



JIANGSU NANDASOFT TECHNOLOGY COMPANY LIMITED

江蘇南大蘇富特科技股份有限公司

(a joint stock limited company incorporated in the People's Republic of China)

( Stock Code: 8045 )



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2017



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS ESG REPORT

This Environmental, Social and Governance (“ESG”) report is prepared in accordance with the ESG Reporting Guide as required under Appendix 20 of the Listing Rules of Hong Kong Exchanges and Clearing Limited (“HKEx”), which set out the measures adopted by the Group regarding the environmental, social and governance issues from 1 January 2017 to 31 December 2017.

## SCOPE OF THIS ESG REPORT

The principal activities of the Company are sales of computer hardware and software products, developing, manufacturing and marketing of network security software, internet application software, education software, medical software, intellectual property trading software, business application software, provision of system integration services, including provision of information technology consultancy services, property investment and management services. Our principal place of business is in the People’s Republic of China. This ESG Report mainly covers the Core Business in PRC during the Reporting Period.

## OUR SUSTAINABILITY VALUE

The Group always insists on establishing and maintaining a sound corporate social image, practising corporate social responsibilities, maintaining a healthy operating environment, and driving and promoting a stable development in the environmental, social and governance aspect through its self-practice achievements. We are committed to operating in a manner that is economically, socially and environmentally sustainable while balancing the interests of various stakeholders and providing valuable products to the society in a most efficient manner. Meeting this commitment is an important management objective, which is also the individual and collective responsibility of the Group’s employees.

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## STAKEHOLDERS OF THE GROUP

The Group places strong emphasis on the needs and expectations of every stakeholder, actively builds and continuously improves the communication with every stakeholder to promote co-development among various stakeholders and the Group. After taking into consideration the needs of shareholders and customers of the Group, we are committed to minimizing the impact of our operation on local environment and community and implementing green office philosophy and low-carbon environmental protection, while constantly focusing on and supporting community development.

	Related parties	Needs and expectations	Communication mechanism and effect
1	Investors/shareholders	Cost control Interests maximization	Daily communication, regular meetings, results disclosure, strategic planning, technological innovation
2	Clients	Orders delivered on time Competitive pricing Provide security, environmentally-friendly, and quality products Provide premium services Maintain sound communication Keep clients' information confidential Complains are handled timely with satisfactory results	Timely consultation, meeting and customer satisfaction research, identify clients' needs and formulate plans effectively, contract assessment and progress control, and implement information security system
3	Staff	Staff interest guaranteed Staff career development Staff value accomplishment Staff health and safety	Formulate talents building plans according to business needs, provide career planning trainings and professional skill trainings, enhance team building, improve promotion mechanism and remuneration distribution system, care for staff's physical and mental health and care for staff when in difficulties
4	Government organization	Comply with national laws, regulations and ethical requirements Production safety Fulfill social responsibility Save energy and control emission Increase employment Anti-corruption	Strengthen the identification and assessment of relevant laws and regulations during operation, timely provide safety knowledge training for staff, track job opportunities, and participate in social public welfare actively
5	Suppliers	Comply with national laws, regulations and ethical requirements Equal cooperation Mutual benefit and win-win result	Establish supplier communication records, stringent supply process, sign relevant agreements, improve supply quality and reduce purchase costs effectively
6	Cooperative partners	Mutual benefit and win-win result Co-development	Regular and ad-hoc communication, consultation mechanism
7	Society/community residents	Establish good relationship Pollution and disruption proof Promote community development Support education, public health, etc.	Implement stringently according to system requirements, laws and regulations, adopt green and low-carbon office approach, endeavour to minimize the impact on the environment and community, and actively participate in public welfare



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## FEEDBACK FROM OUR STAKEHOLDERS

We value and pay active attention to the expectations and demands of stakeholders for the ESG performance of the Group. We welcome stakeholders' feedback on our ESG approach and performance. Suggestions can be sent to us via the following:

Contact us: [www.nandasoft.com](http://www.nandasoft.com)

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## ENVIRONMENTAL PROTECTION

Since sustainable development has already become the common pursuit of mankind, establishing an environmentally-friendly sustainable development enterprise is the ideal that Group has always been adhering to.

We advocate conservation of resources, such as rational use of water and electricity and other resources. We implement scientific treatment measures for different types of office wastes generated during operation, so as to minimize the adverse impact of production and operation activities on the environment.

In future, we will continue to spare no effort on environmental protection, fulfill our commitment to environmental protection and contribute our strengths to environment's sustainable development.



