



**中國信息科技發展有限公司**  
**China Information Technology Development Limited**

*(incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8178)

**Environmental, Social and Governance**

**Report**

**2016**



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# 1. Introduction

This is the first Environmental, Social and Governance Report (this “Report”) of China Information Technology Development Limited compiled in accordance with the Environmental, Social and Governance Reporting Guide published by The Stock Exchange of Hong Kong Limited (“SEHK”). This Report aims to disclose relevant environmental, social and governance (“ESG”) information, including information on the policies and compliance with relevant laws and regulations that have a significant impact on the group, to the stakeholders of the headquarter of China Information Technology Development Limited and its subsidiaries.

## Reporting Specification

To improve readability, the headquarter of China Information Technology Development Limited will be referred to as “the Company” or “CITDL”, Shanghai Pantosoft Company Limited will be referred to as “Shanghai Pantosoft” and the headquarter of China Information Technology Development Limited and its subsidiaries will be collectively referred to as “the Group”.

## Reporting Standard

This Report is prepared:

- in accordance with Appendix 20, Environmental, Social and Governance Reporting Guide, of the Rules Governing the Listing of Securities on the Growth Enterprise Market of SEHK (“the GEM Listing Rules”); and
- with reference to the Global Reporting Initiative G4 Sustainability Guidelines published by the Global Reporting Initiative.

## Reporting Boundary

The scope of this Report includes operations of:

- CITDL in Hong Kong; and
- Shanghai Pantosoft in Shanghai (a major subsidiary of the Company).

## Reporting Period

The reporting period of this Report is from 1 January 2016 to 31 December 2016, which is the same as the annual report of the Company.

## Reporting Cycle

This Report is to be published annually.

## **Access to the Report**

The English and Chinese versions of this Report can be browsed or downloaded from:

- investor relation section of the Company's website  
<http://www.chinainfotech.com.hk/>
- HKEXnews website by Hong Kong Exchanges and Clearing Limited  
<http://www.hkexnews.com>

## **Contact Us**

If you have any opinions regarding this Report, please contact our ESG reporting team via email.

Email address: [info@citd.com.hk](mailto:info@citd.com.hk)

## 2. Preface

The Group notices increase in public's expectation of sustainable development and disclosure of ESG information. Stakeholders, including government, stock exchange, investors, suppliers, customers, employees and other social groups, expect to understand the Group's ESG policies and non-financial risks more thoroughly. As an enterprise with social responsibility, the Group is committed to maintaining the highest environmental and social standards to ensure sustainable development of its businesses.

To prepare and compile this Report, the Group has specifically formed a reporting team consisting of director, company secretary, management and external consultant, which updates the Board of Directors on a regular basis regarding the reporting progress.

The Group is committed to operate in a sustainable manner and at the same time maintain the balance of rights and interests between different stakeholders. By regular stakeholder engagements via different channels, the stakeholders are encouraged to express their opinions on the Company's ESG policies. The Group understands a better future depends on everyone's participation and contribution. It has encouraged employees, customers, suppliers and other stakeholders to participate in environmental and social activities which benefit the community as a whole.

When preparing and compiling this Report, the Group has reviewed its existing policies and achieved a better understanding of the values of ESG reporting. During the reporting process through the approach of measurement, management and changes, the Group hopes to drive improvement and innovation while minimizing the Group's non-financial risks.

The Board of Directors of the Company is pleased to present the ESG Report for the period from 1 January 2016 to 31 December 2016, which outline the Group's policies and performance in four areas which are environmental, employment and labour practices, operating practices and community investment.

## **3. China Information Technology Development Limited**

### **3.1 Environmental**

CITDL is principally engaged in investment holding and office management. Its major emission source is from the office and private cars in Hong Kong. Due to the fact that the number of employee in Hong Kong is limited and its business is of tertiary production, the amount of emission is extremely limited. The major sources of emission are from the private cars, air conditioning, electricity and water used in the office.

