

2018

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE
REPORT



FUTURE DATA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 8229

PREAMBLE

Future Data Group Limited (the “Company”) and its subsidiaries (collectively “the Group”) is a technology service provider with a focus on provision of system integration, maintenance services and cyber security solution services. The Group does not engage in any manufacturing activities which may harmful to environment, but, the Group still proud of making themselves to pursue an eco-friendly working environment. During the financial year in 2018, the Group has two principal places of business located in Korea and Hong Kong. The addresses of principal places of business were presented in the Group’s annual report dated 15 March 2019.

Apart from environmental concerns, employees’ working condition is placed on the Group’s first priority as employee are the most valuable asset to the Group. With absolutely no doubt, employees’ contributions are always the key factor to our success. Providing a friendly working environment to employee as well as protecting their benefits are one of our corporate mission. Our Group also extended our care to general public by various donations.

The Group actively adheres to the enterprises’ environmental and social responsibilities. The board of directors (the “Board”) is ultimately responsible for leading the Environmental, Social and Governance (“ESG”) works by establishing dedicated teams to manage ESG issues. Designated staff are assigned to enforce and supervise the implementation of relevant policies.

Bribery and corruption issues are the main elements in the governance aspect. The management of the Group realised that bribery and corruption may result in negative consequences to people, society and economy. The best endeavours to create a probity operating environment is incorporated in the Group’s management philosophy.

REPORTING SCOPE AND GUIDELINE

This ESG Report (this “Report”) addresses the Group’s approach and performance on the subject areas of Environment, Society and Corporate Governance during the period covering from 1 January 2018 to 31 December 2018 in accordance with the guidance set out in Appendix 20 to the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited.

SOURCE OF INFORMATION

The information in this report was gathered internally from the official documents and statistical of the Group.

ACCESS TO THE REPORT

This report is published on our Company’s website (www.futuredatagroup.com) and HKEx’s website (www.hkexnews.hk).

STAKEHOLDERS ENGAGEMENT

As always, the Group has invited its stakeholders, including shareholders, customers, employees and suppliers to express their view and concerns on major social and environmental issues. After assessing the feedback from stakeholders, the Group will review and modify the sustainability strategies, practices and measures undertaken.

To align with the stakeholders' expectation, the Group is committed to making continuous improvements in environmental and social responsibilities in order to meet the needs of changing situation. If you have any opinion regarding to this report or suggesting improvement, please feel free to email us with attention to ESG working group at esg@futuredatagroup.com without any hesitations. Your feedback is highly valued by our Group.

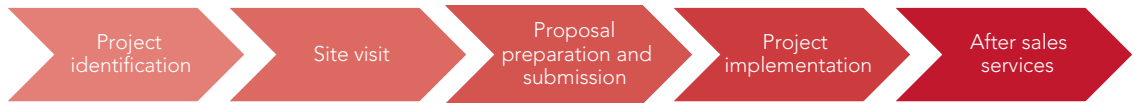
A. ENVIRONMENTAL

The Group is engaged in provision of integration systems with network connectivity, cloud computing and security elements, maintenance services

and cyber security solution services in Korea and Hong Kong. Due to our nature of business, only few wastes were generated from our operation. Therefore, the Group has not prepared relevant policies regarding the reduction in emission and wastage. However, we do encourage our employees to work in an "environmental friendly" workplace to effectively using paper and consuming electricity. Joining the global effort to protect the environment, governments in Korea and Hong Kong enacted numerous law and regulations in order to control the emission and discharge. The Group is irrevocably complying with these applicable law and regulations as we realised that it is a fundamental duty of an organisation to curb global climate change.

A1. Emissions

Emissions included air emissions and waste produced. As mentioned above, our operation does not produce much pollutants and wastages. The flow chart below illustrates the typical project workflow of our system integration projects:



Our project team in Korea will source the required equipment in accordance with their proposal. Therefore, the few wastes generated from our operation are the emission from logistic and the wastage (e.g. cable wire) from equipment installation in usual.

Since the business has been commenced in September 2017, Hong Kong operation engaged in providing cyber security solution services and sale of software license. Emission is not a critical issue for a service rendering company.

provided by Organisation for Economic Co-operation and Development ("OECD"), the key pollutants affecting the air quality in Korea are similar to Hong Kong and these key pollutants are nitrogen oxides ("NOx") and sulphur oxides ("SOx"). Korea has achieved a decreasing trend of its NOx emission per unit of GDP since mid-2000s. While on the other hand, because of the dramatically growing in car usage, the air quality is deteriorated by the strong emission of SOx.

A1.1 The types of emissions and respective emissions data.