### (a) Emissions

As a high-tech enterprise and different from traditional manufacturing industries, our impact on the environment is very limited. During the Reporting Period, our major emissions were gasoline, electricity, water, paper, computer and other non-hazardous waste. Such emissions were not related to any production-related air, water quality and land pollution that are being regulated by national laws and regulations.

For emission treatment measures, the Group aims to support corporate sustainable development by conducting our business in an environmentally responsible manner. The Group is aware of the impact brought by climate change and strives to minimise the impact of our operation on the environment. Therefore, we requested our contractors to adopt eco-friendly approaches in using materials and building methods that are less harmful to the environment, thus less greenhouse gas and wastes would be emitted and produced during operation.

The Group complies with all related environmental regulations, and cooperates with its partners, including clients and suppliers, to operate in an environmentally responsible manner to achieve energy efficiency and put waste minimisation, reuse and recycling into practice.

### (b) Use of Resources

We attached great importance to environmental protection to establish an environmentally-friendly enterprise. For electricity utilization, staff should turn off all electric equipment before leaving for the day, set operating conditions and temperature standards for air-conditioners, and post gentle reminders for conserving electricity to help staff to improve their environmental consciousness. For usage of papers, staff are encouraged to communicate with each other through emails and other online means to reduce paper consumption, implement double-sided printing to the greatest extent and adopt recycle habit in using papers.

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- **Gasoline**

The gasoline consumption of the Group's motor vehicles during the Reporting Period was 156,724.26 litres in total (2016: 178,615.36 litres), representing a decrease of approximately 12.3% from 2016. This was mainly attributable to the Group's dedication to reduce gasoline emission and advocate less vehicle use. The Group called for green commuting without affecting work efficiency, such as bus and subway transportation or deployed centralized vehicle dispatchment to reduce environment pollution due to energy consumption and motor vehicles emission. Furthermore, we regularly review the compliance of motor vehicle emission standards, whereby existing company vehicles were inspected by examining authorities appointed by the government and those not complying with emission requirements are not allowed to use.

- **Electric Power**

For business development needs, our electric power consumption was 738,143.65 kilowatt-hour (2016: 721,413.90 kilowatt-hour), representing a slight increase as compared to last year. To conserve electric power consumption, the Group took various measures to avoid electric power wastage, including but not limited to the following methods:

- The Group checks air-conditioners, meeting rooms and high-power electrical appliances in every region on a daily basis whether there is any wastage and electrical fault, and equipment will be repaired and replaced timely once abnormally is found. All lighting tubes for daily use should be replaced by energy-saving tubes when in default. All equipment and facilities should be replaced by energy-saving equipment of the same capacity when tested to be damaged or overaged.
- Turn off air conditioners and lighting lamps without delay when leaving for the day or after meetings to reduce electricity consumption, arrange duty staff to inspect electricity utilization on a daily basis.
- Apply voice control in public area to save electricity effectively.
- Maintain air conditioning control in office area by setting its temperature level to ensure air conditioners are not operating at a too high or too low temperature.
- Advocate keeping office lighting off when there is sufficient sunlight and not affecting work so as to save electricity power.

- **Water Consumption**

Water consumption of the Group was 6,371.26 cubic metres (2016: 7,224.14 cubic metres), representing a decrease of approximately 11.8% when compared with last year. This was mainly due to our proactive advocacy of water conservation measures and enhancement in managing, repairing and maintaining water supply installation, facilities (including roof tank) and instrument to reduce wastage rate, so as to prevent water wastage due to human errors and inadvertent switching.

- **Computers and Commodities (electronic waste)**

To reduce environmental damage caused by e-waste, we reuse and recycle telephone, computer accessories and other products and rediscover the usable value of e-waste.

- **Paper**

The Group took positive and effective measures to educate staff's working habits of using electronic data storage. To reduce reliance on papers, all works should be done with electronic documents unless a paper version is required. A paper utilization application system is being implemented and the paper department should record the volume of papers used by individuals to advocate conservation. Meanwhile, pre-set double-side printing guidelines will continue to carry out to remind staff of developing a habit of reducing photocopying waste and collect waste paper separately for recycling purpose. We will continue to use the unused side of waste paper that has been used on one side for recycling purpose and reduce paper consumption.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## EMPLOYEE CARE

It has always been the Group's firm believe that employees are the most valuable assets of an enterprise, they are also the cornerstone of our development. Seeking for enterprise development and employee benefits are the basic solution for the Group to retain outstanding talents. Through a comprehensive remuneration and welfare mechanism, diversified training and development opportunities and plentiful staff group activities, every employee can feel the care offered by the Group and a warm living and working atmosphere during work will be created



### (a) Working Environment

The Group provides good office hardware environment and professional, humanized management environment.





