

SHAPING THE FUTURE OF THE DIGITAL ECONOMY

FY2022 ESG Impact Report



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From our Leaders

Letter From Our Group Chief Executive Officer



James Dong

Group Chief Executive Officer, Lazada Group

The last two years have been tumultuous for all of us. Like many other businesses, we experienced the challenges of having to adapt to new working conditions and health concerns sparked by the pandemic in our operations across the Southeast Asian region. As the pandemic shifts toward an endemic phase, we are extremely proud of our colleagues who have demonstrated great resilience and agility and overcame many adversities during this period to continue serving our buyers and sellers.

As Lazada celebrates its 10th anniversary this year, we also celebrate 10 years of digital commerce in Southeast Asia. I am proud of how far Lazada has come in our efforts to accelerate the growth of digital commerce in the Southeast Asian economy. Earlier in the year, we hit a new milestone of having 1 million monthly selling sellers on Lazada. They are using our highly digitalized, easy-to-use seller application and artificial intelligence (AI)-enabled business advisor to connect with more than 150 million users on our platform every month. We remain confident in our abilities to develop this industry and be a key driving force in Southeast Asia's digital economy, which is estimated to reach USD 1 trillion by 2030.¹

Beyond our expansion and growth, it is important to us that we continue to use our business as a force for good by giving back to society and empowering communities. I am humbled to have witnessed first-hand many inspiring journeys and successes among our sellers, and I want to acknowledge the resilience of small and medium enterprises across the region. Through Lazada's Forward Women Awards held on International

¹ [Google, Temasek, and Bain e-Economy SEA 2021 report](#) (2021)

Women's Day, we celebrated the successes of 18 inspiring female sellers across Southeast Asia who actively grew their businesses by expanding online via our platform, enrolling in digital commerce courses and participating in Lazada's mega campaigns.

We also want to do more for the communities that we are a part of and be a pillar of support in times of need. When Typhoon Odette swept across the Philippines and severe floods affected Malaysia in 2021, we partnered with disaster-relief organizations to donate essentials to those in need and provided an avenue through our platform for the public to make donations and contribute to relief efforts. At the height of the pandemic, we partnered with various governments across Southeast Asia to roll out vaccination exercises to ensure the health and safety of our frontliners and users.

As we scale our impact, we remain committed to protecting businesses by championing their intellectual property rights to ensure that these businesses can earn the full recognition and financial benefits that they deserve. We are the first Southeast Asian digital commerce company with a dedicated Intellectual Property Rights (IPR) Protection Team. We use AI algorithms to automatically detect and remove suspected counterfeit listings, and we actively respond to takedown requests through our Intellectual Property Protection Platform (IPP platform). Thanks to our ever-improving technology, the average time needed to process a takedown request on IPP platform has dropped by more than 40% from 2020 to 2021. In many instances, once counterfeit product listings are removed, users return to purchasing authentic products, boosting sales for these brands.

As a growing business, we also recognize the importance of being responsible stewards and protecting the environment for future generations. In this report, we share more about Lazada's environmental impact and the initiatives that we are currently implementing to provide more sustainable options for our services. We will remain proactive in developing new sustainable

strategies that will place us in good stead to meet the environmental challenges that may come our way in the near future.

Lastly, the past 10 years would not have been possible without the hard work of our Lazadians who have planted the seeds for digital commerce and incubated this industry from its early days. To continue growing this business, we will build an inclusive, diverse and future-ready workforce through various upskilling and learning initiatives internally and externally while ensuring the well-being of our employees.

This inaugural Environmental, Social and Governance (ESG) Impact Report commemorates our 10th anniversary and marks our commitment to transparency and accountability. We are pleased to share our progress over the last two years as we continue to make a difference through our operations.

We thank our stakeholders for their continued support. This is only the start of our impact journey. Together, we can shape the future of the digital economy to be more sustainable, more empowering and more resilient.

James Dong

Group Chief Executive Officer
Lazada Group

Q&A: Five Questions With Our Group Chief Finance Officer



Frank Luo

Group Chief Finance Officer, Lazada Group

Q1: A growing digital commerce company will need to grapple with sustainability. What do “sustainability” and “sustainable development” mean to Lazada, and why are they important?

Sustainability is an important standard for companies globally to work toward, and that is no different for Lazada. We believe that everyone can play a vital role in being sustainable and should contribute to global sustainability goals. As Southeast Asia's pioneer digital commerce platform, we are committed to enabling a sustainable and healthy ecosystem that connects buyers and sellers, while supporting the transition to a low-carbon future.

With Lazada's success being so closely intertwined with the wider socioeconomic landscape, we have identified four key areas that will enable us to achieve a sustainable digital ecosystem. These areas are **Empowering Communities**, where we focus on creating positive socioeconomic impact primarily through the job opportunities and services we provide to communities across Southeast Asia; **Future-ready Workforce**, where we focus on investing in and ensuring the well-being of our diverse workforce; **Responsible Stewardship**, where we focus on having a positive impact on the environment; and **Effective Governance**, where we focus on having effective cybersecurity and intellectual property protection policies and systems.

Q2: In your opinion, what are some important topics under ESG that are not often spoken about?

Stakeholders tend to be more vocal concerning the environmental aspect of ESG, while other aspects, such as economic, social and governance factors, often do not receive as much attention.

At Lazada, we try to address all aspects of ESG. While working to minimize our carbon footprint, we are also mindful of the socioeconomic impact that is generated through our operations. For instance, our activities have touched more than 150 million lives, the majority of them are our digital users, who are able to enjoy online shopping on a safe and seamless platform. These lives also include our sellers, employees and other partners along the value chain, who have been able to build livelihoods around the opportunities created by our digital platform and tools.

To amplify our social impact, our teams regularly organize and participate in programs that empower lives. For example, in the past year, we held various workshops to equip women and youths with digital entrepreneurship skills, and to teach the elderly how to conveniently shop for groceries on our Lazada app. Internally, we also took great care to invest in the upskilling and well-

being of our workforce, through a structured training pathway and initiatives such as the Lazada Learning Festival 2022.

On the governance front, we are committed to upholding high standards of business conduct and have made it a priority to protect businesses' intellectual property rights. We are the first digital commerce company in Southeast Asia with a dedicated Intellectual Property Rights (IPR) Protection Team, and we are proud that the IPR industry has recognized our team members as industry leaders for the work that they do.

Q3. What are the main challenges and opportunities for Lazada?

It is both a challenge and opportunity that Lazada, as a platform company, does not have much control over certain areas, such as our Scope 3 carbon emissions (indirect value chain emissions other than those arising from purchased energy), which account for more than half of our total emissions. Admittedly, though, we do have a higher influence on our ecosystem compared to other companies. It will be a long-term journey to find solutions to our business challenges, and we will need to design and continue fine-tuning our game plan with our partners and stakeholders.

Our approach is to adopt an “ecosystem mindset,” by increasing collaboration with our partners and stakeholders along our value chain to create a positive impact. For example, we worked with our suppliers to ensure that RedMart house brand products – from paper towels and coffee to meat and poultry – were produced and procured in a sustainable manner. We also worked with LazMall brand partners to reduce plastic waste in their products and packaging. Together, we help make it easier and simpler for our users to shop for sustainable product options by labeling eco-friendly products that meet certain green criteria, such as biodegradability and reduced greenhouse gas emissions.

Q4: How do you measure success at Lazada?

We rely on data and metrics obtained through robust data collection processes and compared

against established performance baselines. We are continually refining our data monitoring framework and are working to set quantifiable performance metrics for all our material sustainability topics, so that our impact and progress can be objectively assessed. For this inaugural ESG Impact Report, we started looking at possible metrics to estimate our impact on job creation in the ecosystem, and have taken the first step to quantify our social impact. We started tracking the number of economic opportunities created in the wider ecosystem through our operations in Southeast Asia. In FY2021, we also worked with an independent consultant to account for and understand our Scope 3 indirect carbon emissions along our value chain. While we aspire toward revolutionary breakthroughs, we also appreciate meeting small goals and celebrate small wins.

Q5: What are you most excited about in the year ahead and beyond for ESG impact at Lazada?

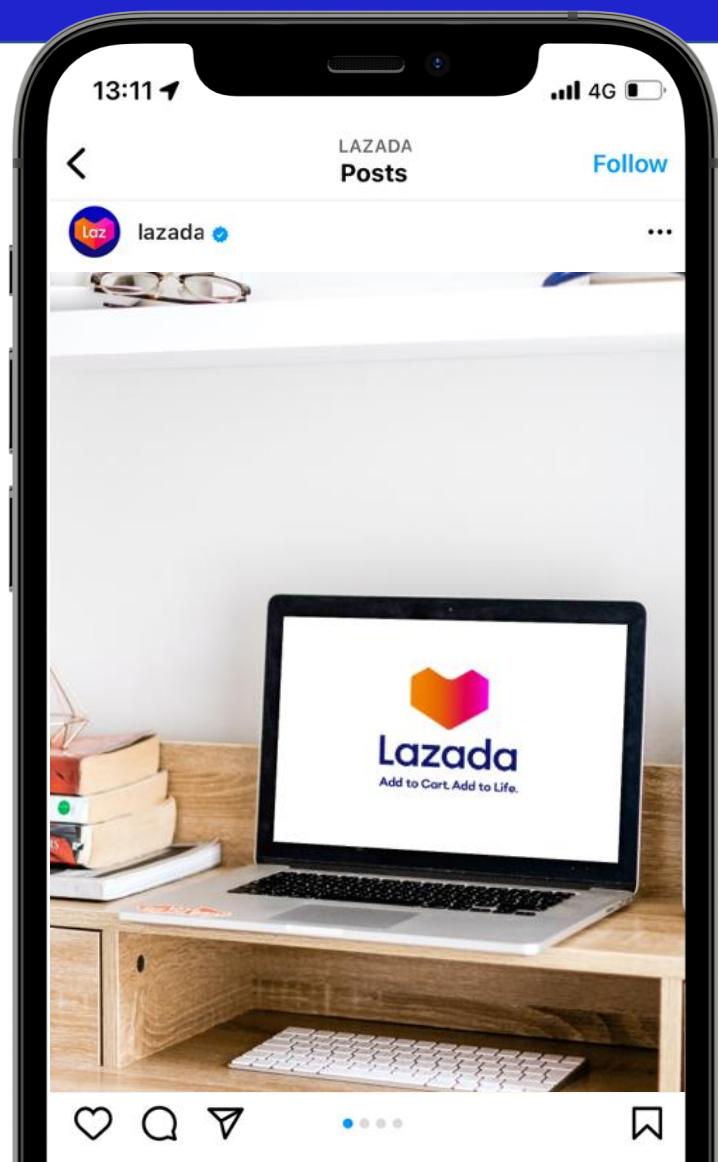
Amidst global uncertainties in the wake of COVID-19, I believe digital commerce will continue to rise alongside environmental awareness. This is an opportunity for change in the next normal and I am delighted to see the level of activity and dedication that is taking place across the company. Lazada's first ESG Impact Report has demonstrated what we are capable of and I am excited about what lies ahead. This is just the start. As we embark on this journey, I am looking forward to stronger collaborations with our partners and stakeholders around how we can leverage our position as a platform to shape the future of sustainable digital commerce for our brands, sellers, buyers and supply chains.

Frank Luo

Group Chief Finance Officer
Lazada Group

About Us

Founded in 2012, Lazada Group is Southeast Asia's pioneer digital commerce platform



At a Glance

With a presence in six countries – Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam – we connect and accelerate progress in the vast and diverse region of Southeast Asia through commerce and technology. Today, a thriving local ecosystem links our users to more than 1 million actively selling sellers every month. Our users transact safely and securely via trusted payments channels and Lazada Wallet, receiving parcels through locally grown logistics network that has become one of the largest in the region. We aim to serve 300 million shoppers by 2030 and aspire to be the best at enabling brands and sellers in digitalizing their businesses. This year, Lazada celebrates its 10th anniversary with its first ESG Impact Report as a key milestone.

10-Year Milestone Journey

2012	Established in 2012, Lazada began its digital commerce journey in Southeast Asia, starting with operations in Indonesia, Malaysia, the Philippines, Thailand and Vietnam.
2014	In 2014, Lazada expanded to Singapore, where it set up its headquarters. One of Lazada's early innovations was introducing cash-on-delivery as a payment method to penetrate the market in a cash-reliant environment. The company achieved more than USD 1 billion in Gross Merchandise Value within three years of its launch. Lazada started its investment in end-to-end logistics capabilities to support its operations and has the region's second largest and most intelligent integrated logistics and supply chain network for digital commerce, with fulfillment centers across the region. ²
2016	In 2016, Lazada expanded into online groceries with the acquisition of RedMart in Singapore. RedMart has since become an integral part of users' daily lives.
2018	In 2018, Lazada introduced LazMall, Southeast Asia's biggest virtual mall, which connects shoppers with leading international and local brands. Lazada also pioneered the "shoppertainment" trend with the launch of LazLive and, subsequently, the debut of the "See-Now-Buy-Now" feature, which allows buyers to interact with brands and sellers in real time.
2019	In 2019, Lazada launched the Intellectual Property Protection Platform, a one-stop service portal for users to submit takedown requests against product listings suspected of infringing intellectual property rights.
2020	In 2020, Lazada ramped up Southeast Asia's COVID-19 support by helping local businesses and communities adapt to changes brought about by the pandemic.
2021	In 2021, Lazada achieved 130 million annual active users and USD 21 billion in Gross Merchandise Value. ²
2022	In 2022, Lazada crossed a new milestone of having 1 million actively-selling sellers on its platform, which connects and serves more than 150 million active users across the region every month. ³

² Alibaba, [2021 Investor Day](#) (2021)

³ Lazada internal data as of 22 March 2022

Who We Are and How We Operate

Lazada Group is Southeast Asia's leading digital commerce platform. With end-to-end logistics capabilities such as warehouses, sorting centers, fulfilment centers and a strong partner network, we have developed a specialized supply chain that offers a one-stop commerce and logistics solution in the region. Our Lazada platform utilizes existing and emerging technologies to redefine the retail experience. It uses proprietary technology to connect buyers to brands and sellers and provides a customized shopping experience across our value chain.