In the reporting period, CITDL has complied with all relevant laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

#### **3.1.1 Air and Greenhouse Gas Emissions**

During the reporting period of CITDL, the source of direct air and greenhouse gas emissions from gaseous fuel consumption is from the private cars. The air emissions of the private cars include nitrogen oxides (NO<sub>x</sub>), sulphur oxides (SO<sub>x</sub>) and respiratory suspended particles, while the greenhouse gas emissions of the private cars include carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O).

Other major direct greenhouse gas emissions are hydrofluorocarbons (HFC) and perfluorocarbons (PFC), which are resulted from the use of air conditioning equipment in the office.

Its major indirect greenhouse gas emission is carbon dioxide (CO<sub>2</sub>) resulted from the generation of electricity, which is used in the office and purchased from The Hongkong Electric Company Limited.

Other minor and indirect greenhouse gas emissions sources are:

- Carbon dioxide (CO<sub>2</sub>) emissions resulted from disposal of office solid waste at landfills;
- Carbon dioxide (CO<sub>2</sub>) emissions resulted from the electricity used for processing fresh water and sewage by Water Supplies Department; and
- Carbon dioxide (CO<sub>2</sub>) emissions resulted from business air travel by employees.

### **3.1.2 Discharge into Water and Land, and Generation of Hazardous and non-Hazardous Waste**

During the reporting period for CITDL, the major source of discharge into water is from use of water in the office and the amount of discharge is extremely limited.

Due to its business nature, there is no generation of hazardous waste.

The major source of non-hazardous waste is from the solid waste of the office and the amount of discharge is extremely limited.

### **3.1.3 Policies and Use of Resources**

As an enterprise with social responsibility, CITDL encourages its employees to use their best endeavours to reduce waste and emissions, with a view to contributing to the community and the environment. CITDL believes in ‘many a little makes a mickle’, despite the fact that the amount of emission is very limited due to its business nature and the Company is in a relatively passive position in reducing waste and emissions. Regarding emission policies, all emissions are handled by relevant government agencies or property management, in ways that are in accordance with local laws and regulations. In addition, CITDL considers the efficient use of resources, such as electricity and water, is of equal importance to emission policies. Efficient use of resources not only can reduce waste and emissions from the sources, but also reduce operating expenses, which is mutually beneficial to the Company and the environment.

Policies relating to reduction of waste and emissions, and efficient use of resources include:

- encourage employees to use their best endeavours to take public transport during business trip;
- encourage employees to reduce unnecessary overseas business trip, thus reducing indirect carbon emissions;
- consider energy efficient products when procuring and replacing equipment, e.g. replacing incandescent lighting with LED lighting;
- turn off electrical appliances or switch them to standby mode when they are not in use, thus reducing the amount of electricity used;
- use duplex printing, recycle papers and use electronic means to reduce paper usage;
- reuse office stationaries (e.g. envelopes and folders);
- turn off all unnecessary lighting, air conditioning and electrical appliances before leaving the office;

- encourage employees to recycle paper, plastic bottle and tin can; and
- encourage employees to recycle equipment such as computers and communication devices through the recycling programme of Environmental Protection Department.

### **3.2 Social – Employment and Labour Practices**

CITDL believes employees are essential assets in driving corporate sustainable development and long term success, thus maintaining a good relationship with employees is of utmost importance. By regular communication through different channels, the employees are encouraged to express their opinions on the policies relating to employment and labour practices.