According to the information

Tables below disclose the emissions data of NOx and SOx from vehicles usage from our operations:

NOx emission from using private cars (Unit: gram)

	2017	2018
Korea	19,338	11,238
Hong Kong	–	–
Total:	19,338	11,238

SOx emission from using private cars (Unit: gram)

	2017	2018
Korea	1,424	827
Hong Kong	–	–
Total:	1,424	827

A1.2 Greenhouse gas emissions in total and, where appropriate, intensity.

The climbing of greenhouse gases ("GHG") emission is a main factor to the rising of global average temperature as well as the major contributor to climate change in past decades. GHG are normally covering Carbon dioxide ("CO₂"), Methane ("CH₄"), Nitrous oxide ("N₂O"), Hydrofluorocarbons ("HFCs"), Perfluorocarbons ("PFCs"), Sulphur hexafluoride ("SF₆") and Nitrogen trifluoride ("NF₃").

World Resources Institute and the World Business Council

The Group adopted the above scope classification to disclose the GHG emissions data and presented in below tables:

Scope 1

	CO ₂ equivalent emission (kg)	
	2017	2018
Korea	56,688	40,540
Hong Kong	3	1,433
Total:	56,691	41,973

Scope 2

	CO ₂ equivalent emission (kg)	
	2017	2018
Korea	102,218	102,335
Hong Kong	1,556	9,387
Total:	103,774	111,722

on Sustainable Development developed GHG Protocol which classifies GDG emission into 3 scopes. International Organisation for Standardisation ("ISO") defines these 3 scopes in ISO 14064 as the following terms:

Scope 1: Direct emission from operations;

Scope 2: Energy indirect emission; and

Scope 3: Other indirect emission.

Scope 3

	CO2 equivalent emission (kg)	
	2017	2018
Korea	38,045	32,683
Hong Kong	10,094	32,212
Total:	48,139	64,895

Total GHG emission

	CO2 equivalent emission (kg)	
	2017	2018
Korea	196,951	175,558
Hong Kong	11,653	43,032
Total:	208,604	218,590

A1.3 Total hazardous and non-hazardous wastes produced and, where appropriate, intensity.

Scope of work of the Group's system integration service segment is to source and integrate suitable readily use hardware and software components and configure them into a compatible system in providing a secure and reliable data capture, storage and transmission functions.

No hazardous waste has been produced under the Group's operations.

Non-hazardous wastes were mainly daily commercial wastes which included paper and equipment package. There was no accurate weigh data available because of the small amount of waste. As a result, the data below is an estimation making reference to the paper and equipment purchase record.

Non-hazardous waste

	Kg	
	2017	2018
Korea	1,372	1,920
Hong Kong	24	175
Total:	1,396	2,095

A1.4 Description of measures to mitigate emissions and results achieved.

In according to the tables above, GHG emission from the Group is mainly from its purchased electricity consumed in daily office operations. To reduce the amount of GHG emission, the Group implements several practical measures in saving energy as further described in A2.2 "Description of energy use efficiency initiatives".

The Group has efficiently controlled GHG emission. Compare to last year, total GHG emission slightly increased by 4.8% which was simply caused by operating our Hong Kong business since September 2017.

A1.5 Description of how non-hazardous wastes are handled, reduction initiatives and results achieved.

As a member of information technology industry, the Group has a vision to turn all possible things to electronical mean. Some practical examples include using of video conference in cross-country internal meeting and keeping documents in electronic form if physical documentation is not necessary.

Recycling of waste is widely recommended by environmental protection organisations in achieving waste reduction. The Group recycles waste paper, the toner cartridges for copiers and printers, used light pipes and light bulbs regularly. The Group is dedicated to protecting the environment by taking every simple action which is feasible in its office operating boundaries.

Along with our business growth, the Group has utilised more paper in preparing business documents. As a result, non-hazardous waste was increased to 2,095 kg in this year.

A2 Use of Resources

The resources consumed by the Group's business mainly comprised electricity, paper and fuel. To establish an environmental friendly workplace, the Group developed some measures to minimise the use of resources and some of these measures are listed out as follows:

- effectively use of electronic equipment and network,
- make full use of paper, and
- encourage employees to use of public transportation network.

Water can be a resource for sustainable use and a source of pollution from which constitutes a major concern of environmental stakeholders. In view of the limited

use of water for daily consumption from employees, we believe that the Group's business may not materially deteriorate the sustainability.

A2.1 Direct and/or indirect energy consumption by type in total and intensity.

Electricity consumption is inevitable to the business in provision of information technology services both directly and indirectly. Below table presents the Group's electricity consumption from our operations:

	kWh	
	2017	2018
Korea	202,661	202,894
Hong Kong	1,970	11,882
Total:	204,631	214,776

A2.2 Description of energy use efficiency initiatives.