This is facilitated by safe, seamless transactions on our platform with a suite of options to cater to buyers at varying stages of e-payment adoption.

This superior retail experience applies as well to RedMart, the e-grocer arm of Lazada Group in Singapore. RedMart offers an unparalleled selection of quality fresh food, household essentials and premium specialty products with the convenience of scheduled home delivery all year round.

Our main activities and products include:



Our operations are supported by our core pillars of Logistics, Technology and Payments.

LOGISTICS We get it there 	<p>With our end-to-end logistics capabilities and complete control over our supply chain, virtually any product is just a click away. We have fulfillment centers across cities in Southeast Asia, and our investment in warehouses, sorting centers and digital technologies complement our partner network as well as our cross-border and last-mile arrangements in the relevant country of operations.</p>
TECHNOLOGY A smarter way to shop 	<p>At Lazada, we harness both existing and emerging technologies to redefine the retail experience. Leveraging data in real time allows us to quickly adapt to changing demands and conditions. We connect consumers to sellers, create customized experiences, and have evolved into an online retail destination that buyers come to for both shopping and entertainment.</p>
PAYMENTS Safe, seamless transactions 	<p>Ensuring safe and seamless transactions guides the development of Southeast Asia's most secure payments and financial services infrastructure. In a region still at varying stages of e-payment and digital commerce adoption, we have developed a suite of options together with our trusted payment partners that cater to existing preferences while easing buyers into digital payments through intuitive solutions they can trust.</p>

About This Report

This inaugural ESG Impact Report details Lazada's sustainability approach and performance across our operations in six countries – Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam – and the operations of our subsidiary, RedMart in Singapore for the reporting period of 1 April 2021 to 31 March 2022 ("FY2022"), unless otherwise stated. This report also includes data from the prior reporting period of 1 April 2020 to 31 March 2021 ("FY2021") for comparison where applicable.

This report contains our current policy, views and strategic direction, but it is not intended to create any legal rights or obligations. Further, this report may contain information derived from publicly available information or other third-party sources, and Lazada makes no representation, warranty or undertaking as to the accuracy, reasonableness

or completeness of such information. Lazada do not undertake to update or revise this report.

This report is intended to provide an overview of Lazada's ESG management approach and performance regarding our operations in six countries. Lazada provides no guarantee that the information made available in this report is complete, accurate or up-to-date in all cases. To the extent permitted by applicable laws, Lazada disclaims any and all liability for any loss or damage whatsoever that may arise in connection with the use of documents or information contained in this report.

This report has been prepared with reference to the Global Reporting Initiative (GRI) Standards 2021. The GRI Standards was selected as it is the most widely adopted global standard among businesses to report on sustainability matters

across comparable criteria. The GRI Guiding Principles also provide a guide for report content and quality. The supplementary details on the methodology can be found on page 58. A detailed GRI Standards content index is also provided at the end of this report.

We have not sought external assurance for this ESG Impact Report but may do so in the future as we mature in our sustainability journey. To the extent there are any forward-looking statements in this report, they are made based on assumptions and estimates which we believe are realistic as of 31 March 2022. However, we cannot guarantee that they will prove to be correct. Actual results and events may differ from what we currently expect due to external factors, including but not limited to, competition, general economic, political, social and business conditions in its markets and COVID-19 pandemic developments. Unless we are required to by applicable laws, we will not update any such forward-looking statements, and neither do we assume any obligation to do so.

ESG Priorities

As a leading digital commerce business in the Southeast Asian region, Lazada has placed sustainability and value creation at the core of its strategy. We want to build a stronger and greener economy by committing to sustainable practices, conducting our business in a responsible manner, and innovating not only to create enterprise value, but also to make a positive impact on the environment and to enrich the lives of the many communities we touch.

To identify our material sustainability topics, we have engaged an independent consultant to conduct a comprehensive materiality assessment. Through the three-stage process, we were able to prioritize and validate the top six topics that are most important for us to manage using the double materiality concept, where prioritization of topics is based on their assessed impact on our enterprise value and our assessed impact on

society or the environment (people, the economy, or ecosystems).

Materiality Assessment

Phase 1: Identification

A comprehensive list of 26 material issues was first drawn up from a review of several data sources, including a study of the latest industry trends, a competitive benchmarking of peers' sustainability goals and strategies, as well as reference to international reporting standards such as the GRI Standards and the Sustainability Accounting Standards Board (SASB).

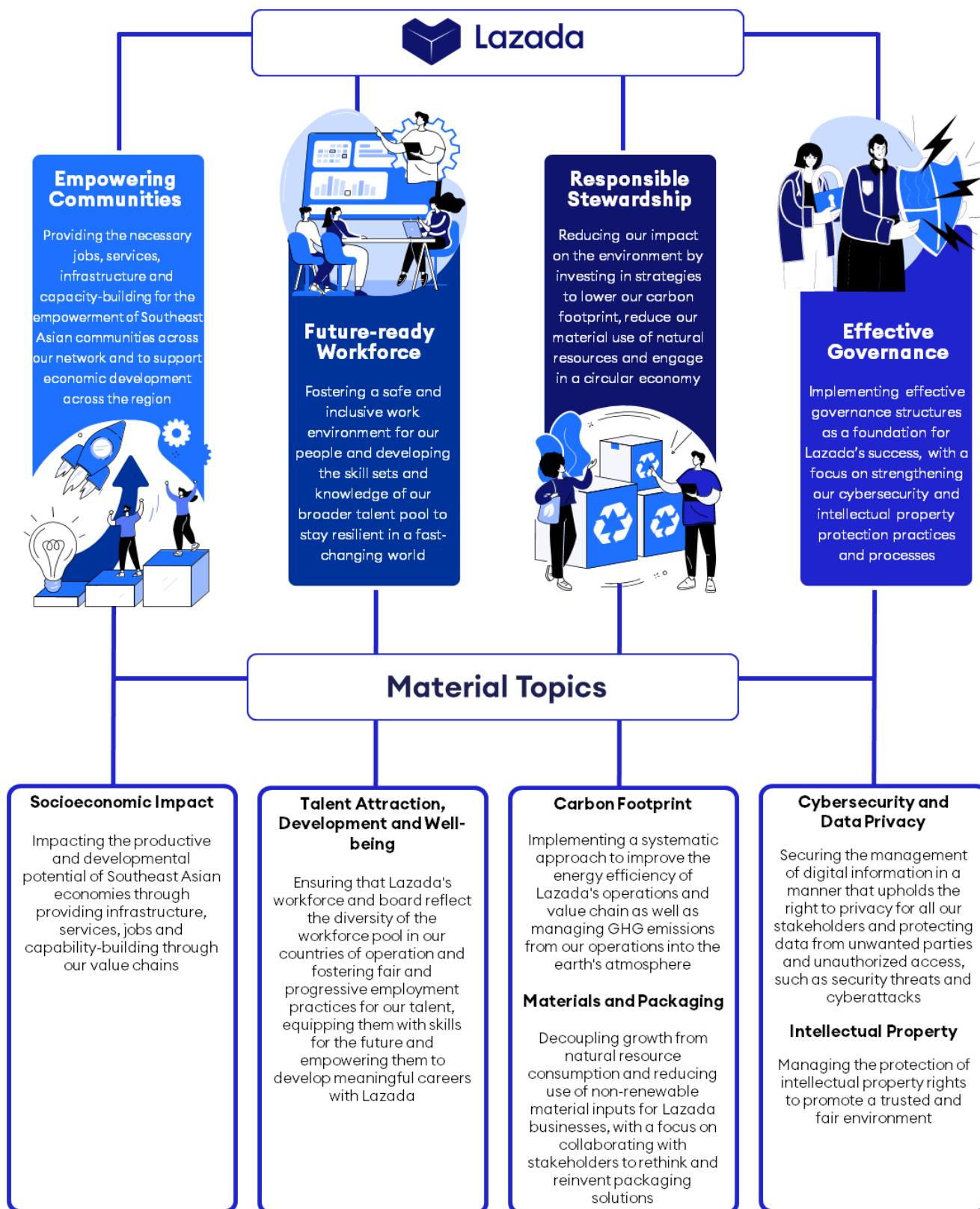
Phase 2: Refinement and Prioritization

Internal and external stakeholders' input were gathered through anonymous online surveys and one-on-one interviews, with the objective of identifying how each shortlisted material issue can influence our business success and sustainability. We also documented stakeholders' view on how these sustainability issues may pose risks or present opportunities for our organization.

Phase 3: Validation

From Phases 1 and 2, we identified six material topics, validated by senior leadership which forms our sustainability framework and are grouped under four key pillars.

ESG Framework



ESG Governance



Our Executive Committee, which comprises senior management, is responsible for overseeing and reviewing the management and monitoring of our material matters, as well as providing overall guidance on sustainability matters. The Executive Committee ensures that long-term value creation is achieved through integrating environment, social and governance factors within our operations.

Supporting the Executive Committee is our ESG Taskforce, a cross-functional team represented by various business units that drives our sustainability related strategies and initiatives. The ESG Taskforce reports to the Executive Committee and is responsible for the planning, coordination and execution of company-wide ESG efforts, including stakeholder engagement.

Stakeholder Engagement

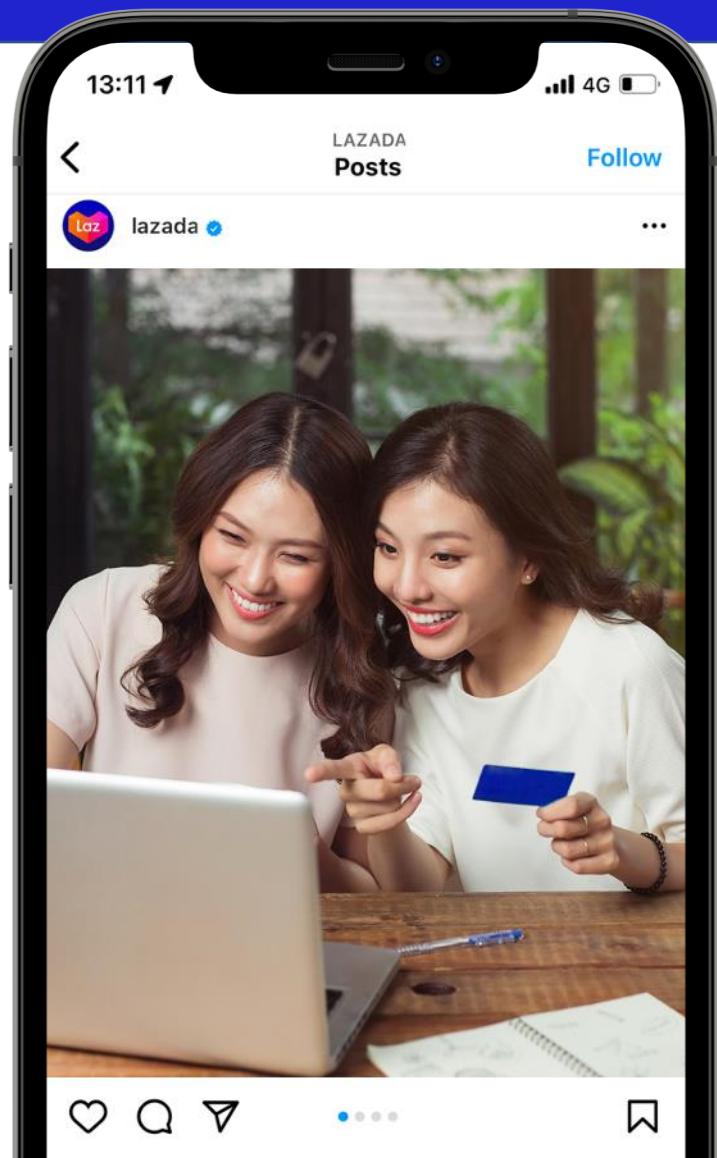
All of our stakeholders play an essential role in building a thriving digital commerce ecosystem. Forging strong relationships with our stakeholders and developing effective communication channels enable us to understand their needs and align our priorities. Given the diversity of our stakeholders, we have prioritized our stakeholder groups based on the significance of our impact on them, as well as their level of influence on and interest in us. We then tailor our business and sustainability strategies to ensure that we create value together and for all.

Stakeholders	Key concerns	Engagement methods	Frequency
Buyers	<ul style="list-style-type: none"> Access to products including in terms of price and delivery User experience Data and privacy protection 	<ul style="list-style-type: none"> Marketing and promotional campaigns Social media platforms 	Ongoing
Employees	<ul style="list-style-type: none"> Career development and training opportunities Employment practices, remuneration and benefits Organizational updates Health and well-being 	<ul style="list-style-type: none"> Townhall meetings Internal communications and updates Social cohesion activities Training and development programs LazListen* 	Ongoing
Logistics	<ul style="list-style-type: none"> Operational updates Benefits, welfare and training 	<ul style="list-style-type: none"> Business and operational meetings Training and development programs Communications and updates online and via Logistics app portal 	Ongoing
Public	<ul style="list-style-type: none"> Business strategy and outlook Sustainability efforts 	<ul style="list-style-type: none"> Industry discussions Programs and collaborations LazBeat news hub* Lazada Insider podcast* 	Ongoing
Sellers	<ul style="list-style-type: none"> Data and intellectual property protection Product and category trends Visitors conversion 	<ul style="list-style-type: none"> Lazada University* Lazada Insider podcast* Surveys and publications Lazada seller center Marketing and promotional campaigns 	Ongoing

*More details in Future-Ready Workforce chapter

Empowering Communities

Providing the necessary jobs, services, infrastructure and capacity-building for the empowerment of Southeast Asian communities across our network and to support economic development across the region



Empowering Communities

As Southeast Asia's leading digital commerce platform, we believe it is essential to create a positive impact within the communities where we operate. We focus on three main pillars: Creating Opportunities, Empowering Lives, and Building Back Stronger.

Creating Opportunities

Through our operations in six countries as a major digital commerce player, we continually seek opportunities to drive positive economic impacts in our communities.