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## (b) Development and Training

The Group always believes that human resources development is the essential element for business growth, and the quality of its employees assured the sustained growth of the Group as well as improving its profitability. The Group focused on meeting its yearly business objectives and work priorities, integrating production, learning and research into one by leveraging on the strong and abundant teaching resources from Nanjing University, in a bid to establishing a distinctive talent training management system. We persist in the path of human resources development strategy, reserving and supplying highly professional and specialised talent staff for Company's development.



Therefore, the Group has always been committed to talents team building through establishing a competitive salary and welfare benefit system and providing continuous and systematic on-the-job training and development to enable staff to master the latest industry information and cutting-edge technological know-how and improve their individual competence comprehensively. The above measures are in line with our business development needs to forge ahead and progress hand-in-hand.

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The Group has always been persistent in providing staff training, putting in place competitive promotion channels for staff in a bid to attract, develop and retain talents. While at the same time, we encourage and support staff financially to participate in internal and external professional trainings organised by the Company.



## **(1) Establish a sound talent upgrade and management system**

We established a sound talent upgrade and management system, forming a closed loop procedures in training, application and performance and also doing the foundation assurance works well in talent upgrade and management.

## **(2) Keep promoting accomplishment and professional quality of professionals**

We strengthened our human resources professional service technology, followed the Company's business development direction, clarified the needs for talents in meeting our development objectives, with specific identification for training staff and its content, promoted accomplishment and professional quality of professionals and enhanced middle and senior management abilities in strategy planning, operational decision-making, resources integration, management innovation and crisis management.

## **(3) Intensify efforts to implement talent upgrade and management measures**

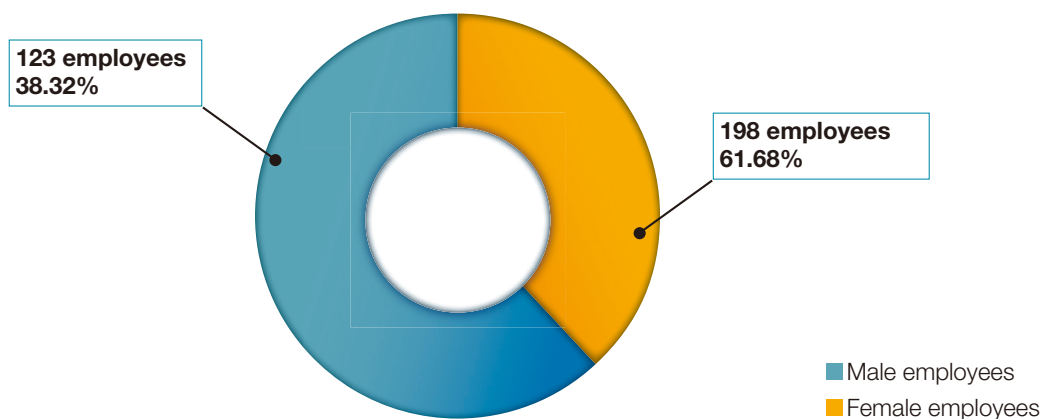
We fully implemented talent upgrade and management measures, accelerated talents team building, broadened talents growth channels, improved training efficiency, fully exerted every level of talent's exemplary and public roles in work, practically achieved people first and focused on talents' upgrade and development, stabilized talents team to provide assured talents foundation resources for Company's development.

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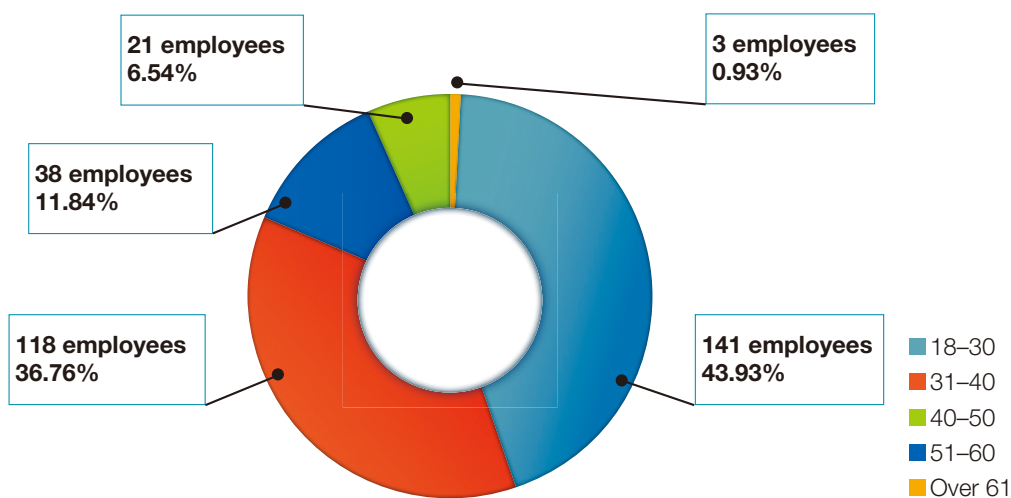
## Overview of the Group's employees