Energy conservation gains more awareness in public to promote a greener environment. Echoing to the responsibility of environmental protection, the Group set out rules to employees to reduce the consumption of electricity in offices. The following electricity conservation measures has been taken by the Group:

- Post notices on electricity saving measures which are practicable in daily operations;
- Switch off the computer (other than system servers and network equipment), office equipment and lights whenever they are not in use;

- Keep the office equipment clean (such as refrigerator, air-conditioner and paper shredder) and ensure that they run efficiently by regular checks and maintenance; and
- Unplug the sockets of equipment like copying and printing machines before long holidays to save energy consumption.

To continuously improving the environmental performance, the better energy efficiency appliances and equipment will be used gradually.

A2.3 Total packaging material used for finished products

In provision of integrated system services, the Group may procure hardware components which were fully protected from the package provided by suppliers. Be a responsible enterprise to the environment, our engineer will call customers attention to classify the packaging material, as well as the scrap equipment, into different types of wastes and reusable material to cultivate their awareness on waste reduction.

A3 The Environmental and Natural Resources

A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.

Due to the nature of business, the Group does not involve in production process that may have significant impacts on the environment and natural resources.

B. SOCIAL

The Group treasures talent as it is the most valuable asset and key for driving success and maintaining sustainable development. We offer competitive remuneration package to attract, motivate and retain appropriate and suitable personnel to serve our Group. We have also adopted an annual review system to assess the performance of our staff, which forms the basis of our decisions with respect to salary raises and promotions.

Employment

As an equal opportunity employer, the Group is committed to creating a fair, respectful and diverse working environment by promoting anti-discrimination and equal opportunity in all human resources and employment decisions irrespective of their gender, race, age, disability, family status, sexual orientation, religious beliefs, nationality or any other non-job related factors in all business units. The equal employment policy enforces zero tolerance to any workplace discrimination harassment or victimisation in complying with the relevant government legislations, ordinances and regulations. Below charts present the basic employment information during the reporting period:

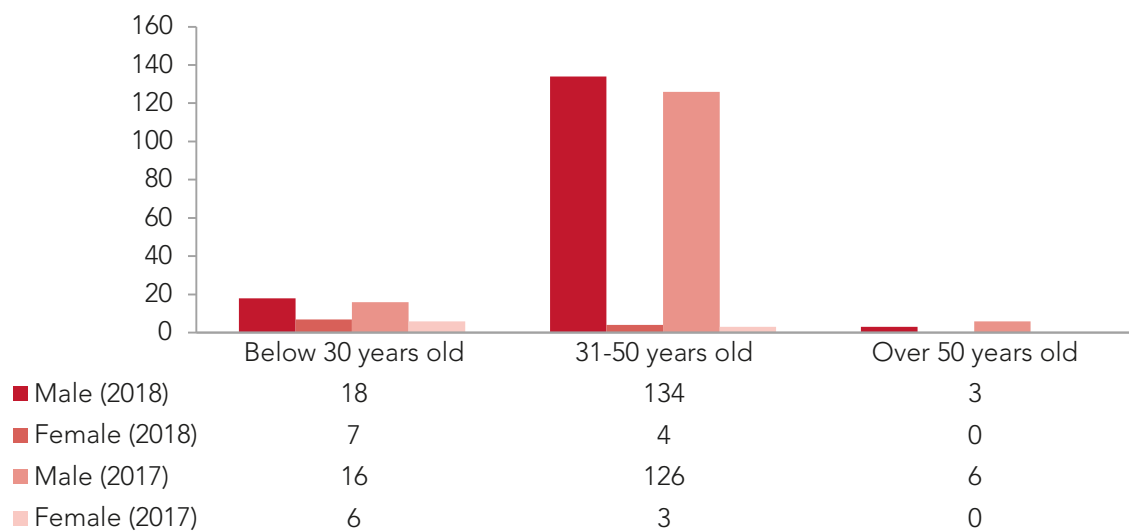


Chart 1: Number of staff employed by the Group for the reporting period (by age group and gender)