In the past two years, the COVID-19 pandemic has changed peoples' lives, with many adjusting to digital alternatives, creating an extraordinary shift in consumer behavior. The pandemic has spurred the rise of digital commerce and the adoption of digital services in Southeast Asia. Not only did existing users consume more digital services, we also saw approximately 60 million new consumers of digital services during the pandemic. In 2021, there were 350 million digital consumers across Southeast Asia. This number is projected to rise as the size of the digital services and commerce industry in Southeast Asia continues to grow towards an estimated USD 360 billion by 2025.⁴

Throughout the pandemic, we continued to facilitate convenient access between buyers and sellers in rural and urban areas across Southeast Asia. We rely on and support an ecosystem of sellers, digital commerce enablers,⁵ third-party logistics partners and dedicated employees. With our rapidly expanding team across the region, we offer numerous employment opportunities across seniority levels and departments. We are



USD 360 billion

Expected size of digital commerce industry in Southeast Asia by 2025⁵

159 million

Monthly active users on Lazada's platform as of 30 September 2021

More than 1.1 million

Economic opportunities created by our platform as of 31 March 2022⁶

⁴ [Google, Temasek, and Bain e-Economy SEA 2021 report](#) (2021)

⁵ Companies that provide end-to-end solution for brands to do e-commerce business. Those services include official store management, digital marketing,

creative services, customer service management, supply chain management and fulfillment.

constantly growing our merchant base, ranging from large brands to individual sellers so we can improve our catalog for our buyers. In FY2022, we

processed 5 million parcels daily,² and created more than 1.1 million economic opportunities through our platform.⁶

Transforming Lives Through Digital Commerce

The boom in digital commerce especially during the height of the pandemic resulted in an uptick of sellers joining our platform. Many sellers turned to Lazada to adapt to the pandemic, expand their customer base and achieve their dreams of becoming an entrepreneur.

Turning Entrepreneurial Visions into a Reality

Sugeng Wibowo of Indonesia faced many setbacks in getting a job due to an eye impairment from a motorbike accident. When he was introduced to Lazada by a friend, he decided to launch his store, Toko Alona, to sell home décor and bedding products. Using data insights from our platform's sophisticated technology, Sugeng was able to better understand his buyers and plan for his business. Today, he also has an offline store that creates jobs for the local community.



Transforming the Traditional Family Businesses

Originally a small family business selling tea leaves in the highland city of Bao Loc in Vietnam, Co Cu, which means "Mrs Cu" (the name of the founders' mother) expanded into honey products and brought its business online by joining LazMall. Applying the same care and dedication to quality that their parents lavished on their teas, the founders successfully digitalized their business and expanded their customer base beyond tourists and locals to everyone across the country.



⁶ Refer to section 1 of the Appendix for details

Partnership to Support Livelihoods



Project NEXUS, a partnership between Lazada, the San Andres Transport Cooperative and the city of Manila in the Philippines, aimed to provide an alternative source of income to jeepney drivers, whose livelihoods had been impacted by strict lockdowns and the sudden drop in tourist footfall during the pandemic. Launched during the peak of lockdowns in 2021, this partnership enlisted affected jeepney drivers as first-mile delivery couriers for Lazada's operations within the city.

Three jeepney drivers from the San Andres Transport Cooperative were selected for the trial run. The drivers were provided with the required training to equip them with the digital literacy needed for the role. In addition, their jeepneys were given an uplift with proper vehicle enclosures and branding to start their journeys. Through this project, the jeepney drivers obtained another source of income as first-mile delivery couriers to support their livelihoods. With the initial success of the trial run, the project plans to increase its reach and encourage more jeepney drivers to get onboard.

One Tambon, One Product Movement

During the height of the COVID-19 pandemic in Thailand, small brick-and-mortar businesses were affected by the reduced customer footfall and exposure of their products due to travel restrictions imposed across the region.

Lazada partnered with the Community Development Department of Thailand in its national program, One Tambon, One Product

(OTOP), to preserve the livelihoods of affected business owners and employees. The program aimed to support and promote locally made and marketed products from villages and towns across Thailand. Working with the Thai government, Lazada brought traditional businesses onto its platform and provided the necessary training and support for them to thrive online. These businesses benefited from the platform's exposure and displayed the cultural and specialty traits of their regions. At the same time, they were able to broaden their product reach both nationally and internationally.

As of March 2022, Lazada has over 230 sellers and over 900 different products under the OTOP program. This partnership with the Thai government helped protect jobs during the pandemic, created more income-generation opportunities and empowered the local communities that Lazada works with.

Changing With the Times

For more than five decades, Papemelroti has been the go-to for many Filipinos looking for original, eco-friendly and locally made gifts, stationery, crafts and home décor items. Elyse Janina P. Juan is part of this family-owned business, which has more than 20 physical stores in the Philippines.

Elyse launched the Papemelroti LazMall flagship store in early 2020, when she was eight months pregnant. Likening the flagship store to raising a newborn, she viewed digital commerce as an



opportunity for her to continue the legacy of her family business beyond its brick-and-mortar stores. Elyse knows that her late grandmother, who started Papemelroti 55 years ago, would have been proud of her can-do attitude and entrepreneurial spirit in expanding the business online.

Empowering the Community

Nadya Amatullah graduated with a degree in communications but decided to pursue her passion by working in the fashion retail industry. She eventually created her own nature-inspired fashion label, Nadjani, and started selling garments on Lazada in 2020.

Nadya employed stay-at-home mothers from her neighborhood to provide job opportunities for the local community. Now, she runs a team of more than 40 people in Bandung, Indonesia, who navigate the business environment and challenges together. Since the start of the pandemic, Nadya has challenged her team to brainstorm new ideas to serve the community while exploring alternative revenue streams. As a result, they pivoted to producing reusable fabric masks and products such as aprons and



gardening kits for stay-at-home consumers. They also collaborated with influencers to drive sales and participated in Jakarta Fashion Week, which was held in partnership with Lazada.

While Nadya continues to grow Nadjani, she also aims to create more impact in the digital ecosystem by helping to grow and nurture the seller community and to support the livelihoods of those in the local community.

Pivoting for Success

Kong Wai Theng, a pharmacist by training, owns a small pharmacy in her neighborhood in Selangor. In 2015, the local store named Big Care Mart, started to lose customer footfall amid intensifying competition from bigger brands and businesses.

Wai Theng realized that digital commerce is picking up pace in Malaysia and decided to bring Big Care Mart onto Lazada, in a bid to make up for lost revenue and to overcome her financial challenges. Despite having no prior experience in digital commerce, she worked hard to equip herself with the necessary know-how and skills via the Lazada University in order to grow her business online.

Today, Wai Theng is an esteemed top seller on Lazada, having been recognized with the Lazada Top Seller Award in the Health category in 2018 and 2019 respectively. Her willingness to experiment with Lazada tools such as vouchers, free shipping options and marketing solutions has deeply contributed to her success in driving more sales and conversion.

The Great Migration – Bringing an Online Presence to Physical Stores

COVID-19 accelerated the growth of digital commerce across the globe, with businesses and buyers turning to online shopping for daily essentials, groceries and self-improvement products. The risk of exposure to the virus and stringent lockdowns across the region meant that businesses, sellers and buyers had to find new ways of selling, shopping and engaging over an extended period. Through digital commerce platforms such as Lazada, which offers secure payments, end-to-end logistics, engagement tools as well as digital marketing solutions, many traditional businesses and retailers were able to reinvent their growth strategies online to increase accessibility to new market segments, bring extended convenience to their customers and sustain cash flow for their long-term growth.

Stimulus Packages for Micro, Small and Medium-sized Enterprises

Lazada's stimulus package were developed to enable micro, small and medium-sized enterprises (MSMEs) to take the digital leap, optimize the rising digital commerce opportunity and contribute toward sustaining economies across Southeast Asia during the pandemic.

Pakej Kedai Pintar Niaga for Local MSMEs in Malaysia

Lazada collaborated with various ministries in Malaysia to launch a series of campaigns and initiatives to promote local businesses and connect them to more customers on its platform.

In April 2020, Lazada was the first digital commerce platform to offer an incentive program to support local businesses, with a funding of RM 10 million (USD 2,378,000). It managed to empower over 50,000 local entrepreneurs to digitalize their businesses. These included entrepreneurs in agro-business and the fresh food and groceries categories as well as new and existing digital commerce sellers and brick and-mortar retailers.

When the pandemic continued in 2021, challenging the livelihoods of many Malaysians and local businesses, a second stimulus package with a funding of RM 44 million (USD 10,463,200) was introduced by Lazada Malaysia to support MSMEs to digitalize their businesses while also helping to reduce their operational and capital costs. More than 70,000 local MSMEs benefitted from this Kedai Pintar Niaga 2.0 funding, especially local micro businesses, grocers and bazaar sellers, whose livelihoods depended on seasonal high income from the Ramadan bazaar. Malaysians were also able to purchase their favorite Ramadan foods and items from local bazaar stalls by visiting the virtual Lazat Bazaar, a month-long online food e-Bazaar aimed at supporting micro businesses.

Under this initiative, eligible MSMEs also benefitted from subsidized free shipping services and received fixed weekly payments as well as hands-on assistance from a dedicated support team that assisted to onboard and train sellers as well as develop customized sales campaign with them through Lazada University. MSMEs from the fresh food and groceries categories as well as new and existing Lazada sellers were also entitled to zero commission and zero payment fees on top of



access to micro loans. Through this initiative, MSME retailers had 100% of their costs of selling online covered and were able to diversify their revenue streams beyond traditional brick-and-mortar channels.

Enterprise Singapore's Digital Commerce Booster Package



In May 2021, we partnered with Enterprise Singapore to assist retailers in expanding their online reach. With many local businesses looking to establish their presence online to continue operations during the pandemic, Lazada was one of the appointed platforms in the digital commerce Booster Package program that supported businesses in their digitalization process. The Booster Package supported businesses by covering multiple aspects of the digital transformation process, such as online content creation, Lazada onboarding training, digital marketing solutions, campaign participation and shipping fee credits.

Eligible local retailers also received one-time support to defray 80% of the qualifying costs. Since 2020, the program has attracted and benefitted more than 300 sellers.

Grassroots Support to Digitalize Traditional Businesses

To bolster the digital transformation of SMEs and heritage businesses in Singapore, Lazada worked with business associations and constituencies to support businesses, including heartland hawkers and shops. The company provided training and coaching for owners on new forms of engagement, such as reaching younger buyers



through livestreaming, so that they can promote their goods in a more engaging manner.

These grassroots engagements, conducted through Radin Mas Constituency and One Kampong Gelam, also saw the creation of a dedicated Halal Store on Lazada and RedMart. Catering to the wants and needs of Singapore's Muslim community, the store is designed to give shoppers an easy way to explore and buy specially curated Halal products.

Micro loans to bolster growth

As the demand for digital commerce expanded with consumers shifting to online shopping, we partnered with local banks and finance companies in the region to provide MSMEs with access to capital not available through traditional methods. Sellers were able to enjoy easy micro-financing solutions to grow their businesses and bounce back from the economic effects of the pandemic.

Empowering Lives

In all the countries that we operate in, we aim to positively impact the lives of individuals in local communities by providing access to opportunities that support their livelihoods.

Nurturing the Female Entrepreneurs of Tomorrow

Lazada often works with local ministries and organizations to develop programs that support women in their journeys to becoming entrepreneurs. These include workshops aimed at digital upskilling in Malaysia and the creation of opportunities for women-led businesses in the Philippines. We also celebrate female entrepreneurs who have overcome obstacles to grow their businesses successfully through Lazada.

LazEmpower

In collaboration with the Malaysian Ministry of Women, Family and Community Development, we kickstarted a series of workshops in March 2022 that aimed to upskill women from marginalized and low-income communities, including single mothers, in various aspects of digital entrepreneurship, ranging from business development to digital communication and personal development. Through these workshops, more than 500 local female entrepreneurs gained the necessary skill sets, resources and tools to



start marketing their businesses on a digital platform.

Project Angels for Angels

In late 2021, we supported the second run of Angels for Angels, an initiative geared toward promoting women empowerment while also supporting livelihoods and recycling. The project engaged marginalized women in the community to hand-make Christmas ornaments, such as Christmas angels, with upcycled waste materials. The project was able to reach more buyers through Lazada's platform, and proceeds from ornament sales went directly to the women to support their livelihoods and communities.

To spread the holiday cheer, we further sponsored two beneficiaries, the Philippine General Hospital and the Philippine Children's Medical Center, with Christmas trees adorned with the handmade ornaments. In addition, we partnered with Hasbro and its local distributor, Playkit Philippines, to gift various toys and games, such as Marvel figures, Disney princesses, Play-Doh, Jenga and Monopoly sets, to 500 young patients and children of COVID-19 frontline healthcare workers.





Lazada Forward Women Awards 2022

In March 2022, we celebrated the achievements of 18 female entrepreneurs with successful businesses on Lazada's platform. The Lazada Forward Women Awards featured a total of seven award categories: Creative, Enterprising, Inspiring, Rising Star, Bricks to Clicks Tech Adopter, Social Star and the Lazada Forward Woman of the Year Award. The award categories

demonstrated the resilience and can-do spirit of female business owners pursuing and realizing their entrepreneurial visions. Beyond achieving economic success, they are also role models who contribute to and create impact within their local communities. A total of six sellers across all the countries that Lazada operates in received the Lazada Forward Woman of the Year award.

Supporting Youths to Become Digital Entrepreneurs

We implemented programs to empower youths to pursue careers in digital entrepreneurship and increase digital adoption. In Singapore, through the LazPitch competition, undergraduate participants were challenged to think outside the box to address real-life marketing challenges.

Designed to develop and nurture young talents who will shape the future of digital commerce, LazPitch is our first digital commerce competition for undergraduates aged 18-25 years old. When the registration period opened in July 2021, more than 500 undergraduates across various



universities in Singapore applied to take part in the competition. The top five teams were selected for

the final round of the competition and were provided with budgets and resources to implement their proposals and bring them to life. In addition, the teams underwent a one-day workshop to gain first-hand knowledge of digital commerce operations and to fine-tune their proposals with the guidance of Lazada mentors. Through this LazPitch competition, we were able to support budding talents as they embarked on their journeys into digital commerce. Members of the winning team were also awarded full-time internships at Lazada.