#### **3.2.1 Employment**

CITDL has formulated employment policies and guidelines that comply with the Employment Ordinance in Hong Kong, the highlights are:

- remuneration and benefits are based on prevailing practices in local market and subject to adjustments based on experiences and qualifications;
- annual discretionary bonuses are adjusted according to annual performances, experiences and positions;
- provide employees with Mandatory Provident Fund schemes in accordance with the laws of Hong Kong;
- provide medical insurance or allowances for employees;
- provide paid annual leave of not less than 7 days for employees;
- provide employees with medical leave in accordance with the laws of Hong Kong;
- adopt policies relating to equal opportunities which aim to eliminate discrimination of sex, family status and disability in workplace;
- CITDL has implemented five-day work scheme with working hours of 8 hours a day and 40 hours a week; CITDL encourages employees to maintain a work-life balance and avoid unnecessary overtime; and
- dismissal or voluntary termination of employee's contracts shall be enforced in accordance with the employment laws in Hong Kong.

In the reporting period, CITDL has complied with all relevant laws and regulations relating to employment.



### **3.2.2 Health and Safety**

CITDL is committed to provide employees a safe working environment to protect them from occupational hazards.

Due to employees' prolonged use of computer, CITDL has provided employees with desks of suitable height and task chairs of adjustable height, and encourages them to pay attention to their usual sitting posture, take breaks and do stretching exercises regularly, thus reducing occupational strain. Employees are also reminded to take safety precautions and use suitable tools when lifting heavy goods or reaching items at height.

During the reporting period, CITDL has secured employees' insurance policies in accordance with the laws of Hong Kong and has complied with all relevant laws and regulations relating to health and safety.

### **3.2.3 Development and Training**

CITDL values employees' development of skills and knowledges, believing that talent retention can drive innovations and business development. CITDL expects to grow and create values together with its employees.

Regarding new employee orientation, the human resources department will first provide basic training in relation to CITDL's policies and guidelines. Employee will be briefed about CITDL's background, introduced to the department head and presented with a set of reference materials. The head and members of the department will be responsible for the training of new employee.

On the subject of employees' career prospects, if vacancies or new positions are available, CITDL shall consider internal promotion or transfer, thus encouraging upward mobility of employees.

In respect of development and training of the directors of CITDL, each director receives comprehensive, formal and tailored induction on the first occasion of his appointment so as to ensure the he has appropriate understanding of the business and operations of the CITDL and that he is fully aware of his responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements. CITDL is committed to arranging and funding suitable training to all directors for their continuous professional development.

Each director is briefed and updated from time to time to ensure that he is fully aware of his responsibilities under the GEM Listing Rules and applicable legal and regulatory requirements and the governance policies of the Group. All directors also understand the importance of continuous professional development and are committed to participating any suitable training to develop and refresh their knowledge and skills.

The company secretary of CITDL supports the board of directors, ensures good information flow within the board and board policy and procedures are followed; advises the board on governance matters, facilitates induction and monitors the training and continuous professional development of directors. He has attained not less than fifteen hours of relevant professional training during the year.

### **3.2.4 Labour Standards**

CITDL strictly complies with the policies and guidelines in the employment laws of Hong Kong, including elimination of child and forced labour. All operating units have to ensure no child nor forced labour are employed. During the recruitment process, the human resources department requires candidate to provide identification document to check if the age of candidate complies with the laws.

During the reporting period, CITDL has complied with all relevant laws and regulations relating to labour standards.

## **3.3 Social – Operating Practices**

### **3.3.1 Supply Chain Management**

CITDL continues to monitor closely on its daily operation and encourages suppliers and contractors to join force in promoting performance of sustainable development. Suppliers and contractors are bound by contracts and the laws and regulations of Hong Kong, ensuring their compliance with laws and regulation relating to environmental and social policies. For instances, they are forbidden to employ under-age labour and the products supplied must meet environmental standards. During procurement, the procurement manager is responsible for selecting and reviewing suppliers. More environmental friendly products or services should be procured when it is feasible, with a view to minimizing negative impacts to the environment and human health, and also conserving natural resources.

### 3.3.2 Product Responsibility

CITDL has formulated regulations relating to software security, network security and privacy, to ensure its products are safe and responsible.

