffee time with the boss" activity, bud lunches and other communication meetings.

[Case] Conducting the "face-to-face communication with the boss" activity to smooth upward communication channels for employees

In 2022, we conducted 10 sessions of the "face-to-face coffee time with the boss" activity with a total of 68 employees involved. During the activity, employees enthusiastically asked questions to the Group's executives to learn more about the development of UNQ, and obtained career guidance from their experience sharing, which resolved employees' confusions in work and further clarified the direction for their future development.

5.4.2. Employee Care

We care about every employee in difficulty. In case of serious illness or other hardship, we pay sustained attention to the disease progression of employees and provide assistance accordingly. In addition, we provide consolation money to employees according to their personal circumstances, make salary payment according to the regulations of sick leave, and continue to pay five insurances and one housing fund in full for them, and give out holiday benefits. During the pandemic prevention and control period in Shanghai in 2022, the transportation capacity of all major platforms was paralysed. We used our resources to send a batch of living materials for employees, and provide them with the channel to purchase necessities to alleviate their food shortage at home. At the same time, the Chief Executive Officer (CEO) of the Group also paid close attention to employees' conditions at home, distributed anti-pandemic red packets to all employees, and made calls to care about employees in difficulty.

5. COMMIT TO EMPLOYEES



Anti-pandemic gift package

We value women's workplace experience and physical and mental health. The Group sets up dedicated mother-infant rooms, prepares items especially for females, such as brown sugar water, motherwort and painkillers in the reception area, and provides sanitary towel boxes in the women's toilets, so as to provide a more friendly working environment for female employees.



Women accessible facilities

We also place small fans, medicine boxes and other daily necessities in the reception area for easy access by employees. If employees suffer from physical discomfort, we will flexibly approve their leave, and arrange company for them to the hospital if necessary.

5. COMMIT TO EMPLOYEES

5.4.3. Employee Activities

To relieve employees' work pressure and enrich their leisure time, we organise a series of cultural and sports activities such as craft clubs, employee birthday parties and theme months to enhance unity and cohesion among employees. At the same time, we set up cycling clubs to support employees to organise outdoor cycling or hiking activities, and advocate the concept of green and healthy life.



Cycling club outdoor activities

[Case] The Constellation Theme Birthday Party for giving blessings to the birthday persons

We hold a monthly birthday party for all employees under the theme of Constellation. We provide surprises such as birthday cake, exclusive afternoon tea, interactive games, Tmall Supermarket cards for the month. Birthday persons from various departments gather to celebrate their birthdays. The birthday parties effectively promote friendly communication among employees from various departments and enhance the staff's enthusiasm and cohesion.



5. COMMIT TO EMPLOYEES

[Case] Seasonal Theme Month Event for arousing employees' enthusiasm

In 2022, with the background of different seasons, we carried out a series of monthly activities. During the most vibrant period of Spring in April, we launched interesting sports activities to promote physical fitness. In May, the theme month of “The Power of Examples” was held. With the coming of Labour Day, we recognised outstanding employees and teams and disseminated excellent cases of the previous year, giving full play to the examples. In July, the “Cool Summer Month” was launched, holding summer activities such as watermelon eating competition, so that employees can enjoy more at work and experience happiness of different seasons.



6. COMMIT TO COMMUNITY

Since the establishment, UNQ has unwaveringly adhered to the basic principle of public welfare. Based on the real needs of society and from the practical details, we did what we could do and maintained with perseverance, and maximised our own advantages in social public welfare activities.

The charity programme of the Group focuses on the needs of the community, educational equality and environmental welfare. In practical actions, we maintain the concept of “Enterprise Leading, All Staff Participating”, develop an internal charity pioneer group, establish an honorary system, strive to increase the public welfare participants, and fulfil the action principle of “public welfare by everyone”. At the same time, we have established a long-term relationship with social welfare organisations, continued to pay attention to new social needs and new trends in public welfare to build a long-term public welfare system and expand the social influence of public welfare actions. In 2022, the Group donated a total of about RMB 142,896.24.

6.1. ACTIVE SERVICE TO THE COMMUNITY

As a member of the community, we commit to bringing the public welfare to the practice. We are always concerned about and actively involved in the affairs of the community, and are responsive to the needs of the community at the earliest opportunity. We are considerate to provide the best solutions for the community.

[Case] Fighting for Zero Covid-19 Cases and Caring the “City Defender”

In April 2022, after learning of a series of difficulties encountered by health care workers, volunteers, and other community workers due to lack of supplies, we urgently mobilised various departments to coordinate with each other. With the full support of the government, we dispatched a batch of anti-epidemic supplies and donated them to Yangjing Community of Pudong New Area. The donations included supplies of personal hygiene and oral cleaning, which are urgently needed by the city defenders. The batch of supplies focused on supporting women workers, providing them with more than 200 pieces of sanitary supplies, alleviating their worries, and supporting front-line anti-epidemic personnel with practical actions.