Helping Seniors Go Digital

In partnership with the SG Digital Office (SDO), Heartware Network and East Coast GRC grassroots organizations, Lazada organized several digital workshop sessions aimed to promote lifelong learning for seniors in the eastern area of Singapore. More than 240 seniors from five different constituencies underwent digital-skills training with SDO's digital ambassadors. Youth volunteers from Heartware Network also showed seniors how to navigate and shop on Lazada's groceries platform, RedMart. The sessions covered everything from navigating the platform, exploring product categories, understanding product listings (i.e., availability, ratings, reviews, etc.) and making online payments. At the end of the sessions, participants were rewarded with mystery gifts from RedMart.



Making a Difference With LazadaForGood

As the COVID-19 pandemic took its toll on local economies, we took a proactive step by establishing our digital giving platform, LazadaForGood, and partnered with reputable non-profit organizations and NGOs. We optimized our platform to enable the public to support fundraising efforts within local communities through safe and secure digital donations to non-profit organizations, NGOs, evacuation centers and temporary shelters.

For Ramadan and Hari Raya, LazadaForGood collaborated with Islamic Relief Malaysia (IRM) to support fundraising efforts with the objective to distribute essential food packs to over 60,000 beneficiaries in Malaysia and around the world. Users who made donations to IRM via LazadaForGood also received dates from Berkah Madinah as tokens of appreciation.

Meanwhile, during Christmas in the Philippines, users were able to use LazadaForGood to contribute to causes close to their hearts, from alleviating poverty, saving the environment to putting a roof over someone's head.

In Singapore, we partnered with PAP Community Foundation to organize “Food with Love,” a food donation drive for the in-need elderly and low-income families of the Kreta Ayer-Kim Seng constituency. Eligible residents were invited to choose from a selection of over 2,000 grocery items, including fresh fruits, vegetables, dairy products, beverages, meat and seafood.



Building Back Stronger

We value all our employees and partners in the countries we operate in. Whether there are challenges brought about by the pandemic or natural disasters, we stand ready to support our partners and their communities in recovery efforts and building a more resilient society.

Providing Vaccine Access for All

To aid COVID-19 recovery efforts, Lazada actively worked with organizations and governments across Southeast Asia to provide local communities with access to vaccines and donations to fight against the virus.

Indonesia

Working together with various government ministries, Lazada set up a temporary COVID-19 vaccine center at its Cimanggis warehouse to inoculate employees, couriers, sellers and the surrounding community. Approximately 12,000



individuals received their vaccinations thanks to the temporary vaccine center.

Malaysia

We supported the Selangor Vaccination initiative by rolling out our Lazada Malaysia Vaccination Program to provide all our employees and frontliners, including security guards and cleaners working hard at our facilities, with the vaccinations they needed. In total, close to 200 frontliners received their first dose of the COVID-19 vaccination through this program.



The Philippines



Together with Red Cross Philippines, we deployed mobile vaccine buses to make it easier for various communities to access COVID-19 vaccines. These buses reached a total of 86 communities across the span of nine months, inoculating a total of nearly 10,000 individuals with their primary and booster doses of the vaccine. Those who received the jabs included more than 500 of Lazada's own employees and contractors in its Cabuyao warehouse and the San Pedro and Meycauayan sortation centers. By improving access to the COVID-19 vaccine, these buses contributed to the country's efforts in increasing vaccination rates.



Thailand

We rolled out LazadaCARES in August 2021 to provide free COVID-19 vaccinations to our operating employees in Thailand. The initiative included vaccinations for warehouse and parcel delivery staff, which allowed Lazada to maintain its operations during the pandemic while ensuring the health and safety of all its frontline employees. In total, over 3,000 operating employees were vaccinated as a result of this project.

Aside from raising vaccination awareness and rates, we also equipped frontline medical heroes with the support needed to battle the virus. We donated THB 1.5 million (USD 45,000) to Rajavithi Hospital and King Mongkut's Institute of Technology Ladkrabang and also donated personal protective equipment and facemasks to 20 hospitals across the nation.

Vietnam

Lazada rolled out various donations to support local communities in Bac Giang province, Bac Ninh province and Ho Chi Minh City.

In Bac Giang and Bac Ninh, Lazada donated a total of VND 1 billion (USD 43,513) worth of food to local communities. We also donated VND 3 billion (USD 130,541) worth of COVID-19 rapid antigen test kits to communities in Ho Chi Minh City to support their fight against the virus.



Disaster Relief and Response

Over the past year, natural disasters have affected countries such as the Philippines and Malaysia. As a pillar in the communities we operate in, Lazada has taken a proactive role in helping with relief efforts across the region.



Working with the Philippine Air Force for Disaster Relief

In December 2021, Typhoon Odette made landfall and devastated communities in the Philippines' Central Visayas region. To provide swift relief to those impacted, we partnered with the Philippine Air Force to provide essentials, such as bottled water, rice and canned foods, and donations to



affected communities identified by us and our partner organizations.

Through our platform's reach, we were able to provide an avenue for the public to make donations and contribute to relief efforts. In total, we were able to provide 1,000 boxes of assorted goods to the communities in Central Visayas.

Working with Relief Partners to Provide Aid to Flood Victims

Concurrent with the typhoon in Philippines, Malaysia experienced an onslaught of heavy rainfall, which triggered major flooding throughout the state of Selangor. In response to the floods, we donated over 30,000 units of relief aid that included hygiene and comfort items, COVID-19 test kits and dry rations to 10 temporary relief centers. The donations benefitted approximately 4,500 flood victims.

Malaysians nationwide were also able to do their part to support their fellow citizens in need by donating to nine official flood-relief NGOs via LazadaForGood.

Lazada Teman You | FLOOD CARE RELIEF

LET'S WEATHER THE STORM TOGETHER

STEPS TO DONATE:

- 1 **SEARCH** 'Lazada Teman You' on our app
- 2 **SELECT** the donation you want to make
- 3 **CLICK** 'Buy Now' to donate. Thank you!

DONATE NOW

*T&C APPLY

Future-ready Workforce

Fostering a safe and inclusive work environment for our people and developing the skill sets and knowledge of the broader talent pool to stay resilient in a fast-changing world

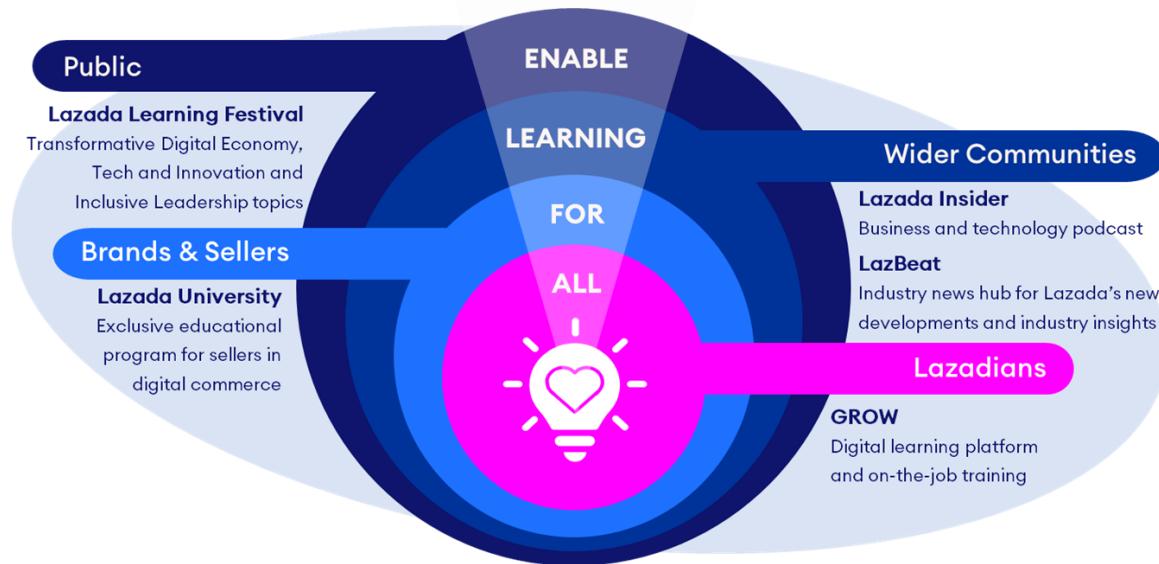


Developing a Future-ready Workforce

We aspire to add value to the careers and lives of all Lazadians, our employees, so that every individual reaches his or her fullest potential. We make constant efforts to provide our people with a diverse, safe and stimulating work environment and also to offer relevant upskilling opportunities to enable them to chart their unique and desired career paths.

Our investments in creating a future-ready workforce do not stop there. We also aim to build a future talent pipeline and contribute to the

knowledge of the industry. Through innovative and engaging channels, such as our annual learning festival, Lazada Insider podcast and online education programs, we invite sellers and members of the public to be inspired and empowered with insights into the most exciting developments at Lazada and the wider digital commerce space.



Talent Attraction, Development and Well-being

We believe in investing in our employees so that they can achieve their aspirations and contribute to the growth of the organization. Within Lazada, we adopt a learning and development philosophy based on three pillars:

Through Experience	Through Others	Through Structured Training
<ul style="list-style-type: none"> On-the-job learning Stretch assignments Cross-functional projects Special projects Community involvement 	<ul style="list-style-type: none"> Performance review and career discussions Coaching and mentoring Collaborative learning Networking Group-wide and industry events 	<ul style="list-style-type: none"> Classroom training Workshops Conferences and summits E-learning

Through Experience

Learning through experience forms the important first pillar of our approach to developing our people. This typically involves regular on-the-job learning and exposure to assignments that appropriately stretch and train our employees.

We also believe in nurturing the future generation and work actively with interns to provide them with opportunities to learn about the industry. At the same time, we benefit from the fresh perspectives they bring. Our number of interns has grown exponentially since FY2021, especially in our Regional,⁷ Indonesia and Vietnam offices.

Through Others

The second pillar of our approach involves learning through others via close mentoring, collaborative work and performance reviews.

We conduct regular performance reviews and career discussions to support our employees on their career paths at Lazada. The feedback and discussions from our coaching, mentorship and mobility programs flow into employees' Individual Development Plans, which are incorporated into annual performance reviews.

Through Structured Training

The third pillar we rely on to develop our people is learning through structured training. From the moment a Lazadian begins their journey with us, we provide a holistic learning experience to assimilate them into our culture, integrate them into their teams and develop their careers and skill sets.

In FY2021 and FY2022, we invested in various initiatives and programs to facilitate employee learning and upskilling. We utilized various tools and platforms to provide learning opportunities at every turn for our employees. These included an

in-house digital learning platform, external courses and even a large-scale learning festival that was open to our employees and the public.

GROW

We developed our own in-house digital learning platform, GROW, to prioritize our employees' learning and work experiences. Launched in February 2020, GROW delivers an interactive and engaging digital learning experience to all Lazadians, enabling them to upskill and go higher, further and faster. With GROW, we can create a unique learning path with curated learning materials specific to each employee's needs.

In recent years, especially with COVID-19, digital learning has taken on an increasingly important role. With GROW, we are able to break past physical barriers and bring digital learning to all Lazadians, providing them with easy access to a wide variety of e-learning courses and opportunities to increase their capabilities, unlock their potential and transform their careers.

Developing Talent within the Lazada Ecosystem

Besides investing in our employees, we want to invest in the digital commerce ecosystem to build the workforce of the future. As such, we established initiatives such as LazBeat, Lazada Insider, Lazada University and the Lazada Learning Festival to engage our sellers and the public.

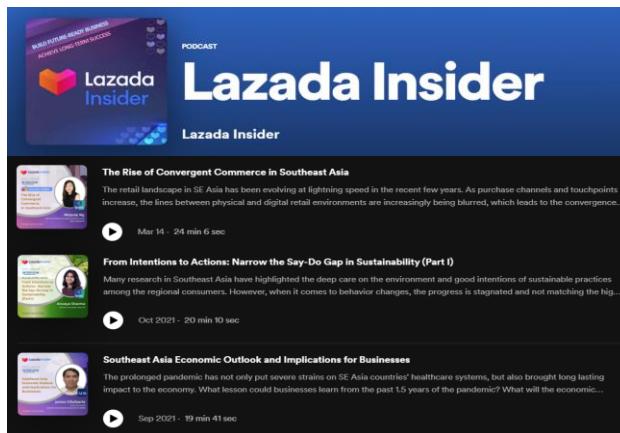
LazBeat

LazBeat is the official news hub of Lazada Group. With Lazada at the center of the vibrant and growing digital commerce landscape in Southeast Asia, LazBeat is the go-to destination for the public to gain insights into our Group and regional digital commerce trends. Our coverage spans

⁷ Regional office supports business activities across the region and mainly sit in Singapore, Vietnam and China

across Lazada's latest news and initiatives, as well as behind-the-scenes stories and industry developments from across the region. Our extensive coverage adds to the general knowledge of the dynamic digital commerce industry, with regular thought-leadership pieces and in-depth interviews with industry experts to engage with interested members of the public.

Lazada Insider



Lazada Insider is a business and technology podcast channel that brings together industry experts and special guests to share trusted insights, forward-looking perspectives and exclusive interviews on topics that inspire sellers and brands. Hosted on Spotify and YouTube, the podcast features a wide range of topics, including consumer insights, category trends, sustainability, digitalized operations and business analytics.

Lazada University

Lazada University is an exclusive education program that aims to empower our sellers to excel. Designed as a one-stop station for digital commerce education, this channel provides tailored training content for new and existing sellers in all the markets we operate in to support them on their digital commerce journeys. Depending on their experience in digital commerce, sellers can decide how to propel their learning experience with content of varying levels of difficulty available on the portal. Users can also access training materials through diverse channels, such as the self-learning portal,

livestreams and offline modes. This creates a diverse, rich and customizable learning experience for each unique seller.

Lazada Learning Festival 2022

The Lazada Learning Festival took place across three days in February 2022 and offered a myriad of educational content for all participants. The 2022 iteration of the event was made open and available to all, including Lazadians, sellers, brands, youths and members of the public. As such, the sessions and content were specially curated to appeal to and enrich a diverse audience, regardless of their backgrounds and professional experience. We wanted to expand our scope beyond the digital commerce industry by making the event accessible to everyone and tapping into the vast potential that the industry has to transform the future economy.