As at 31 December 2017, the Group employed a total of 321 employees (2016: 325) and maintained a relatively stable employment condition when compared with last year.

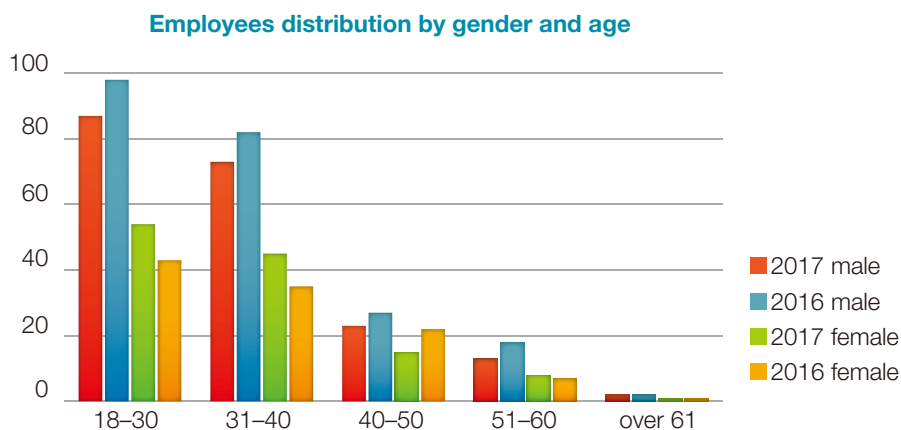
- By gender:  
male employees are marginally more than female employees, reflecting the unique labour structure feature of high-tech enterprise.



- By age:  
employees are concentrated at the age range of 18 to 40, presenting an overall younger trend.



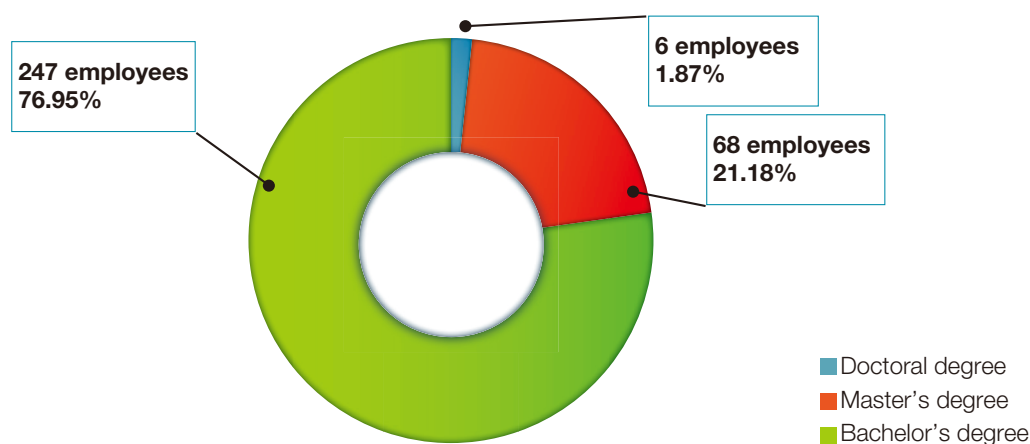
- By age and gender:



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- **By education:**

most of our staff holds a bachelor's degree and 20% of them hold a master or doctoral degree. Employee education standard maintains at a relatively higher level.



## (c) Labour Standards

The Group has complied with labour laws and government regulations set out by Hong Kong and other regions of the People's Republic of China (the "PRC" or "China"). No person under 18 years old is employed by the Group and no employee salary is paid lower than the minimum wage specified by the government regulations in each jurisdiction. In addition, the code of conducts ("Code of Conduct") has been set up, which is applicable to directors, management and employees of the Group and all staff have been informed, including new staff. The Code of Conduct mainly includes three principles:

1. Solicitation, acceptance and offering of interest;
2. Conflict of interest;
3. Data confidentiality.

The Group provides competitive remuneration package to each employee together with sound welfare benefits including Five Insurances and One Fund, namely medical insurance, endowment insurance, maternity insurance, work injury insurance and unemployment insurance and housing provident fund.