6. COMMIT TO COMMUNITY

[Case] Setting up Caring Stations for Workers' Convenience

The General Trade Union of Yangjing Community in Pudong New Area of Shanghai has set up a caring station for outdoor workers, providing charging, drinking water and rest facilities. In August 2022, Shanghai was experiencing high temperature for several months, and drinking water consumption at the caring station increased sharply. After learning of the news, we immediately contacted the General Trade Union of Yangjing Community, and made urgent arrangements to purchase 100 cartons of portable drinking water and donated to their outdoor workers' caring station, along with coolness in summer.



6.2. STRIVING FOR THE DREAM VIA EDUCATION

Education is the future of the nation, and it is also a public welfare area in which we continue to explore. In 2016, we joined the “Spring Bud Education Project” public welfare project, designed to contribute ourselves to the basic education of rural primary schools. In 2021, we signed a “Co-construction Agreement” with Shanghai Changning Special School, which plans to provide long-term funding to special students suffering from autism and mental retardation. In the educational public welfare activities, we strive to convey more knowledge and resources to the groups with education problems, help students find diverse future possibilities, and promote education equality.

[Case] Setting up Reading Corner for the Pursuit of Dream

The year 2022 marks the seventh year of our participation in the “Spring Bud Education Project”. Over the years, we have continued to provide targeted assistance to many schools in poverty-stricken areas of Guangxi and Sichuan by organizing volunteer education activities, donating funds and materials needed for study, and sowing dreams for left-behind children in rural areas.

As early as in 2016, we have donated a “(UNQ) – Spring bud Library” to the children of Longtang Primary School in Duyu Township, Sanjiang Dong Autonomous County, Guangxi Province. In December 2022, we have enriched the contents of library projects, and mobilized all staff to participate in the book donation activity of “UNQ Book Corner”, sending fairy tales, novels, picture books and other extracurricular reading materials to rural children. During the activity, we have collected and donated about 3,000 books to support the development of education for left-behind children in rural areas.

6. COMMIT TO COMMUNITY

6.3. STRIVING FOR GREENER WORLD

We continue to pay attention to the nature, on which human beings depend, and work with social environmental protection organisations to steadily implement the public welfare actions of greening the earth for the long run.

Since 2017, we have cooperated with the public service organisation “Mother Yi’s Initiative for Public Welfare Tree Planting”, and have organised internal volunteer teams to go to Inner Mongolia several times to be personally involved in the desertification control public welfare project. In 2022, we cooperated with China Green Foundation and Tencent Public Welfare. We participated in the “10 Yuan Green Alxa” fundraising activity to help improve the ecological environment in Alxa of Inner Mongolia. Through the constant environmental public welfare, we hope to grow a small forest belonging to UNQ on the motherland, to appeal to employees and society regarding the operation to protect the earth .

[Case] Greening Desert with Trees of Life

In November 2022, we launched the “Green Desert” donation campaign, calling on employees to participate in the “10 Yuan Make Alxa Green” public welfare project initiated by China Green Foundation. During the activity, we collected and donated RMB 40,000 for afforestation and desertification prevention and control in Alxa Region of Inner Mongolia Autonomous Region with a total of 40,000 square meters of sand fixation, contributing to further accelerating the progress of ecological restoration and improving the ecological environment.



7. COMMIT TO ENVIRONMENT

UNQ adheres to low-carbon development and green operation, minimising the environmental impact of commercial activities. With the belief of many a little makes a mickle, the Group consistently makes environmental protection contributions to safeguard the earth.

7.1. ADDRESSING CLIMATE CHANGE

In 2022, frequent extreme weather disasters across the country again demonstrated the urgency of climate change. As a provider of branded e-commerce retail and wholesale solutions, we actively identify climate change risks and related market opportunities across the value chain, formulate coping strategies based on our own characteristics, and incorporate climate change factors into all aspects of our operations.

As China's "dual carbon" strategy keeps advancing, we continue to face risks and opportunities related to climate change such as "strengthening green operations" "reducing packaging consumables" and "rising consumer demand for green and low-carbon products". Therefore, we will continue to improve our management level, reduce energy consumption, and work with our partners to provide the market with products and services more friendly to the environment.

As we are not involved in large-scale production activities, we are less exposed to climate transition risks from policies, regulations, technology, market, reputation, etc. Our business involves extensive logistics and extreme weather has been evaluated as a major physical risk encountered in our operations. When extreme weather such as typhoons, rainstorms, and snowstorms occur, it may cause a slowdown in delivery speed or interruption in our logistics, resulting in an increase in the number of storage days. In addition, such extreme weather can also result in damage to our warehouse equipment, loss of product, and delays or even interruptions in product supply.