The festival's key themes were Transformative Digital Economy, Tech and Innovation and Inclusive Leadership. The virtual festival was made possible by our knowledgeable guest speakers, who hailed from different industries and business functions and shared their expertise and experiences with the festival's participants.



More than 40,000

Views across all channels during the festival

More than 28,000

Sellers' views during the festival

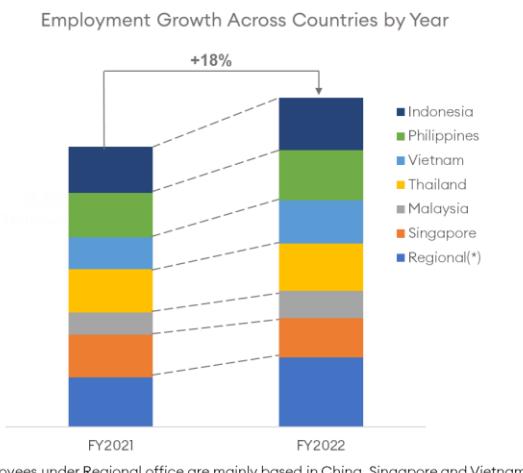
Diversity, Inclusion and Non-discrimination

Our core values are fundamental to the way we operate and conduct ourselves. We are committed to ensuring a merit-based work environment of mutual respect that is free of racial, sexual, ethnic, religious or other biases and any other forms of harassment or discrimination, including bullying behavior or acts that humiliate any individual. All employees must refrain from intimidation, coercion and threats or actions that lead to bodily or mental harm. This includes any forms of harassment, including sexual harassment, to any employee, contractor, customer, supplier or any party with any business relationship with Lazada.

At Lazada, we are committed to providing a diverse and inclusive work environment for everyone. We are guided by our Code of Business Conduct, which communicates our stance on diversity and inclusion to all employees at the time of joining and whenever it is updated.

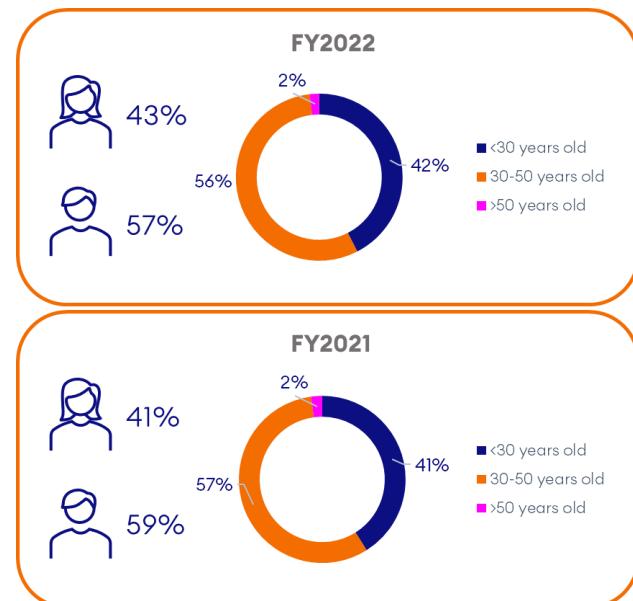
We take a strong stance against discrimination in the workplace. With hiring practices based on merit, our workforce is diversified across all nationalities, age groups, races and genders. Our workforce, including those in our regional office, is mainly spread across seven countries. In the past two years, our overall employment has increased by 18%.

Figure 1: Total Employment Across Lazada Group



We actively seek to continue improving our company's diversity and inclusion practices to build a vibrant and robust workforce. Women make up 43% of our overall workforce,⁸ marking a higher percentage than the overall tech industry in Southeast Asia, where women make up an average of 32% of the workforce.⁹ Between FY2021 and FY2022, the percentage of female employees in Lazada grew by about 3%. Nevertheless, the proportion of women in the tech industry still lags behind that of other industries in Southeast Asia, and we are committed to addressing this disparity.

Figure 2: Breakdown of employees by gender and age

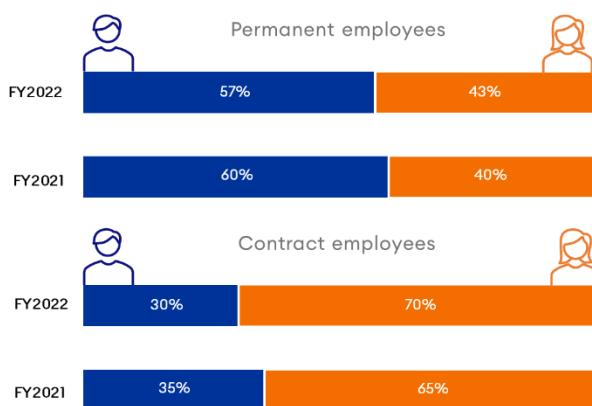


⁸ Employees under Lazada's payroll as of 31 March 2022

⁹ Boston Consulting Group, [Boosting Women in Technology in Southeast Asia](#) (2020)

A large majority of our overall workforce is made up of permanent employees. We had 99% permanent and 1% contract employees in FY2022. The proportion of permanent employees grew slightly by 0.6% from FY2021 as we have become less reliant on contractors over the years.

Figure 3: Breakdown of permanent and contract employees by gender



In FY2022, our overall workforce is also diversified across various age groups, with about 2% aged above 50 years old, 56% aged between 30 to 50 years old and 42% aged below 30 years old. Most of our male employees are aged between 30 to 50 years old and make up about 35% of the workforce. Meanwhile, those below 30 years of age make up 21% of the overall workforce.

Female employees are equally distributed between those below 30 years of age and those between 30 to 50 years old, with both age groups each contributing to about 21% of the workforce. As such, our workforce consists of a healthy mix of both genders across all age groups who add value to our operations by bringing different and new ideas and a wealth of industry experience.

Health and Well-being

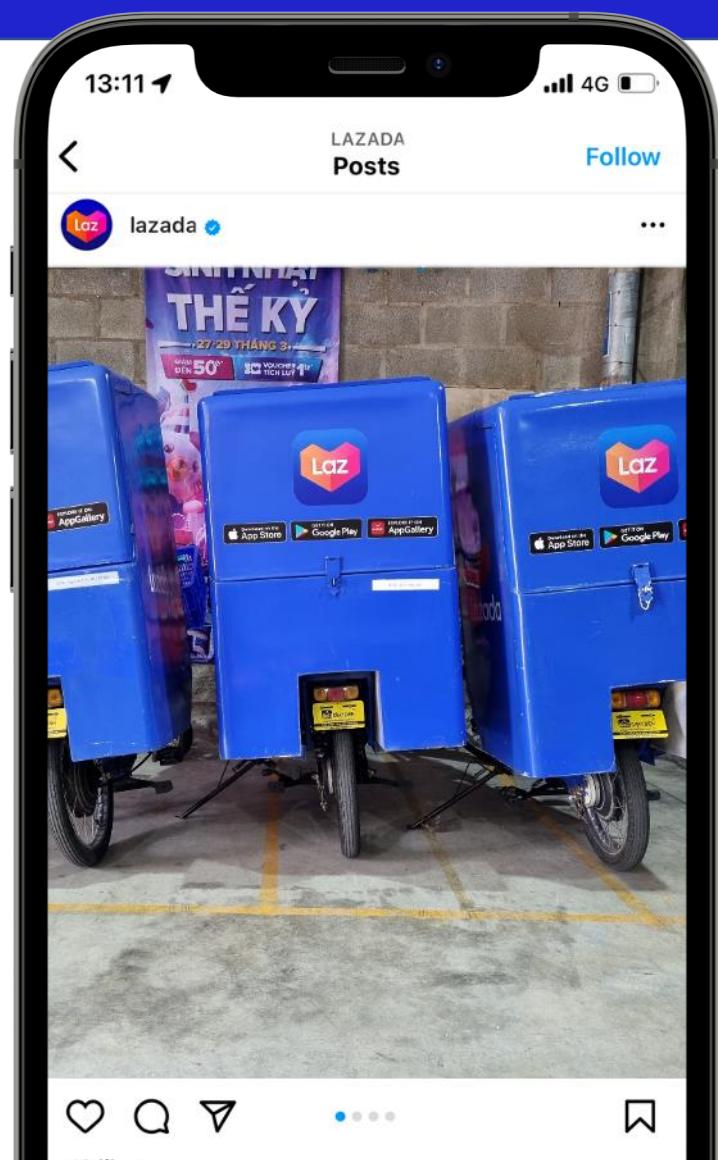
In Lazada, we care about the health and well-being of all our employees and workers and make it a priority to create an environment where our people can feel safe and comfortable.

We ensure that our employees are well taken care of, both physically and mentally. We are committed to providing safe workplaces by ensuring that our employees' exposure to potential health and safety hazards are minimized through proper design, engineering and administrative controls, preventative maintenance and safe work procedures, and ongoing trainings.

As part of our well-being program, our employees have access to psychological counseling under our LazListen initiative on top of comprehensive health and risk-protection insurance coverage.

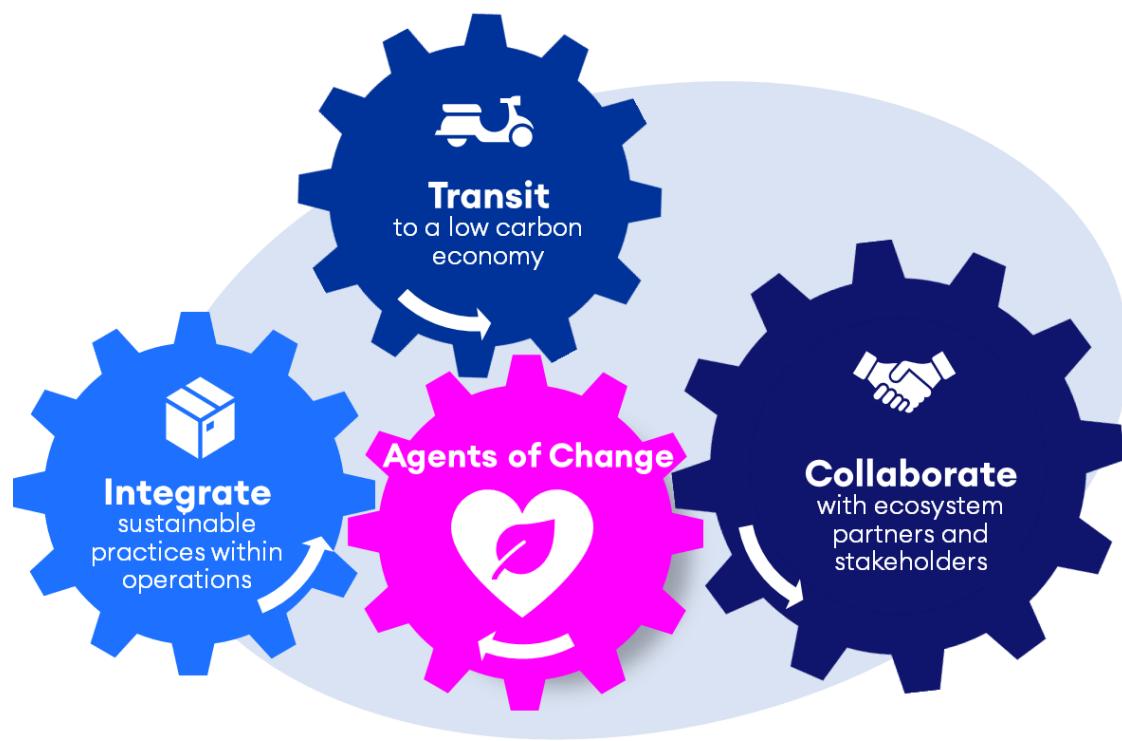
Responsible Stewardship

Managing our impact on the environment by investing in strategies to lower our carbon footprint, reduce our material use of natural resources and engage in a circular economy



Responsible Stewardship

The effects of climate change are of global concern. We aim to minimize the environmental footprint of our activities and raise awareness of the importance of protecting the natural environment through cultivating sustainable habits and practices, to support the health and well-being of our planet and our communities. We recognize that our platform also provides significant opportunities to make a difference in the environmental space. By first centering our green efforts within the organization, we hope to create an intentional ripple effect that extends through our networks and creates wider change in times to come.



Carbon Footprint

The growing demands of the digital commerce industry and the nature of our operations contribute to higher energy usage and carbon emissions. Every delivery we make has its own carbon footprint, from product development to the transportation and distribution of parcels by our third-party logistics providers to the doorsteps of our consumers. Despite all these challenges, we are committed to reducing energy use at every key touchpoint by increasing efficiency and adopting low-carbon alternatives that make our operations greener. In our journey towards a low-carbon future, we are also working to enhance the resilience of our supply chain networks against the impacts of climate change.

We have undertaken a comprehensive carbon inventory exercise to obtain a holistic view of the Scope 1, 2 and 3 emissions attributed to our operations and to identify strategies that decarbonize our operations. Given the nature of our business which brings together a network of interconnected stakeholders, much of our decarbonization strategies must involve the integration and buy-in of our stakeholders across our whole value chain. As such, we aim to develop an overarching ecosystem approach, so we can work closely with our many partners to implement our decarbonization solutions.

Three areas of focus that will be key to lowering our organizational carbon footprint are optimizing our delivery routes, making our transportation fleets greener, and improving our energy efficiencies. We have piloted the use of electric vehicles and are currently exploring other potential e-mobility solutions. By scaling up these initiatives within our operations, we hope to contribute to the sector-wide investment in electrification and a greener economy. To improve our energy efficiencies, we have adopted innovative solutions such as using insulated RedMart Totes instead of refrigerated trucks when delivering temperature-sensitive products (read more about this initiative on page 37).

We will also be developing feasible yet ambitious goals to reduce our emissions from energy usage, while identifying synergies with our other organizational objectives. Moving forward, we aim to develop science-based carbon reduction targets and formulate a strategic roadmap on lowering emissions to achieve our carbon reduction goals.