Employees must strictly comply with anti-virus protection regulations, the highlights are:

- anti-virus software must be installed on all computers;
- update the operating system and anti-virus software on a prompt and regular basis, thus fixing security vulnerabilities;
- backup employees' computers and servers on a regular basis, hence protecting possible data loss caused by hardware or software failures; and
- when computers or servers showing signs of anomaly, promptly notify the management, and conduct quarantine and inspection based on relevant protocols, so as to minimize potential risks.

To protect confidential information, privacy and interests of CITDL and its stakeholder, employees must strictly comply with regulations relating to information handling, the highlights are:

- disclosure of CITDL's information relating to strategies, researches, technologies, financial, clients and other confidential information, to unrelated third parties or employees, is prohibited;
- employees will have to keep such information confidential after resignation;
- To avoid potential leak of information, meeting with clients and visitors should be carried out in conference room, instead of in working area of the office;
- reading other employees' working information, computer and personal items without consent is prohibited;
- permissions must be granted before entry to the finance office or server room with confidential information;
- proper networking and server permissions are configured to avoid employee accessing information unrelated to his work; and
- handle personal information in accordance with Personal Data (Privacy) Ordinance.

During the reporting period, CITDL has complied with all relevant laws and regulations relating to product responsibility.

### **3.3.3 Anti-corruption**

CITDL considers ethical conduct is of utmost importance in corporate sustainable development and long-term success. Employees must comply with relevant laws and regulations in Hong Kong, prohibiting individual and commercial bribery, extortion, fraud and money laundering.

CITDL has established a complete complaint mechanism. If an employee discovers illegal activities within the company, he can report it to the administrative department or his senior. If the reply to the complaint is not satisfactory or if the employee does not want the complaint to be handled by the administrative department nor his senior, he can report it directly to the general manager. All complaints filed are confidential and CITDL is responsible for protecting the legitimate rights and interests of the whistle blower.

If any corruption, bribery, blackmail, fraud and money laundering incidents are discovered, CITDL will take necessary legal actions to protect the rights and interests of the Company and its stakeholders.

During the reporting period, CITDL has complied with all relevant laws and regulations relating to anti-corruption.

## **3.4 Social - Community**

### **3.4.1 Community Investment**

CITDL is committed to create a positive impact on the communities in which it operates. Employees are encouraged to participate in community projects and activities. Due to its business nature, CITDL does not have any specific policies in relation to community engagement and donation during the reporting period. In the coming year, the management shall review policies relating to community investment and explore the feasibility of increasing community investment activities.

## **4. Shanghai Pantosoft Company Limited**

### **4.1 Environmental**

Shanghai Pantosoft is principally engaged in development and sale of computer software, and provision of system integration and related services. Its major emission source is from the office in Shanghai. Due to the fact that its business is of tertiary production, the amount of emission is extremely limited. The major sources of emission are from air conditioning, electricity and water used in the office.

In the reporting period, Shanghai Pantosoft has complied with all relevant laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

#### **4.1.1 Air and Greenhouse Gas Emissions**

During the reporting period for Shanghai Pantosoft, there is no direct air and greenhouse gas emissions from gaseous fuel consumption.

Its major direct greenhouse gas emissions are hydrofluorocarbons (HFC) and perfluorocarbons (PFC), which are resulted from the use of air conditioning equipment in the office.

Its major indirect greenhouse gas emission is carbon dioxide (CO<sub>2</sub>) resulted from the generation of electricity, which is used in the office and purchased from Shanghai Power Supply Company of the State Grid Corporation of China.

Other minor and indirect greenhouse gas emissions sources are:

- Carbon dioxide (CO<sub>2</sub>) emissions resulted from disposal of office solid waste at landfills or Incineration plants;
- Carbon dioxide (CO<sub>2</sub>) emissions resulted from the electricity used for processing fresh water and sewage by the water supplies and sewage treatment companies ; and
- Carbon dioxide (CO<sub>2</sub>) emissions resulted from business air travel by employees.