To better cope with the risk of climate change, we will gradually establish corresponding disaster response procedures and response mechanisms for each type of extreme weather, clarify the management responsibilities of all parties, and promote the popularisation and implementation of climate change response mechanisms across the Group. At the same time, we will actively seek opportunities related to climate change, integrate our own resource advantages, adhere to green operations, promote green consumption, and better assist with China's "dual carbon" goal as soon as possible.

7. COMMIT TO ENVIRONMENT

7.2. MAINTAINING GREEN OPERATION

The Group attaches great importance to green management and practices in the operations. Through the formulation of policies such as *the Rules on the Company's Office Environment*, the Group promotes the concept of green environment, strives to reduce resource consumption and emissions to achieve harmony between people and nature.

7.2.1. Reduce Resource Consumption

We comply with the related rules and regulations such as the *Energy Conservation Law of the People's Republic of China*, adopt LED energy-saving lamps in the entire office space, post energy-saving slogans at each switch to promote the practice of turning lights off when leaving. At the same time, we set the air-conditioning temperature at 26°C and the heating temperature at 20°C. We also shut down the air-conditioning and electric lights in time after work to reduce electricity consumption.

The Group's main water resource is from municipal water supply, and there is no risk of seeking suitable water resource. In addition, we constantly strengthen daily water management. By posting water-saving tips and enhancing water equipment management, we strive to improve water-saving awareness among our employees and improve the efficiency of water utilisation.

During the office process, we also advocate online electronic signature system, promote the signing of electronic contracts to reduce the use of paper and packaging waste. We also promote paperless office through the Office Automation (OA) platform and online communication systems. For the necessary printing paper, the system defaults to two-sided printing, and the "paper reuse" initiative is posted next to the printer. Besides, we provide employees with notebooks whose pages are replaceable, putting the concept of resource-saving to the practice of daily work.

Our operations do not involve packaging materials. In order to reduce the impact of the use of packaging materials in the supply chain on the environment, we encourage suppliers to use simple packaging, reuse and upgrade packaging materials in logistics. Furthermore, we are delivering more goods with original boxes to reduce the consumption of packaging materials in the supply chain.

7.2.2. Emissions Management

The pollutants involved in our operations are only domestic sewage, and we generate almost no hazardous waste. A small number of used ink cartridges from printers are handed over to qualified third parties for recycling. We recycle waste office paper for reuse at the front desk, and encourage employees to recycle express boxes and fillings to reduce waste such as waste paper and waste packaging.

We promote green travel modes such as subway and bus, prioritise high-speed railway for travel, and encourage online teleworking and meeting to diminish the carbon footprints due to travels.

7. COMMIT TO ENVIRONMENT

7.2.3. Environmental Aspect KPIs

In 2022, the KPIs for all environmental aspect were as follows:

Indicator	Emissions Unit	2022
Direct (Scope 1) GHG emissions	Tonnes of carbon dioxide equivalent	0
Of which: gasoline	Tonnes of carbon dioxide equivalent	0
Indirect (Scope 2) GHG emissions	Tonnes of carbon dioxide equivalent	142.46
Of which: purchased electricity	Tonnes of carbon dioxide equivalent	142.46
Total GHG emissions (Scope 1 and 2)	Tonnes of carbon dioxide equivalent	142.46
Density of total GHG emissions	Tonnes of carbon dioxide equivalent/capita	0.34
Indicator	Resource use Unit	2022
Energy consumption		
Total direct energy consumption	KWh	0
Of which: gasoline	KWh	0
Total indirect energy consumption	KWh	199,931
Of which: purchased electricity	KWh	199,931
Total energy consumption	KWh	199,931
Density of total energy consumption	KWh/capita	474.89
Water resource use		
Total water consumption	Tonnes	317.17
Density of total water consumption	Tonnes/capita	0.75