Redefining the Future of Delivery: Low-carbon Alternatives

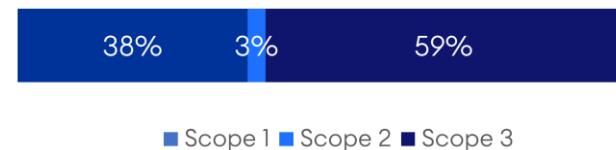
The transition toward low-carbon solutions is becoming more prominent within the logistics and digital commerce industries, given their potential to lessen the negative impact on the environment.

#BlueVehicle Campaign in Indonesia

Given the nature of our industry, land transport from our logistics and delivery operations contributes significantly to our GHG emissions. To address this, we launched a #BlueVehicle campaign to support Lazada frontliners' use of low-carbon vehicles such as cargo-bikes and electric motorcycles. This initiative is in conjunction with the Indonesian Government's Program Langit Biru (Blue Sky Program) which aims to improve Indonesia's air quality and encourage environmentally conscious practices in the

Results of FY2022 Carbon Inventory Exercise

We conducted a greenhouse gas (GHG) emissions inventory exercise for FY2022 to understand our Scope 1, 2 and 3 emissions with reference to GHG Protocol Corporate Standard.¹⁰ Scope 3 accounts for the largest contribution of our total emissions, followed by scope 1 and 2. With a holistic view of the emissions attributed to the respective areas of our operations, we will be able to use the results to enhance our decarbonization roadmap in coming years and align with global ambitions to reduce GHG emissions.



■ Scope 1 ■ Scope 2 ■ Scope 3

community. These activities reflect Lazada commitment to supporting the growth of the digital economy ecosystem with environmentally friendly logistics solutions.



¹⁰ Refer to section 3 of the Appendix for details

Leveraging Technology to Electrify Our Motorcycles in Indonesia

Since 2021, we established our first electric motorcycle fleet in Indonesia to reduce our last-mile package-delivery carbon footprint. This fleet focuses on delivering products from micro, small and medium-sized enterprises and simultaneously uplifts these businesses and ensures greater and greener convenience for all.

In February 2022, we partnered with PT Smoot Motor Indonesia to introduce a more climate-friendly delivery option – the Blue Vehicle, a specialized electric motorcycle delivery fleet for Lazada's courier partners in Indonesia. Instead of having to charge the motorcycles, Smoot Motor's proprietary SWAP Battery System technology allows depleted batteries to be easily swapped out for fully charged ones at battery exchange locations across strategic locations in Jakarta. The exchange takes less than a minute, enabling courier partners to make long-range deliveries without the hassle of waiting for vehicles to fully charge.

The Smoot electric motorbike fleet is offered to all Lazada Logistics frontliners under a rent-to-own program, which allows them to rent the vehicles with the option of ownership at the end of the rental period. To encourage the adoption of electric vehicles and support the development of an environmentally friendly logistics ecosystem, Lazada also offers down-payment subsidies to selected frontliners who are interested in using and owning a Smoot electric vehicle.



Integrating Zero-emission Cargo Bicycles Into Our Delivery Fleet

We have been engaging with Westbike Messenger Service, a provider of zero-emissions last-mile deliveries by bicycle, in populated regions such as Jakarta, Bandung and Yogyakarta since May 2021. These cargo-bikes focus on deliveries in designated office and residential areas.

Vietnam's Electric Scooter

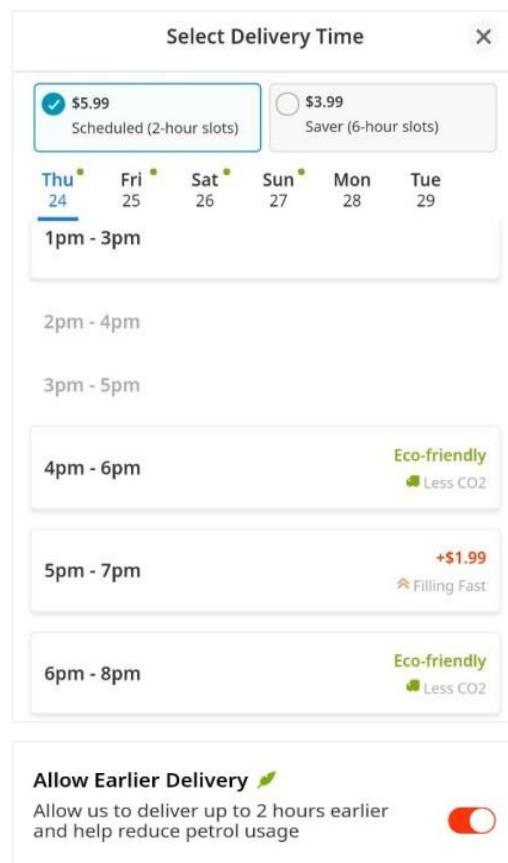
As a pioneer in the digital commerce sector in Vietnam, we have been promoting the use of electric scooter for logistical efficiencies since 2017. Starting with piloting the use of electric scooter delivery models and following the success of the initial testing processes, we have since expanded into a full-fledged delivery fleet. Each of our scooter have a total travel distance of 15-20km and an estimated delivery capacity of more than 100 parcels per charge. The electric scooter is designed by Lazada and has been successfully granted a patent.



Delivering More while Travelling Less

We have been using a routing algorithm for RedMart deliveries since 2018 to cluster nearby deliveries together for greater efficiency. As we continued to refine our routing algorithm over the years, this clustering effort has enabled the same driver to travel less yet deliver more orders, contributing to a reduction of our carbon footprint.

With sustainability being a key consideration for many of our shoppers, we also hope to make greener choices more accessible through our mobile application, which encourages consumers to choose eco-friendly delivery slots close to those chosen by their neighbors, thus resulting in even more efficient routing. To enable better clustering



of deliveries, Lazada also provides consumers with the option to accept earlier deliveries before their chosen time slots. Thanks to these efforts, more than 30% of our daily RedMart deliveries are clustered to provide greater efficiency.

Cooling Measures: RedMart Insulated Totes

In Singapore, we offer warehouse-to-doorstep deliveries of temperature-sensitive goods, such as fresh and cold produce, so it is essential for us to maintain product freshness. Given that refrigeration machinery is directly driven from the engines in our cooler trucks, a large amount of energy is needed to cool the cargo space to the necessary temperatures. As a result, depending on factors such as truck specifications, door openings and driving times, refrigeration can account for 8-20% of the total energy requirements of our trucks.¹¹ Looking to alleviate the energy usage for cooling, we found that it was not necessary to use refrigerated trucks to ensure the freshness of our goods given Singapore's relatively small geography. As such, we invested in specialized insulation accessories to keep RedMart products at sufficiently low temperatures so they can be delivered in non-refrigerated trucks, thereby reducing our energy footprint in this area.

Materials and Packaging

As an organization with operations across Southeast Asia, we minimize our waste volume by not only increasing efficiency of our internal operations but also by facilitating a circular economy where we maximize the value of the resources and materials we use.

Packaging plays an essential role in ensuring that a delivered product arrives at its destination in pristine condition. While support for, and the

¹¹ The Economist Intelligence Unit Limited, [Cooling: Transporting us to net Zero](#), 2020

availability of, green packaging solutions on the market has grown in recent years, the selection of truly green packaging options still has its challenges and requires thoughtful consideration. For instance, while biodegradable packaging may typically be perceived as having a lower environmental impact than single-use plastics, it may not be so in the context of countries without suitable disposal pathways, as biodegradable materials typically end up being incinerated in these countries rather than being allowed to degrade in landfills and thereby have a comparable environmental impact to single-use plastics.¹² Similarly, in some cases, reused plastic bags have been found to be eco-friendlier options compared to paper and cotton bags.¹³

As we continue to identify specific areas of focus within our operations to improve material efficiency, we have started to implement initiatives to reduce waste across our operations. In Singapore, we have optimized our bagging guidelines in our West Fulfilment Centre warehouse since February 2022 to exclude mandatory packaging for most items except those that require further care (e.g., chemical items that are prone to leakage). This move has resulted in more than 50% reduction in plastic waste.¹⁴ We will continue to monitor our efforts to reduce waste within our operations where feasible and engage our suppliers and networks to implement innovative waste solutions.

Moving forward, we hope to support our consumers in recycling or reducing packaging waste. With readiness and feasibility in mind, we aim to adopt solutions that have minimal negative impact on the environment.

¹² Ang, H.M. Channel News Asia, [Biodegradable plastic alternatives not necessarily better for Singapore, say experts](#) (2019)

¹³ Ang, H.M. Channel News Asia, [Single-use plastic bags have ‘lower environmental footprint’ compared to](#)

Green Packaging Solutions

Fulfilled by Lazada



FBL's packaging solutions, FSC box and cardboard filling.

Fulfilled by Lazada (FBL) is a logistics service that enables brands, sellers and partners to have their products stored, packed and shipped directly from a Lazada warehouse, saving them time and costs while improving customer satisfaction through shorter delivery lead times.

In a bid to tackle plastic waste streams, our logistics operations have introduced greener packaging alternatives to sellers under FBL since 2021. Under this initiative, conventional packaging has been replaced by materials such as Forest Stewardship Council (FSC)-certified carton boxes filled with recycled shredded cardboard fillers instead of traditional plastic fillers. Used carton boxes are also given a second life where possible. These alternative packaging solutions are provided as ECO (plastic-reduced) and ZERO (plastic-free) options, with the latter going the

[paper and cotton bags in cities like Singapore: NTU study](#) (2020)

¹⁴ From a three-month period between February to April 2022, compared to a baseline three-month period between November 2021 and January 2022 at West Fulfilment Centre.

extra step of using paper tape instead of plastic tape to seal packages.

With the rising demand for sustainable packaging from brands and consumers, we expect to see increasing adoption of these sustainable packaging solutions.

Creating a Reverse Logistics Ecosystem in RedMart

In Singapore, we have been leveraging reverse logistics strategies in our last-mile delivery services for RedMart since 2019 by reusing the carton boxes that transport consumers' items.

For contact deliveries, our logistics representatives remove the purchased items from their transportation boxes once they reach consumers' doorsteps and deliver the purchased items directly before collecting the boxes for reuse or recycling. For contactless deliveries, the carton boxes are passed to the drivers delivering customers' next orders. This program has resulted in a sharp reduction in the rate at which we go through new supplies of carton boxes. The success of this program can be attributed to the buy-in of our courier partners and ultimately drives our sustainability efforts to reduce the amount of packaging used to fulfill consumer orders while continuing to prioritize hygiene and safety. While contactless pick-ups in response to COVID-19 led to a fall in box-collection rates over the last two years, we are looking to raise awareness of this initiative among our shoppers and increase the reuse rates back to pre-pandemic levels.

In 2021, we enhanced our overall reverse logistics process by introducing a new app feature that allowed delivery representatives to report the status of returned cartons and other accessories during each delivery. This enhancement enables the transport team to track the return rate of carton boxes and other accessories, such as silver bags for frozen goods. This in turn has optimized RedMart's inventory management.

Choosing and Providing Responsible Packaging Options

We strive to provide responsible packaging solutions through holistic efforts, including reducing and removing excess packaging, using and sourcing compostable and recycled packaging materials, avoiding the use of harmful substances and providing information on disposal opportunities.

RedMart also focuses on reducing the packaging used in products or replacing them with more sustainable alternatives. We package certain food items and produce, such as fruit, coffee, hummus and fresh guacamole, in biodegradable packaging. We have also switched to using 100% recycled PET instead of virgin plastics for our bottled water. This allows us to reduce the use of new plastics and to give recycled plastics a new lease on life. From this switch alone, an estimated 30 tons of virgin plastics – equivalent to around 50,000 bottles – have been avoided annually since 2021.



Sustainable Procurement Practices

As part of our sustainability promise, we work actively with our suppliers to ensure that RedMart house brand products are produced and procured in a sustainable manner. To date, we have ensured the responsible sourcing of products ranging from paper products to fresh produce and even seafood.

FSC Certified Paper Products

All RedMart house brand paper products are FSC certified. FSC certification ensures that products come from well-managed forests that provide environmental, social and economic benefits.¹⁵ Our FSC-certified products include kitchen towels, tissues and toilet paper rolls.

Sustainable Sourcing and Production of Meat and Poultry

The rearing and production of meat and poultry products have in recent years raised concerns over their negative environmental impact as well as improper animal treatment. As such, we work closely with our suppliers to procure products that are responsibly reared and produced.

All of RedMart's house brand beef are reared with high animal welfare standards and are grass or grain fed. For RedMart house brand products, all of our chickens are reared in cage-free barns with



¹⁵ FSC Certification, [Ensuring environmental, social and economic benefits](#)

the space to roam freely. The chickens are also reared without antibiotics and hormones, thereby reducing the risks of infections and improving the overall welfare of the animals.

Protecting our Oceans With Sustainable Seafood

By improving the way tuna are caught, we strive to do our part for the oceans and contribute to efforts in maintaining a healthy marine ecosystem. Our RedMart house brand canned tuna is caught using the dolphin-friendly pole and line method to reduce accidental bycatch. We also make sure to use only skipjack tuna, which is in abundant supply in the oceans. All RedMart house brand canned tuna are certified to be dolphin friendly and/or meet the Fisheries Certification Requirements of the Marine Stewardship Council (MSC).



Responsibly Sourced Coffee

For coffee lovers, we ensure that all RedMart house brand coffee is sourced from sustainable coffee plantations that are certified by the Rainforest Alliance. This ensures that the coffee beans are not sourced from deforested areas and that farmers are paid fair prices for their products.

Spearheading Sustainability Campaigns

As we work internally toward our environmental goals, external collaborations with like-minded partners remains important to us.

Fostering Relationships

We have started initiating exclusive sustainability partnerships with other large organizations on our digital commerce platform and work together to cultivate eco-friendly mindsets in our consumers while providing an environmentally conscious online shopping experience.

At Lazada, we commit to a “customers first” approach. With increased accessibility to a wide variety of products online, we hope to improve the user experience and transparency of product information on our platform to cater to discerning consumers who are on the lookout for greener products.