#### **4.1.2 Discharge into Water and Land, and Generation of Hazardous and non-Hazardous Waste**

During the reporting period for Shanghai Pantosoft, the major source of discharge into water is from use of water in the office and the amount of discharge is extremely limited.

Due to its business nature, there is no generation of hazardous waste.

The major source of non-hazardous waste is from the solid waste of the office and the amount of discharge is extremely limited.

#### **4.1.3 Policies and Use of Resources**

As an enterprise with social responsibility, Shanghai Pantosoft encourages its employees to use their best endeavours to reduce waste and emissions, with a view to contributing to the community and the environment. Shanghai Pantosoft believes in ‘many a little makes a mickle’, despite the fact that the amount of emission is very limited due to its business nature and Shanghai Pantosoft is in a relatively passive position in reducing waste and emissions.

Regarding emission policies, all emissions are handled by relevant government agencies or property management, in ways that are in accordance with local laws and regulations. In addition, Shanghai Pantosoft considers the efficient use of resources, such as electricity and water, is of equal importance to emission policies. Efficient use of resources not only can reduce waste and emissions from the sources, but also reduce operating expenses, which is mutually beneficial to Shanghai Pantosoft and the environment.

Policies relating to reduction of waste and emissions, and efficient use of resources include:

- encourage employees to use their best endeavours to take public transport during business trip;
- encourage employees to reduce unnecessary overseas business trip, thus reducing indirect carbon emissions;
- consider energy efficient products when procuring and replacing equipment, e.g. replacing incandescent lighting with LED lighting;
- turn off electrical appliances or switch them to standby mode when they are not in use, thus reducing the amount of electricity used;
- use duplex printing, recycle papers and use electronic means to reduce paper usage;
- reuse office stationaries (e.g. envelopes and folders);

- turn off all unnecessary lighting, air conditioning and electrical appliances before leaving the office;
- encourage employees to recycle paper, plastic bottle and tin can; and
- encourage employees to recycle equipment such as computers and communication devices through recycling programme.



## **4.2 Social – Employment and Labour Practices**

Shanghai Pantosoft believes employees are essential assets in driving corporate sustainable development and long term success, thus maintaining a good relationship with employees is of utmost importance. By regular communication through different channels, the employees are encouraged to express their opinions on the policies relating to employment and labour practices.

### **4.2.1 Employment**

#### **4.2.1.1 Compensation and Welfare**

To standardize the management of compensation and welfare of the employees, Shanghai Pantosoft has formulated complete systems and policies for compensation and welfare.

The three main principles governing the systems and policies are:

- establish a clear division of labour system. Establish a reasonable division of labour system based on the natures and characteristics of the work in different departments. While at the same time facilitates the effective management of employees at different levels to achieve key objectives;
- establish a reasonable wage system linked with business efficiency and personal performance. Employees' income not only reflect work performance and responsibility, but also emphasize on the importance of efficiency; and
- establish a positive incentive mechanism. Employees are motivated by the incentive mechanism and they are encouraged to improve their abilities and take greater responsibility. While at the same time establish a complete appraisal mechanism which motivate employees to work harder and improve one's abilities for better compensation. The mechanism can also facilitate accurate communication between the management and the employees, and recognize employees with outstanding performance.

Employees' compensation consists of benefits, bonuses and monthly salary. Monthly salary consists of job salary, performance pay, special allowances and other allowances. Job salary is determined based on the responsibility, contribution, market value and the company's demand of the particular job. Performance pay reflects the work performance of the employee, and the standard corresponds to the salary scale.

Bonuses are divided into performance appraisal bonuses, annual bonuses and special bonuses. Performance appraisal bonuses are determined based on result of the employee annual appraisal. Annual Bonuses are awarded to department or employees with outstanding performance when annual operation targets of Shanghai Pantosoft are achieved. Special bonuses is occasional and of no fixed amount, which is a special incentives to achieve materials goals, based on the need of operation management. Special Bonuses are formulated by different departments in Shanghai Pantosoft, which are subject to approval by the general manager.