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## (d) Health and Safety

The Group attaches importance to employees' well-beings, arranges a variety of group activities and health inspection regularly and provides free and nutritious work lunch for employees. Employees will enjoy paid annual leave, maternity leave and marriage leave legally according to their actual conditions and needs, ensuring every staff is living and working happily. In 2017, there was no safety incident and casualty.



## COMMUNITY ENGAGEMENT

### (a) Community Investment

Community investment is one crucial element in fulfilling our corporate social responsibility. We encourage and support our staff to participate in the volunteer services at leisure times. During the Reporting Period, as an enterprise with adamant social responsibility, we are always committed to helping and caring about the society as well as having the sense of responsibility. We actively contribute ourselves in charities and public welfare activities. The Group is committed to conducting business by taking into consideration the communities' interests and performing its work in an environmental friendly and sustainable way.

### (b) Caring About Society

We show deep concern for society caring and responsibility awareness and devote ourselves to social charitable and social public welfare activities actively. During the Reporting Period,

- Our Chairman, Mr. Zhu Yongning, donated RMB100 million to Nanjing University for constructing a museum in Nanjing University, which impelled the development of educational and charitable industries in the province and promoted social harmony.
- Our Chairman, Mr. Zhu Yongning, also serves as the honorary president of Jiangsu Charitable Association.

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## OPERATING PRACTICES

### (a) Supply chain management

Effective supply chain management can have implications on cost and quality and mitigate social or environmental risks that an organization may face. We therefore endeavour to pay due connection with all those with whom we work with. Our suppliers are expected to adhere to our high standards, demonstrating continuous development in a variety of operational, economic, social and environmental areas. In order to be considered as our supplier, organizations are required to pass an assessment questionnaire, from which they will be evaluated on the production management flow aspect. Existing suppliers are then assessed on a bi-annual basis where they are required to conform to our Code of Conduct regarding anti-corruption and bribery while also need to declare any conflicts of interest. Due diligence is also performed when required through conducting site visits and verification of products or services to ensure suppliers have conformed to the Group's stringent standards.

### (b) Product responsibility

We aim to achieve the highest possible standard with all the products and services offered throughout our operations. Achieving these standards involves the application of dedicated systems and procedures to ensure compliance with both local and international specifications. Data Privacy is one such arena in which we will comply with all relevant governing legislation by signing confidential agreement with all co-operators. Similar consideration is also paid in advertising our products whereby our entire retail advertising and promotion programmes are being cross-checked to ensure accurate portrayal of product descriptions.

The Group has ensured that the quality of our products is satisfactory to its customers. The Group has entered into standard procedures to recover products with quality defects and the management will review these procedures on a regular basis. During the year of 2017, there was no complain or product recall in our Group.

During the year, the Company had obtained the following certifications:

Period	Name of Certification
March 2014	GB/T19001-2008/ISO9001: 2008 Quality Management System
December 2015	ISO/IEC 27001: 2013 Information Security Management System
March 2016	GB/T 24001-2004 idt ISO 14001: 2004 ISO14001 Environmental Management System GB/T 28001-2011/OHSAS 18001: 2007 Occupational Health and Safety Management Systems
May 2016	GB/T 24405.1-2009/ISO/IEC20000.1: 2005 IT Services Management System
November 2017	GB/T29490-2013 Intellectual Property Management System
December 2017	GR/201732002796: National High and New Technology Enterprise

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## (c) Intellectual Property Rights Protection

The Group has strengthened the protection and day-to-day management of intellectual property rights chronically. And patents obtained are centrally filed, and application, maintenance and management of intellectual property rights are in charged by a dedicated department.

The Group received two invention patents authorization during the year of 2017, and at the same time obtained the Certification of Intellectual Property Rights Management System.

## (d) Anti-corruption

In addition to requiring all employees to comply with applicable laws and regulations of China and of other countries, which include forbidding all bribery practices, the Company has also put forward specific requirements for business conduct. For example, employees are prohibited from taking private possession and distribution of any discounts, rebates, commissions or agency fees in the Company's business dealings, and are prohibited from taking advantage of their office to deceive, steal, misappropriate, divide or by any illegal means to take possession of company property. As at the end of the Reporting Period, the Group was not aware of any defaulting behaviour of material corruption.