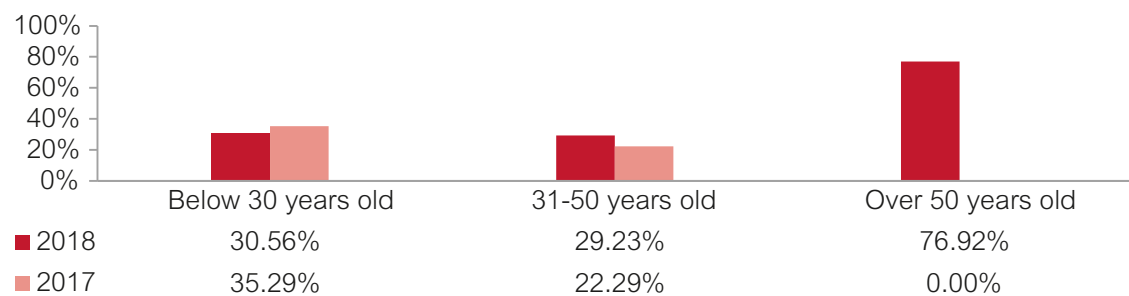


Chart 2: Turnover ratio for the reporting period (by age group)

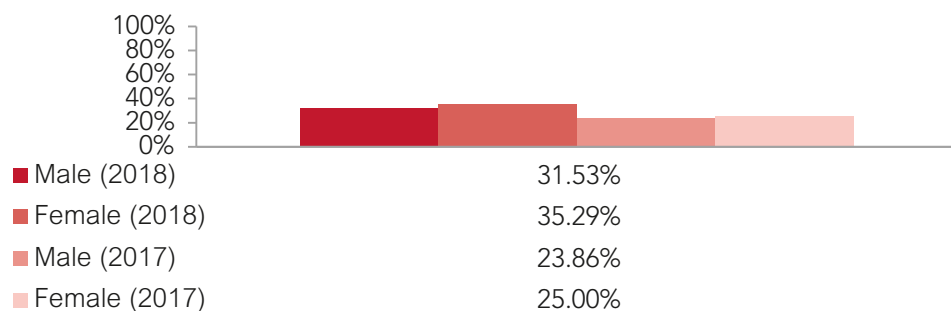


Chart 3: Turnover ratio for the reporting period (by gender)

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The Group has maintained good relationships with employees. We have not experienced any labour disputes nor difficulties in the recruitment during the reporting period.

The Group determines working hours and rest periods for the employees in line with local employment laws and employment contracts with employees. In addition to statutory holidays stipulated by the employment laws of local government such as the paid annual leave, employees may also be entitled to special leave for certain family occasions.

Health and Safety

The Group is of the view that safety management is vital part in the operation as some of our projects may involve high risk activities such as carrying out installation works which exposes our staff to electrical hazards, at heights or in confined space. In this regards, the Group set out certain safety policies cover specific safety measures for different high risk activities:

- prior to the commencement of the relevant projects involving high risk activities, we would prepare a safety plan for the project;
- strictly require our employees to follow the safety plan;

- prior to the commencement of high risk activities, our workers would attend safety trainings or briefings provided by us and such trainings and briefings would be repeated regularly throughout the project; and
- our staff would inspect the sites regularly to ensure that the relevant safety requirements are met.

During the reporting period, there was no work injury suffered by our employee. The Group targets to maintain an accident-free workplace environment.

Helping the employee to relieve stress, the management of the Group arranged some company events, such as athletic competition and outdoor barbecue. These events served to exemplify the Group's corporate culture of the spirit of solidarity and cohesion among its employee.

Development and Training

In enhancing the competitiveness and improving staff quality through continuous learning, the Group provide our staffs with regular technical and on-the-job trainings and encourage our staff to attend external seminar and sit for examinations to development their knowledge continuously.

The Group formulates and structures the training courses by analysing the needs of different departments. During the reporting period, the Group has provided various job capacity courses covering the areas on computer networking,

mobile application development and cyber security. On employees' personal development, the Group has provided training on development and improvement of coaching skill, project management skills and presentation skills.

Having an increase in focus on the conduct of employees, the Group has arranged some seminars on the topics of protection of company's information and prevention of sexual harassment in workplace to employees to cultivate their awareness on ethical issues.

Labour Standards

In Korea, the Labour Standards Act is the primary legislation governing employee relations and sets out minimum requirement for working conditions at the workplace. According to the Labour Standards Act, (a) employers must execute written labour contracts with employees; (b) work hours shall not exceed 40 hours a week and 8 hours a day in general, unless there is an agreement between the parties and overtime payment to employees; (c) employers shall not, without justifiable cause, dismiss, layoff, suspend, or transfer a worker, reduce wages, or take other punitive measures against employees; (d) employers shall establish its work safety and sanitation system and provide employees with workplace safety training; and (e) employers are required to pay salaries to employees on time and salaries paid to employees shall not be lower than the minimum salary standard of the Minimum Wage Act.

There are similar legislation requirements in Hong Kong named Employment Ordinance and Minimum Wage Ordinance primarily protecting the benefits for employees. The Group always ensures its compliance with the relevant labour laws and regulations.