Employees' benefits includes benefits required by the local laws and regulations, and internal benefits.

Benefits required by the local laws and regulations includes '5 insurances and 1 fund': social endowment insurance, unemployment insurance, work injury insurance, maternity insurance, medical insurance and housing accumulation fund. These benefits are paid according to relevant local regulations, which are usually paid monthly.

Internal benefits of Shanghai Pantosoft include:

- lunch allowance;
- physical check benefit;
- birthday allowance;
- holidays benefit;
- development benefit;
- marriage allowance;
- child allowance;
- funeral allowance; and
- age allowance.

Regarding salary adjustment and promotion, Shanghai Pantosoft adjusts salary or offers promotion based on business growth, and performance and progress of individual employee. Salary adjustment or promotion shall be nominated by the management of the departments and subject to final approval by the general manager.

#### **4.2.1.2 Working Hours**

Shanghai Pantosoft has implemented five-day work scheme with working hours of 8 hours a day and 40 hours a week. In principle, Shanghai Pantosoft does not arrange overtime work, employees should do their best to increase their productivity within the official working hours. If overtime work is required due to incompleteness of jobs, it has to be approved by management of the department.

#### **4.2.1.3 Holidays**

Shanghai Pantosoft provides 5 days of paid annual leave for employees who have worked for one year minimum. After the 1 year service period, the amount of paid annual leave increases for 1 day for each additional year, up to 10 days maximum.

Shanghai Pantosoft provides family visit holidays for employees who have service period of more than 1 year, and their spouses or parents are not situated locally. Unmarried employees with parents not situated locally are provided with 7 days of family visit holidays, while married employees are provided with 4 days of family visit holidays. Employees with spouses not situated locally are provided with 7 days of family visit holidays.

Regarding the applications of sick leave or no-pay leave, employees should apply with reference to the employee handbook. Other holidays such as marriage holidays, maternal holidays or funeral holidays, are executed in accordance with relevant local regulations.

#### **4.2.1.4 Recruitment, Dismissal, Equal Opportunity, Diversity and Anti-discrimination**

The major principle of recruitment is the suitability of the candidates in relation to the positions. Other factors such as required practical knowledge of the position, the quality, attitude, skill, potential and experience of the candidates are also considered. During recruitment, Shanghai Pantosoft encourage to provide equal opportunity to people with different social statuses, races and genders, with a view to increasing internal diversity and strengthening competitiveness.

Candidates who passed the recruitment exam or interviews will be recruited by human resources department. Employees will have a probation period of 3 months and will be employed as official staff if performance is satisfactory. Probation period can be shortened if the employees under probation show exceptional quality.

Shanghai Pantosoft has specified policies and procedures for discipline and dismissing employees in the employee handbook, which are in accordance with relevant local laws and regulations.

Shanghai Pantosoft has established a complete complaint mechanism. Employees can file complaints when:

- having any dissatisfaction with the work or the company; or
- discovering any illegal activities conducted by employee or the company; or
- having any dissatisfaction with the work or the company in relation to providing equal opportunity, diversity and anti-discrimination.

Employees can file the complaints directly to his senior or to the administration department. If the reply to the complaint is not satisfactory or if the employee does not want the complaint to be handled by the administrative department nor his senior, he can report it directly to the general manager. All complaints filed are confidential and Shanghai Pantosoft is responsible for protecting the legitimate rights and interests of the whistle blower.

During the reporting period, Shanghai Pantosoft has complied with all relevant laws and regulations relating to employment.

#### 4.2.2 Health and Safety

Shanghai Pantosoft is committed to provide employees a safe working environment to protect them from occupational hazards.