LazEarth Campaign

Southeast Asia generates over 31 million tons of plastic waste each year,¹⁶ and 91% of consumers state that they are concerned about plastic waste issues in the region.¹⁷ As part of our commitment to supporting sustainable practices in the digital commerce ecosystem, we collaborated closely with our LazMall brand partners for our LazEarth campaign to make eco-friendly products easily



accessible and identifiable to consumers across the region.

The campaign focused on plastic waste reduction in products and packaging and featured more than 70 brands mainly across the product categories of fashion and fast-moving consumer goods. Recognizing that consumers in the region were becoming concerned about plastic waste, we made it easier for people to identify and source environmentally friendly products by spotlighting products that were made, packed or shipped with reduced or better plastics. We will continue to work with our LazMall brand partners to expand their selection of eco-friendly products.

External Collaborations with Partners

Our three-year digital commerce sustainability partnership with Unilever kicked off in November 2021 with the aim of better serving the millions of Southeast Asian consumers who want to adopt an eco-friendly lifestyle. The partnership focused on developing insights to understand what eco-conscious shoppers value most as well as the implementation of corresponding impactful solutions.

Under the partnership, we work with Unilever to label eco-friendly products that meet certain green criteria, such as biodegradability and reduced greenhouse gas emissions in their formulations, making it easier for Lazada consumers to buy sustainable product options. In addition, we have strengthened our commitment to reducing the usage of plastic packaging materials in delivery parcels starting in Vietnam, Indonesia and the Philippines by offering green packaging solutions, including FSC-certified carton boxes and recycled shredded paper.

¹⁶ ASEAN Secretariat, [ASEAN Regional Action Plan for Combating Marine Debris in the ASEAN Member States \(2021-2025\)](#) (2021)

¹⁷ SEA Circular, [Perceptions on Plastic Waste Report \(2020\)](#)

Effective Governance

Implementing effective governance structures as a foundation for Lazada's success, with a focus on strengthening our cybersecurity and intellectual property protection practices and processes



Effective Governance

An effective corporate governance strategy is the cornerstone of our business. We are committed to building trust and providing value by conducting our business responsibly and with integrity while promoting ethical behavior among all Lazadians and ensuring compliance to relevant laws and regulations in the geographies in which we operate.



Upholding High Standards of Business Conduct

As a Group, we strive to uphold the highest standards of business conduct in our relationships with our customers, sellers, suppliers and other third parties in the ordinary course of our business. Our policies and guidelines govern our efforts and define our approach to conducting business in a legal, honest and ethical way in compliance with relevant national laws and international trade rules.

All employees are expected to adhere to our internal governance policies that cover areas such as anti-bribery, anti-corruption, conflict of interest and information security.

Our Group's code of business conduct outlines the behavior expected of our employees. This includes ensuring employee conduct reflects our values, demonstrates the highest standard of business ethics and contributes to a work environment that upholds and improves our company's good business reputation for integrity and trust. As an advocate, practitioner and promoter of Lazada's culture, each employee is expected to align their professional judgements, statements and actions with our code of business conduct. They are also expected to positively guide team members and avoid behaviors that may negatively impact the organization.

Anti-Bribery and Corruption

We adopt a zero-tolerance approach to bribery and corruption of any form, as set out in our Anti-Bribery & Corruption (ABC) policy. This policy is aligned with major global anti-bribery and corruption laws, including those in the countries in which we operate.

We conduct annual training for all employees on our code of business conduct and ABC policy. We also ensure regular communication to our employees regarding important compliance requirements, obligations and expectations in relation to prohibitions against bribery and corruption. Our efforts are paramount in reinforcing our commitment to conducting business with the highest level of honesty and integrity.

Similarly, our suppliers are expected to acknowledge and comply with our Suppliers' Code of Conduct, which takes into account Lazada's internal guidelines and policies and sets out the expected behavior of our suppliers. As we expect our business partners to be similarly committed in doing business in a legal, fair and ethical manner, violation of this code could result in the termination of contracts.

Grievance Mechanisms

To maintain a safe and professional work environment, we encourage open communication between line managers and employees and have instituted mechanisms to ensure that issues or grievances can be confidentially raised and promptly resolved. Our grievance handling guidelines and open-door policy outline the principles that enable an atmosphere of trust and mutual respect, creating a solid foundation for collaboration, high performance and success across Lazada.

We practice an open-door policy that makes managers responsible for creating an environment where employees' input is welcome; issues are shared early, candidly and in good faith without the fear of retaliation; and where disputes are resolved as soon as possible.

We want all employees to feel comfortable approaching their supervisors or management in instances where they believe violations of policies or standards have occurred. Lazada's whistleblowing mailbox (whistleblow@lazada.com) and the [whistleblowing channel](#) allows our employees, buyers, sellers and other stakeholders to report any suspected or actual fraud, corruption, illegal acts or unethical practices by Lazada employees and personnel in good faith for appropriate investigation and action subject to applicable laws and regulations. All grievance information is to be considered confidential and is shared only with authorized personnel on a need-to-know basis.

Cybersecurity and Data Privacy

Cybersecurity is of critical importance in today's digital age and digital commerce space. We acknowledge and respect the trust that our platform users have placed in us to safeguard their financial and personal information, and we have spared no efforts to ensure that our cybersecurity measures continually meet the highest standards in protecting our corporate data and that of our stakeholders.

Establishing Internal Governance Standards and Procedures

Within Lazada, we have established several key policies and guidelines that articulate our commitment and approach to cybersecurity and data protection.

We also pride ourselves on being certified against the ISO 27001:2013 standard, an international benchmark for information security that sets out a holistic approach for securing the confidentiality, integrity and availability of corporate information assets. We obtained the ISO 27001:2013 in October 2019 and are one of the few digital commerce platforms in Southeast Asia to be certified. We continue to undergo thorough comprehensive

audits by external assessors and improve upon our cybersecurity measures to ensure our procedures and controls are aligned with industry standards.

As part of our commitment to continually improving our information security management systems, we conduct internal audits on a regular basis to identify potential lapses in security standards and implement additional controls as needed. We also engage internal stakeholders across multiple departments to continuously maintain and improve their processes to meet regulatory requirements.

Information Security Policy	Data Security Guidelines	Data Sharing Policy	Privacy Management Policy
Sets out Lazada's commitment to the principles of information security. Designed in line with ISO 27001:2013, the international standard for information security.	Guides Alibaba Group and all subsidiaries and affiliated companies on how to protect their data assets, improve data security awareness of employees, manage each process of the data management life cycle and protect the organization against risks or losses from improper data handling.	Sets out Lazada's data protection risk assessment approach, procedures and controls with respect to data transferring processes to third parties (e.g., vendors) and Lazada Group entities.	Sets out Lazada's approach to privacy risk management and the responsibilities of employees and contractors in the handling of personal data in the course of business operations. Based on basic data protection laws in the countries that we operate in.

Cybersecurity and Data Security Targets	Progress
Maintain our ISO27001:2013 certification	Maintained ISO27001:2013 certification in FY2022
Maintain Payment Card Industry Data Security Standard (PCI-DSS) certification*	Maintained PCI DSS certification in FY2022
Attain 100% employee completion of cybersecurity training	More than 90% of our employees completed the training in FY2022. We continue to track the completion of our employees' cybersecurity training and reach out to them regularly to ensure the timely completion of their training

*The PCI-DSS certification is an international standard that ensures the security of card data within an organization through a set of requirements established by the PCI Security Standards Council.

Cultivating a Cybersecure Mindset in Our Employees

In recognition of the role that every employee plays in cybersecurity and data privacy measures, we aim to cultivate a “my data, my responsibility” culture through Project Sparta, an internal awareness program that includes several initiatives to strengthen the cyber-resilience of our organization.

Such initiatives include conducting periodic drills to strengthen alertness and ensure that all relevant personnel and employees are well prepared to implement crisis management procedures in response to incidents on a timely basis. Apart from conducting such drills, we also conduct cybersecurity training for employees and raise awareness through posters and live streams.



We aim to maintain an overall organizational culture of cybersecurity awareness and accountability.

More than 90% of employees have completed training on data protection and cybersecurity, while 100% of our employees received communication on data protection and cybersecurity awareness in FY2022. We will continue to work towards our target of ensuring all employees are trained and well-equipped to tackle cybersecurity issues.

Networking with Industry Partners and Communities

As part of our belief in taking an active stance to combat cybercrimes, we interact with industry stakeholders on a regular basis to yield strategic insights as to how we can improve our cybersecurity practices.

Cybersecurity Partnerships

As we focus on building internal capabilities and increasing cybersecurity awareness, we continue to maintain an outward view of current cybersecurity trends in the industry. We keep abreast of global cybersecurity and data privacy regulations, especially in the geographies we operate in, to ensure our continued adherence to such laws. We also take a proactive approach toward identifying key areas of cybersecurity

concern and regularly benchmark our practices against peers to ensure that we continue to perform well against industry standards.

As part of this commitment, we participate in industry programs and engage with relevant stakeholders to improve our resilience in the fast-changing cybersecurity landscape. Lazada is currently collaborating with the Cyber Security Agency of Singapore (CSA) through the SG Cyber Safe Partnership Program. As part of this collaboration, we participated as one of the pilot users to road-test requirements of CSA's Cyber Essentials and Cyber Trust marks certifications. We also worked with CSA on joint social media content to promote the practice of good cyber hygiene among digital commerce users.

Participating in Community Outreach Programs

We regularly take part in community outreach programs to connect with our stakeholders and to share relevant measures that the general public can take to mitigate cybercrimes. We have also made it our mission to go the extra mile in combating and detecting potentially fraudulent activities to protect shoppers.

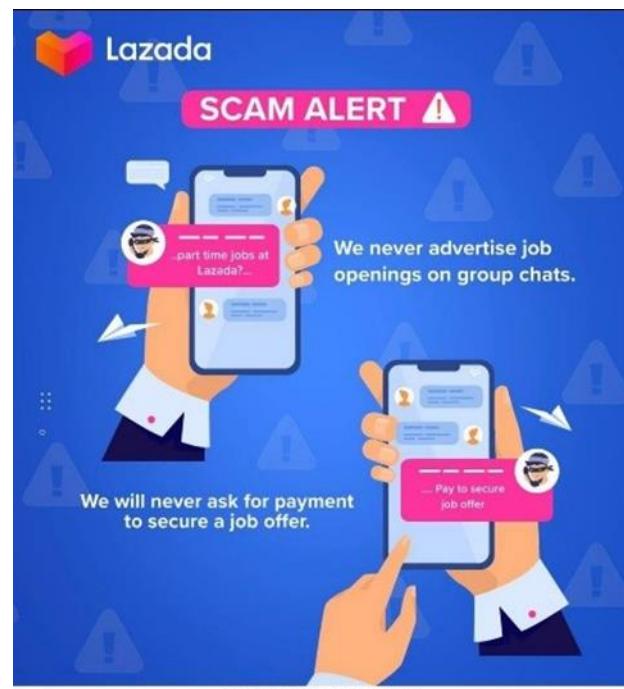
In Singapore, Lazada has been collaborating with the Singapore Police Force to tackle scams through various initiatives, including the sharing of crime trends, anti-scam advisories and important information as well as spurring prompt intervention actions where necessary. In FY2022, Lazada received a token of appreciation from the Singapore Police Force for outstanding community partnership.

In Malaysia, Lazada also received an award in FY2022 from the director of the commercial crime investigations division of the Royal Malaysia Police for its efforts in combating online scams and its participation in Royal Malaysia Police's 2021 campaign against cyber and commercial crimes.



Collaboration With Authorities to Raise Awareness of Fraud Scams

We have been collaborating with the Singapore Police Force and the National Crime Prevention Council since 2020 to raise awareness against scams and to support fraud investigations. This has been done through joint social media advisories, informational posters and videos to raise awareness of potential tactics scammers may use, such as tricking users into signing up for non-existent affiliate marketing programs. Our data security measures and tools are regularly updated to keep abreast of malicious behaviors, enabling us to detect fraud and to further



collaborate with local authorities to take legal actions against anyone who abuses our platform.

Safe Shopping: Lazada's Battle Against Cybercrimes

Lazada has been working with the Inter-Ministry Committee on Scams (IMCS) in Singapore since 2020. For our efforts in strengthening our platform's safety, the IMCS awarded Lazada the highest possible score of four ticks in its Transaction Safety Ratings (TSR), a safety rating based on the anti-scam measures implemented by digital commerce platforms.

We were also invited to the Singapore Police Force's Mata-Bytes Facebook livestream to discuss safe shopping on digital platforms. This recurring program provides easy-to-digest information about crime prevention measures. Other topics discussed on the episode included tips to identify authentic products, how to ensure safe monetary transactions through secure payment modes and how to avoid online scams.

E-commerce Marketplace Transaction Safety Ratings¹⁸ by IMCS Singapore

- ✓ Measures to verify seller authenticity
- ✓ Measures to monitor fraudulent seller behavior
- ✓ Availability of secure payment options
- ✓ Maintenance of transaction records and user data
- ✓ Reporting and Dispute Resolution mechanisms

¹⁸ Ministry of Home Affairs Singapore, [E-commerce Marketplace Transaction Safety Ratings](#) (2022)

Intellectual Property

At Lazada, we are cognizant of the importance of prioritizing Intellectual Property Rights (IPR) protection efforts in maintaining a legally compliant and healthy digital commerce environment for our many shoppers in the Southeast Asian region.

Committed to protecting Intellectual Property (IP) and product authenticity, we are the first Southeast Asian digital commerce company with a dedicated IPR Protection Team. The team serves three main functions: managing the system for reporting and taking down listings that infringe upon IP, using AI algorithms to automatically detect and remove suspected counterfeit listings and working with various stakeholders to advance protections for rights holders.

Our IPR protection program consists of four focus areas: a strict IPR policy, merchant education, technology-driven governance and stakeholder collaboration.