7. COMMIT TO ENVIRONMENT

1. Environmental KPIs cover the Group's offices in Shanghai, Hangzhou and Beijing;
2. Since the Group was not involved in the production of products, no exhaust emissions were generated during operation; Domestic wastewater was discharged into the municipal pipe network, and the Group could not measure the discharge. Therefore, KPI A1.1 (type of emissions and related emissions data) was not disclosed in the ESG report;
3. The hazardous waste generated by the Group's operation was a small amount of waste ink cartridges, etc., which were recycled by qualified recyclers, and had a small impact on the environment, so KPI A1.3 (total amount and density of hazardous waste generated) was not disclosed in the ESG report;
4. The non-hazardous waste of the Group was domestic waste such as waste paper, courier fillers, packaging and other domestic waste generated in the course of operation, which are classified and put in accordance with the regulations and handed over to the building property for unified disposal, and the garbage disposal fee was also included in the property management fee and handed over to the property management company. The amount of waste generated could not be measured separately. Therefore, KPI A1.4 (total amount and intensity of non-hazardous waste generated) was not disclosed in the ESG report;
5. In 2022, The Group did not use buses, so there were no direct (Scope 1) greenhouse gas emissions. Greenhouse gas emissions were all caused by purchased electricity in Scope 2: indirect greenhouse gas emissions from energy, and the emissions were listed according to carbon dioxide equivalent, and the accounting methods and conversion factors were derived from the *Guidelines for Accounting and Reporting of Greenhouse Gas Emissions of Public Building Operators* issued by the National Development and Reform Commission;
6. In 2022, The Group did not use buses, so there was no direct energy consumption;
7. Since the water used by the Group's offices in Shanghai and Beijing was from the municipal pipe network, and the water charges were also included in the property management fees and handed over to the property management company, the Group could not measure the water consumption. Therefore, the total water consumption and intensity data disclosed in the ESG report came from the Group's office area in Hangzhou;
8. The Group did not involve the extensive use of non-renewable energy, forest resources, or impacts on biodiversity in our operations, and according to the materiality assessment, KPI A3 (environmental and natural resources) was of relatively low importance to the Group and was not disclosed in the ESG report;
9. In 2022, the products sold by the Group were shipped from the original boxes of the brand owner, and the packaging of the logistics link was undertaken by the third-party logistics company, so no additional packaging materials were involved. Therefore, KPI A2.5 (total amount of packaging materials used in the finished product and the amount per unit of production) was not disclosed in the ESG report.

APPENDIX: ESG REPORTING GUIDE INDEX

KPI	Description	Whether or not to disclose	Notes
A1 Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Disclosed	
A1.1	The types of emissions and respective emissions data	Irrelevant	
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity	Disclosed	
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Without substantial effect	
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Explained in the endnote of 7.2.3	
A1.5	Description of emission target(s) set and steps taken to achieve them	Disclosed	
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction targets(s) set and steps taken to achieve them	Disclosed	

APPENDIX: ESG REPORTING GUIDE INDEX

KPI	Description	Whether or not to disclose	Notes
A2 Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Disclosed	
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	Disclosed	
A2.2	Total water consumption and intensity (e.g. per unit of production volume, per facility)	Disclosed	
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Disclosed	
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Disclosed	
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Explained in the endnote of 7.2.3	
A3 Environment and Natural Resources			
General Disclosure	Policies on minimising the listed company's significant impact on the environment and natural resources	Irrelevant	
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Irrelevant	
A4 Climate Change			
General Disclosure	Polices on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Disclosed	
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	Disclosed	

APPENDIX: ESG REPORTING GUIDE INDEX

KPI	Description	Whether or not to disclose	Notes
B1 Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Disclosed	
B1.1	Total workforce by gender, employment type, age group and geographical region	Disclosed	
B1.2	Employee turnover rate by gender, age group and geographical region	Disclosed	
B2 Health and Safety			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Disclosed	
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Disclosed	
B2.2	Lost days due to work injury	Disclosed	
B2.3	Description of occupational health and safety measures adopted and how they are implemented and monitored.	Disclosed	

APPENDIX: ESG REPORTING GUIDE INDEX

KPI	Description	Whether or not to disclose	Notes
B3 Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Disclosed	
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Disclosed	
B3.2	The average training hours completed per employee by gender and employee category	Disclosed	
B4 Labour Code			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Disclosed	
B4.1	Description of measures to review employment practices to avoid child and forced labour	Disclosed	
B4.2	Description of steps taken to eliminate such practices when discovered	Disclosed	

APPENDIX: ESG REPORTING GUIDE INDEX

KPI	Description	Whether or not to disclose	Notes
B5 Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain	Disclosed	
B5.1	Number of suppliers by geographical regions	Disclosed	
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Disclosed	
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Disclosed	
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Disclosed	
B6 Product responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Disclosed	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Irrelevant	
B6.2	Number of products and services related complaints received and how they are dealt with	Disclosed	
B6.3	Description of practices relating to observing and protecting intellectual property rights	Disclosed	
B6.4	Description of quality assurance process and recall procedures	Disclosed	
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	Disclosed	

APPENDIX: ESG REPORTING GUIDE INDEX

KPI	Description	Whether or not to disclose	Notes
B7 Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Disclosed	
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Disclosed	
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Disclosed	
B7.3	Description of anti-corruption training provided to directors and staff	Disclosed	
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	Disclosed	
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Disclosed	
B8.2	Resources contributed (e.g. money or time) to the focus area	Disclosed	



优趣汇控股有限公司
UNQ HOLDINGS LIMITED