During the reporting period, Shanghai Pantosoft has provided employees with labour insurances in accordance with the local laws, which include social endowment insurance, unemployment insurance, work injury insurance, maternity insurance and medical insurance.

Due to employees' prolonged use of computer, Shanghai Pantosoft has provided employees with desks of suitable height and task chairs of adjustable height, and encourages them to pay attention to their usual sitting posture, take breaks and do stretching exercises regularly, thus reducing occupational strain. Employees are also reminded to take safety precautions and use suitable tools when lifting heavy goods or reaching items at height. In additional, Shanghai Pantosoft also provide annual physical check for employees who has served for at least 1 year.

Shanghai Pantosoft has implemented smoke-free office policy. Employees are also reminded to pay attention to safety, avoid bringing any flammable or explosive items to the office, using electricity with caution and do not extend connections casually, so as to avoid accidentals.

If unfortunate events happen and employees suffer from physical injury when carrying out work duties, the employee can apply for work injury holiday.

During the reporting period, Shanghai Pantosoft has complied with all relevant laws and regulations relating to health and safety.

### **4.2.3 Development and Training**

Shanghai Pantosoft values employees' development of skills and knowledges, believing that talent retention can drive innovations and business development. Shanghai Pantosoft expects to grow and create values together with its employees.

Regarding new employee orientation, the human resources department will first provide basic training in relation to policies and guidelines of Shanghai Pantosoft. Employee will be briefed about Shanghai Pantosoft's background, introduced to the department head and presented with a set of reference materials. The head and members of the department will be responsible for training of new employee. In addition, Shanghai Pantosoft organises development programme every year and provides employees with development allowances, so as to encourage employees' continuing education.

On the subject of employees' career prospects, if vacancies or new positions are available, Shanghai Pantosoft shall consider internal promotion or transfer, thus encouraging upward mobility of employees. External recruitment shall take place if:

- there is no suitable candidate internally; or
- there is not enough workforce internally; or
- talents with professional knowledges or specific skillset are required.

### **4.2.4 Labour Standards**

Shanghai Pantosoft strictly complies with the policies and guidelines in the local Employment Law and Employment Contract Law, including elimination of child and forced labour. All operating units have to ensure no child nor forced labour are employed. During the recruitment process, the human resources department requires candidate to provide identification document to check if the age of candidate complies with the laws.

During the reporting period, Shanghai Pantosoft has complied with all relevant laws and regulations relating to labour standards.

## **4.3 Social – Operating Practices**

### **4.3.1 Supply Chain Management**

Shanghai Pantosoft continues to monitor closely on its daily operation and encourages suppliers and contractors to join force in promoting performance of sustainable development. Suppliers and contractors are bound by contracts and the local laws and regulations, ensuring their compliance with laws and regulation relating to environmental and social policies. For instances, they are forbidden to employ under-age labour and the products supplied must meet environmental standards. During procurement, the procurement manager is responsible for selecting and reviewing suppliers. More environmental friendly products or services should be procured when it is feasible, with a view to minimizing negative impacts to the environment and human health, and also conserving natural resources.

### **4.3.2 Product Responsibility**

Shanghai Pantosoft's products and services are mainly related to computer software and it has formulated regulations relating to software security, network security and privacy, to ensure its products are safe and responsible.

Employees must strictly comply with anti-virus protection regulations, the highlights are:

- anti-virus software must be installed on all computers;
- update the operating system and anti-virus software on a prompt and regular basis, thus fixing security vulnerabilities;
- backup employees' computers and servers on a regular basis, hence protecting possible data loss caused by hardware or software failures;
- network administrator conducts weekly occasional check up on computers in relation to situations such as installation of anti-virus software, update of anti-virus database, virus infection and system upgrade. Network administrator should provide monthly report regarding virus check up at the end of every month; and
- when computers or servers showing signs of anomaly, promptly notify the management, and conduct quarantine and inspection based on relevant protocols, so as to minimize potential risks.