Emphasising on the protection of human right on child, the Group has employment policy of prohibiting any child employment. To combat against illegal employment of child labour, prior to confirmation of employment, the Group's personnel responsible for recruitment requires job applicants to provide valid identity documents to prevent the use of child labour.

Supply Chain Management

The Group procure hardware and software for its projects, the suppliers are mainly reputable computer equipment manufacturers and software developers as we need to ensure the system we provided to customer is reliable, efficient and secure.

We maintain a list of approved suppliers. New suppliers may also be identified by us based on referral and publicly available information. The key criteria in selection of supplier are their reputation in the industry, quality and after sales service.

Depending on the complexity of project, we may engage subcontractors to handle some construction work and/or ancillary installation of the hardware components of our systems. We select our subcontractors on a project-by-project basis, mainly based on our assessment of their awareness of end-user requirement, financial stability and technical abilities. Their reputation in the industry is also important in our selection process. To maintain the best quality of our service, we send our own personnel to the work site to closely supervise the works performed by subcontractors and also to review their works on an on-going basis.

In the supplier and subcontracting screening process, we will do some background check on publicly available information. It is the Group policy to exclude all illegal and non-ethical entities to become its business partner.

Product Responsibility

We have in place a quality management system which includes guidelines for documenting work performed and reviewed by various team members in different stages of a project. The Quality Management System adheres to internationally recognised technical specification of ISO9001:2008.

Once a project has been commenced, our project managers will closely monitor the progress of the project to ensure that it meets our customers' requirements and is completed within time scheduled. Quality control tests will be conducted

on an on-going basis to minimise the problem of network deficiency.

Subsequent quality warranty period would generally be offered for the system integration projects. In the event of system failure during the warranty period, the Group may provide technical support and maintenance services to ensure the systems can be operating in proper condition.

In providing system integration services and cyber security solution services, it may involve massive confidential information of the customers. The Group is committed to abiding by the law and regulation relevant to personal information protection. The provision of customers' data to third party before obtaining a consent from the customers is strictly prohibited. To further safeguard customers' information, the Group may destroy all confidential information after the holding period is elapsed.

The Group believes that a good practice in customer management is essential for the Group's sustainability in gaining reputation and trust. It can be basically achieved by complying with the relevant laws and regulations in protection of consumer rights. In further strengthening of its position in the industry through expansion of its market share and enhancement of the quality of its services, the Group has received various recognitions of products from public. This assists the Group to achieve sustainable growth in business and create long-term shareholder's value.

Anti-corruption

To maintain a fair, ethical and efficient business and working environment, the Group strictly adheres to the local laws and regulations relating to anti-corruption and bribery irrespective of the area or country where the Group is conducting business. The Group has formulated and strictly enforced anti-corruption policies as stipulated in the established "Whistleblowing Policy" and "Anti-Corruption Policy Compliance Regulations" to prevent, identify and control the risk of fraud and corruption, and in particular, a whistleblower program to allow employees to report management misfeasance directly to the Chief Executive Officer or the Chairman of Audit Committee. The Group advocates a confidentiality mechanism to protect the whistle-blowers from fear of threatens and any disadvantage to the whistle-blowers' employment status. All employees are expected to discharge their duties with integrity and self-discipline, and they are required to abstain from engaging in bribery, extortion, fraud and money laundering activities or any activities which might exploit their positions against the Group's interests and affect their business decision or independent judgement in the course of business operations. Disciplinary actions, including termination of employment and reporting of the matters to the relevant authorities, will be taken on the employee who violates the bribery and anti-corruption rules.

Compliance materials' acknowledgement receipts are signed by the employees at the time of joining the Group. In addition, when signing business contracts with external parties, where practicable, the Group shall include a corruption prevention statement in the contract stating that they are required to obey the relevant anti-corruption laws and the condition that an audit may be performed if there is a suspicion of inappropriate gifts of money, valuables or other benefits to employees. The Group also arranges regular trainings to executives and employees for enhancing ethical awareness in conducting businesses.

Community Investment

The Group places a great emphasis on cultivating social responsibility awareness among employees and encourages them to participate in charitable community activities. The Group believes that undertaking socially responsible initiatives is truly a win-win situation, not only will the Group be attractive to socially conscious customers and employees, but will also make a real difference in the world by contributing love and care.

During the reporting period, the subsidiary in Korea has contributed a donation amounting to Hong Kong Dollars 7,000 to a Korea charity organisation. The Group will seek for other opportunities to make any form of contribution to support events organised by charity organisations in fulfilling the social responsibility continuously.