Intellectual Property Rights Policy	Merchant Education	Technology-Driven Governance	Stakeholder Collaboration
<p>Our IPR policy prohibits infringement of copyright, trademarks, patents and design rights on our platforms. Seller agreements expressly prohibit IPR infringement on our platforms. Non-compliance consequences include escalating penalties that can lead to account suspension and account termination.</p>	<p>IPR education is a critical part of the merchant onboarding process, and we invest heavily in merchant education to not only ensure merchants' recognition of our stringent IPR policies but to also safeguard consumers' interests and the rights of other sellers. All new sellers are required to go through a series of education modules in our web-based Lazada University, a dedicated sellers' portal that includes an IPR education module as well as other courses, such as one on platform terms and conditions.</p>	<p>We leverage technology to administer effective, efficient and accountable IPR protection measures. These include our Intellectual Property Protection (IPP) Platform, the IPP Plus Program and other proactive measures driven by our team to detect and take down listings that do not align with our IPR policy.</p>	<p>We cooperate closely with governments and brand associations to ensure mutual understanding and coordination in regulating IPR protection issues and protecting consumers and businesses from relevant IP threats. Resource guides for rights holders, including a dedicated email channel for queries and an IPR Protection Handbook, are also readily available for IPR owners.</p>

Please refer to our [Intellectual Property Annual Report 2021](#) for more information.

Takedown Requests: Lazada's Intellectual Property Protection Platform

Key to our IP Protection Program is the Intellectual Property Protection (IPP) Platform – an easy-to-use portal for rights holders to submit takedown requests for alleged infringement of intellectual property rights. The IPP Platform accepts takedown requests based on trademarks, copyright and patent rights and provides comprehensive information regarding takedown requests. This platform allows for bulk submissions and provides real-time updates and visibility on the status of each takedown request. The platform has more than 1,000 registered users. Due to ever-improving technology, the average time needed to process a takedown request dropped by more than 40% between 2020 and 2021.

This year, we also made several enhancements to the platform, including adding descriptions of each IPP Reason Code for ease of reporting and adding an accessible search function for managing past takedown requests.

IPP Plus Program

IPP Plus was introduced in January 2020, offering enhanced service support and expedited takedown processing. Participants are invited into

33%

Growth in registered accounts on IPP in 2021 compared to the previous year

Within 72 hours

Processing time for nearly 90% of all takedown requests filed through IPP

45,850 hours

Spent in human review of incoming takedown requests

the program based on relevant notice and takedown criteria, including reporting volume and accuracy, and participating rights holders are guaranteed an average processing time of 48 hours for their takedown requests. In FY2022, there are over 70 brands registered for the IPP Plus Program, with over 90% of requests being processed within 24 hours and a 95% success rate for takedown requests.

Proactive Measures

In March 2020, we piloted a proactive detection program to takedown counterfeit goods. The program is currently being deployed by participating brands and uses technology coupled with data, such as product-specific information from rights holders, to target listings of counterfeit goods even before rights holders report them. In FY2022, we doubled the number of brands participating in this program to reach more than 65 enrolled brands. The program was met with great success, with 98% of proactive removals occurring before a transaction took place.

Online-to-Offline Law Enforcement Actions

We work closely with INTERPOL, national law enforcement agencies and rights holders in counterfeit cases to facilitate information sharing and to provide the necessary evidence and other support. We uphold our high IP standards and contribute where we can to safeguard buyers against counterfeit goods.

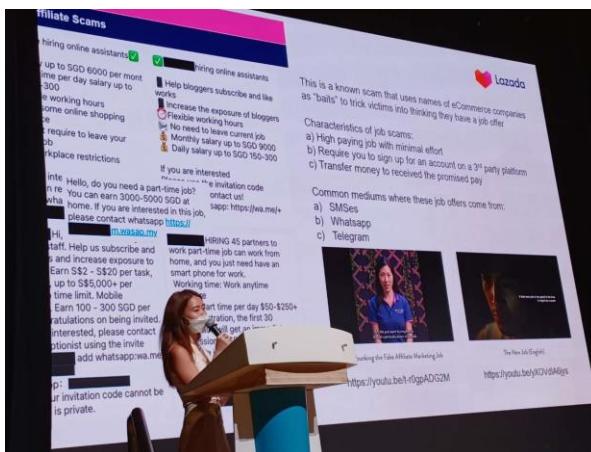
Over the years, our efforts have included raid actions for key consumer brands, including HP, BMW and Panasonic and raid actions. For instance, our efforts and cooperation with the Thai police over the course of several months contributed to the successful dismantling of a Panasonic counterfeiting ring in July 2021 and allowed for the recovery of over 82,000 fake batteries bearing Panasonic's trademark.

Organizing Industry Workshops and Events

We continue to actively participate in IPR conferences, workshops and events, not only as panelists or presenters to share our expertise and knowledge, but also as participants to learn from industry peers and stay updated on IP trends and other protection measures. Through our engagements with these stakeholders for outreach and conference events, we have interacted with over 1,100 IPR partners in Southeast Asia across the year.

In February 2022, we organized the third iteration of Lazada's annual IPR Workshop, which serves as a platform for rights holders to provide direct feedback to our company; share their experiences of selling on our platform; and kick-start collaborations by expressing their interests, ideas and suggestions directly to the IPR Protection Team. These workshops also allow us to give updates on the latest initiatives that are part of the IPR protection program.

We also conducted the IPP Users Workshop on 22 September 2021, during which nearly 200 IPP users learned about best practices for using the platform, maximizing takedown success rates as well as upcoming improvements to IPP.



Collaborations with Governments and Brand Associations

Beyond our efforts in IPR engagement, we continue to strengthen our cooperation with governments bodies across Southeast Asia, brands and industry associations. In FY2022, we participated in five Memoranda of Understanding (MOU) and declarations to commit further support and protection for our consumers and legitimate businesses on IPR matters.

MOU Milestones	
11 January 2021	MOU with Thailand Department of Intellectual Property to strengthen IPR reporting
1 March 2021	MOU with the Intellectual Property office of the Philippines to collaborate on IPR enforcement
4 March 2021	MOU with React, a non-profit organization to combat counterfeit and pirated goods
6 October 2021	Supported the MOU on IPR protection, enforcement and cooperation in Indonesia
26 October 2021	MOU with Pharmaceutical Security Institute to protect against counterfeit medicines

“This is only the start of our impact journey. Together, we can shape the future of the digital economy to be more sustainable, more empowering, and more resilient.”

James Dong

Lazada Group CEO

Appendix



Additional Information

Conversion rates of local currencies to USD used throughout the report are shown in the table below.

CURRENCY CONVERSION RATES USED	
SGD to USD	SGD 1 = USD 0.738
THB to USD	THB 1 = USD 0.03
VND to USD	VND 1 = USD 0.0000435138
PHP to USD	PHP 1 = USD 0.0193
MYR to USD	MYR 1 = USD 0.2378
IDR to USD	IDR 1 = USD 0.0000696486

Currency conversion rates are extracted from [XE currency tables](#) and are based on historical close rates as of 31 March 2022.

Section 1: Empowering Communities

The methodology and assumptions below are used to derive the number of economic opportunities created directly and indirectly from Lazada's platform on page 15.

ECONOMIC OPPORTUNITIES CREATED DIRECTLY AND INDIRECTLY FROM LAZADA'S PLATFORM	
Number of Sellers	Number of active sellers that have at least one sale on Lazada's platform as of the end of the reporting year.
Number of Employees	Number of permanent and contract employees on Lazada's payroll as of the end of the reporting year.
Number of Third-Party Logistics (3PL) Drivers	<p>Number of 3PL drivers was estimated using the number of parcels delivered by 3PL drivers for Lazada in the reporting year, divided by the delivery efficiency (parcel/driver) during the reporting year.</p> <p>Assumptions: The delivery efficiency of 3PL drivers is assumed to be similar to the delivery efficiency of Lazada Logistics operations.</p> <p>Lazada Logistics' delivery efficiency was computed using the total number of parcels delivered divided by the total number of drivers, in Indonesia, Malaysia, the Philippines, Thailand and Vietnam. Singapore was excluded as it does not have Lazada Logistics operations.</p>
Number of Enabler Company Employees	Number of enabler company employees was estimated by aggregating the average number of employees in the reporting year by each enabler company that Lazada works with in the countries in which we operate. This number was rounded down to the nearest thousand for a more conservative estimate as different enabler companies may use different methods to estimate the average number of employees in the year.
Number of Influencers	Number of influencers was estimated by aggregating the total number of influencers that Lazada worked with across LazLive and various social media channels in the countries in which we operate during the reporting year. This

	number was rounded down to the nearest thousand for a more conservative estimate.
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Section 2: Future-ready Workforce

Additional information for GRI 405-1 disclosure below.

BREAKDOWN OF EMPLOYEES BY EMPLOYMENT CATEGORY AND GENDER			
FY2022	Vice President & above	<u>MALE</u> 6.4%	<u>FEMALE</u> 3.9%
	Managers	15%	10.7%
	All other staff*	35.6%	28.5%
<i>*This comprises fresh graduates and associates</i>			
FY2021	Vice President & above	<u>MALE</u> 5.3%	<u>FEMALE</u> 3.9%
	Managers	15.4%	9.7%
	All other staff*	38.7%	27%
<i>*This comprises fresh graduates and associates</i>			
BREAKDOWN OF EMPLOYEES BY GENDER AND AGE GROUP			
FY2022	>50 Years Old	<u>MALE</u> 1.3%	<u>FEMALE</u> 0.5%
	30-50 Years Old	34.7%	21%
	<30 Years Old	21%	21.5%
FY2021	>50 Years Old	<u>MALE</u> 1.5%	<u>FEMALE</u> 0.7%
	30-50 Years Old	35.9%	20.9%
	<30 Years Old	22%	19%

Section 3: Responsible Stewardship

References to the GHG Protocol Corporate Standard used in the FY2022 Carbon Inventory Exercise on page 35 are defined below.

ENERGY USE AND SCOPE 1, 2 AND 3 GHG EMISSIONS	
Consolidated Approach	GHG emissions refer to a group of gases that contributes to the greenhouse effect by absorbing infrared radiation. Lazada adopted the operational control method in accordance to the GHG Protocol Corporate Standard for its direct (Scope 1) and electricity indirect (Scope 2) GHG emissions. Computation of Scope 3 emissions is based on the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Direct (Scope 1) GHG Emissions	<p>Direct GHG emissions occurring from sources owned or controlled by Lazada's operations in Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam in the reporting year. Lazada's Scope 1 emissions sources include:</p> <p><u>Fuel consumption</u></p> <p>Total fuel consumed within Lazada's operations in Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam in the reporting year, expressed in multiples of watt-hours. This consists of direct fuel consumption in RedMart's operations and Lazada Logistics services in Indonesia, Malaysia, the Philippines, Thailand and Vietnam. Lazada Logistics operations in Singapore was excluded as Lazada Singapore mainly works with third-party logistics providers and emissions for third-party logistics providers are included under scope 3 emissions.</p> <p>Singapore emission factors for the RedMart vehicles were sourced from Singapore's Fourth Biennial Update Report (2020).</p> <p>For other countries, the default emissions factors were sourced from the GHG Protocol Emission Factors from Cross-Sector Tools (2017) while Global Warming Potential (GWP) values were sourced from the IPCC Fifth Assessment Report (2014). Gases considered in the calculation include CO₂, CH₄ and N₂O.</p>
Electricity Indirect (Scope 2) GHG Emissions	<p>Indirect GHG emissions occurring from the generation of purchased electricity that is consumed in Lazada's owned or controlled operations in Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam in the reporting year. Lazada's Scope 2 emissions sources include:</p> <p><u>Electricity consumption</u></p> <p>Total purchased electricity consumed by Lazada's facilities (offices, warehouses/fulfillment centers, sortation centers and hubs) in Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam in the reporting year, expressed in multiples of watt-hours. Where electricity consumption data was unavailable for a facility, electricity consumption data was estimated using the electricity consumption intensity corresponding to its facility type relative to its geographical location.</p> <p>For consistency, grid emission factors used for the reporting year are the latest published operating margin factors available at the time of publication. Gases considered in the calculation include CO₂. Grid emission factors used for the reporting year were taken from government sources including the Energy Market Authority of Singapore and Ministry of Energy of Thailand, and from international reports including the IGES List of Grid Emission Factors and the Climate Transparency report. Gases considered in the calculation include CO₂.</p>
Other Indirect (Scope 3) GHG Emissions	<p>Other indirect GHG emissions that are a consequence of Lazada's activities and operations in Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam in the reporting year but occur from sources that are not owned or controlled by Lazada. Lazada's reported Scope 3 emissions sources were selected based on the significance of their contribution to total emissions, influence Lazada has over the emissions category, and data feasibility. They include:</p>

	<p><u>Purchased goods and services</u> Purchased goods and services relating to logistics and warehousing consumables; IT and office maintenance services; facilities management services; telecommunications for non-personnel; and external training and workshops.</p> <p><u>Upstream transportation and distribution</u> Upstream transportation relating to land transportation, air freight, ocean freight, and third-party logistics providers.</p> <p><u>Business travel</u> Business travel consumption relating to employee air travel.</p> <p>Computation of Scope 3 emissions is based on the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. The GHG Protocol Scope 3 Evaluator Tool, which leverages environmental input-output datasets based on the World Input-Output Database (WIOD) and the Open IO Database, was also used in the quantification of emissions. Gases considered in the calculation include CO₂, CH₄ and N₂O.</p>
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GRI Content Index

Lazada has reported the information cited in this GRI content index for the period from 1 April 2021 to 31 March 2022 with reference to the GRI Standards.

GRI 2021 Standards Disclosure Reference	Description	Section of Report / Remarks	Page Reference
GRI 2: General Disclosures			
2-1	Organizational details	About Us - At a Glance Who We Are and How We Operate	7 - 9
2-2	Entities included in the organization's sustainability reporting	About This Report	9
2-3	Reporting period, frequency and contact point	About This Report	9
2-4	Restatements of information	<i>Not applicable as this is Lazada's first ESG impact report.</i>	-
2-5	External assurance	About This Report	10
2-6	Activities, value chain and other business relationships	About Us - At a Glance Who We Are and How We Operate	7 - 9
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2-8	Workers who are not employees	Diversity, Inclusion, Non-discrimination <i>Workers who are not employees pertains to interns. For confidentiality purposes, actual worker numbers are not disclosed.</i>	31
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405-1	Diversity of governance bodies and employees	Diversity, Inclusion, Non-discrimination	55
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