To protect confidential information, privacy and interests of Shanghai Pantosoft and its stakeholder, employees must strictly comply with regulations relating to information handling, the highlights are:

- disclosure of Shanghai Pantosoft's information relating to strategies, researches, technologies, financial, clients and other confidential information, to unrelated third parties or employees, is prohibited;
- employees will have to keep such information confidential after resignation;
- To avoid potential leak of information, meeting with clients and visitors should be carried out in conference room, instead of in working area of the office;
- reading other employees' working information, computer and personal items without consent is prohibited;
- permissions must be granted before entry to the finance office or server room with confidential information; and
- proper networking and server permissions are configured to avoid employee accessing information unrelated to his work.

During the reporting period, Shanghai Pantosoft has complied with all relevant laws and regulations relating to product responsibility.

### **4.3.3 Anti-corruption**

Shanghai Pantosoft considers ethical conduct is of utmost importance in corporate sustainable development and long-term success. Employees must comply with the Anti-Unfair Competition Law and relevant local laws and regulations, prohibiting individual and commercial bribery, extortion, fraud and money laundering.

Shanghai Pantosoft has established a complete complaint mechanism. If an employee discovers illegal activities within the company, he can report it to the administrative department or his senior. If the reply to the complaint is not satisfactory or if the employee does not want the complaint to be handled by the human resources department nor his senior, he can report it directly to the general manager. All complaints filed are confidential and Shanghai Pantosoft is responsible for protecting the legitimate rights and interests of the whistle blower.

If any corruption, bribery, blackmail, fraud and money laundering incidents are discovered, Shanghai Pantosoft will take necessary legal actions to protect the rights and interests of Shanghai Pantosoft and its stakeholders.

During the reporting period, Shanghai Pantosoft has complied with all relevant laws and regulations relating to anti-corruption.



## **4.4 Social - Community**

### **4.4.1 Community Investment**

Shanghai Pantosoft is committed to create a positive impact on the communities in which it operates. Employees are encouraged to participate in community projects and activities. Due to its business nature, Shanghai Pantosoft does not have any specific policies in relation to community engagement and donation during the reporting period. Before the reporting period, there was an internship programme which aims to cultivate local talents of information technology. In the coming year, the management shall review policies in relation to community investment such as reactivating the internship programme and exploring the feasibility of increasing community investment activities.

## 5. Index of Environmental, Social and Governance Reporting Guide of SEHK

Subject Areas and Aspects	CITDL	Shanghai Pantosoft
<b>Subject Area A - Environmental</b>		
<b>Aspect A1: Emissions</b>		
General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Page 6 - 7	Page 14 - 15
<b>Aspect A2: Use of Resources</b>		
General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Page 7 - 8	Page 15 - 16
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Page 7 - 8	Page 15 - 16

Subject Areas and Aspects	CITDL	Shanghai Pantosoft
<b>Subject Area B - Social</b>		
<b>Employment and Labour Practices</b>		
<b>Aspect B1: Employment</b>		
General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Page 8	Page 17 - 20
<b>Aspect B2: Health and Safety</b>		
General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Page 9	Page 21
<b>Aspect B3: Development and Training</b>		
General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Page 10	Page 22
<b>Aspect B4: Labour Standards</b>		
General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Page 11	Page 22

Subject Areas and Aspects	CITDL	Shanghai Pantosoft
<b>Operating Practices</b>		
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure Policies on managing environmental and social risks of the supply chain.	Page 11	Page 23
<b>Aspect B6: Product Responsibility</b>		
General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Page 12	Page 23 - 24
<b>Aspect B7: Anti-corruption</b>		
General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Page 13	Page 24
<b>Community</b>		
<b>Aspect B8: Community Investment</b>		
General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Page 13	Page 25



If you have any opinions regarding this Report, please contact our ESG reporting team via email.

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