



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

2018

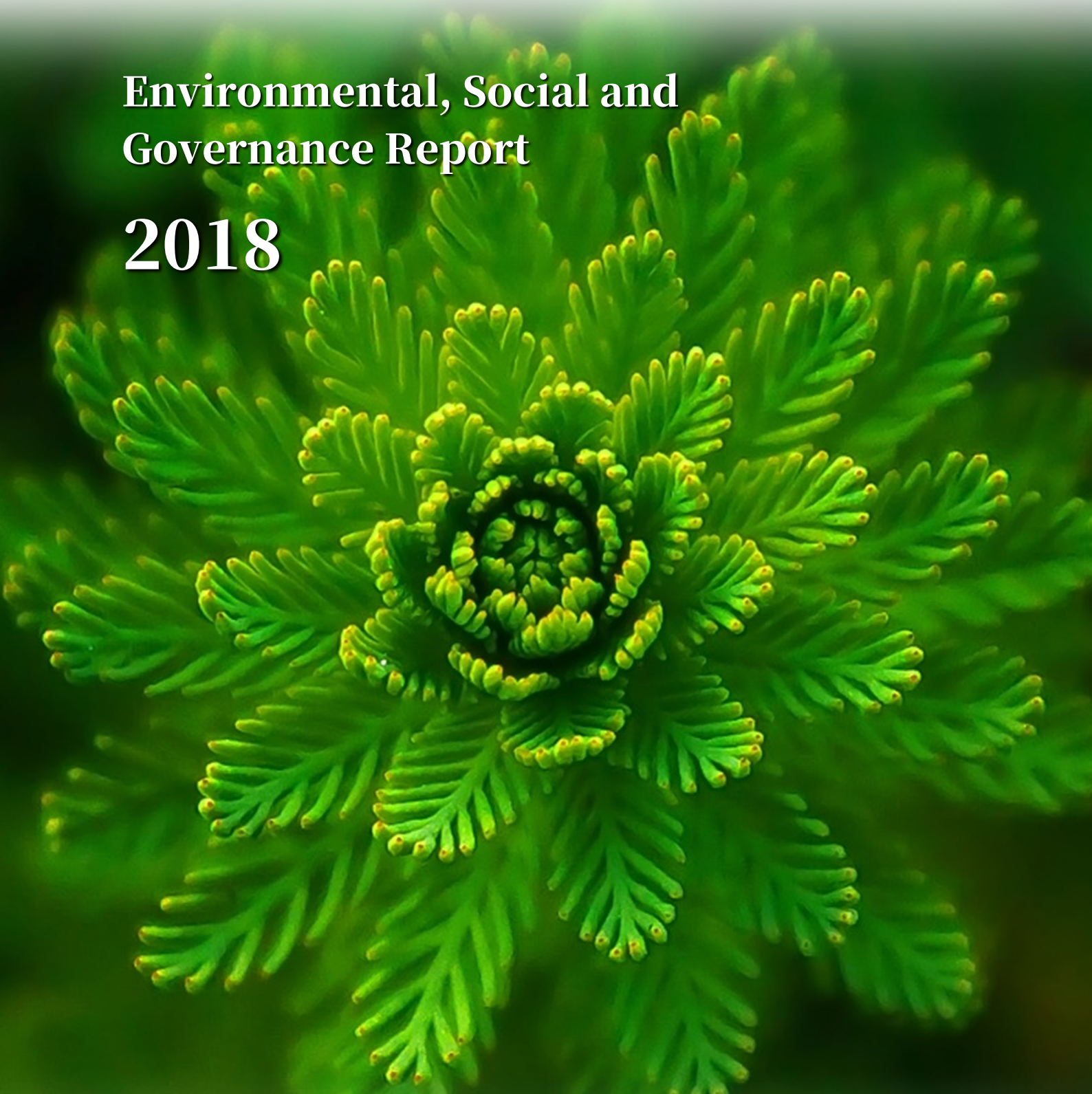


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1. Introduction

This is the Environmental, Social and Governance Report (this “Report”) of China Information Technology Development Limited for the year-ended 31 December 2018, 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, as well as environmental key performance indicators (“KPIs”), 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”, Macro Systems Limited will be referred to as “Macro Systems” 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 Standards published by the Global Reporting Initiative.

Reporting Boundary

The scope of this Report includes:

- the operation in Hong Kong of the headquarter of CITDL incorporated in the Cayman Islands with limited Liability; and
- the operation in Hong Kong of Macro Systems incorporated in Hong Kong with limited liability (a major subsidiary of the Company).

Reporting Period

The reporting period of this Report is from 1 January 2018 to 31 December 2018, 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:

- the Company's official website
<http://www.citd.com.hk>
- HKEXnews website by Hong Kong Exchanges and Clearing Limited
<http://www.hkexnews.hk>

Contact Us

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

Email address: info@citd.com.hk

2. Preface

This is the ESG Report of the Group for the year-ended 31 December 2018, which is prepared in accordance with the GEM Listing Rules. The Group continues to monitor the 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 a responsible corporation, 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. In line with the last reporting period, an ESG survey was conducted with the stakeholders of the Group in order to collect their opinions on the ESG strategy of the Group and help the reporting team to assess the materiality of various aspects from the stakeholder's perspective.

In the report last year, the Group measured and reported various environmental KPIs. In order to quantify the effectiveness of our ESG policies and management systems of non-financial risks, and meet the increasing demand of information disclosure in relation to the social aspect, starting from this reporting period, the Group has started the measurement and reporting of various social KPIs. The measurement and reporting of KPIs is an ongoing and consistent process, allowing for meaningful comparisons of ESG data in subsequent ESG reports.

Starting from this reporting period, the reporting boundary has been amended to exclude Shanghai Pantosoft Company Limited (“Shanghai Pantosoft”) that was disposed by the Group on 5 June 2018.

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 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.

The Board of Directors of the Company is pleased to present the 2018 ESG Report for the period from 1 January 2018 to 31 December 2018, 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. Due to the fact that its business is of tertiary production, the amount of emission is relatively limited.

During 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_x), sulphur oxides (SO_x) and respiratory suspended particles, while the greenhouse gas emissions of the private cars include carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O).

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 (CO₂) resulted from business air travel by employees and 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 (CO₂) emissions resulted from disposal of office solid waste at landfills; and
- Carbon dioxide (CO₂) emissions resulted from the electricity used for processing fresh water and sewage by Water Supplies Department.

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 CITDL 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 CITDL 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.

During 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 or 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/she can report it to the administrative department or his/her 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/her senior, he/she 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 CITDL 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. Macro Systems Limited

4.1 Environmental

Macro Systems is principally engaged in providing comprehensive end-to-end solutions and services, ranging from (i) procurement and deployment of IT equipment and facilities; (ii) systems integration; (iii) consulting services on IT infrastructure and business solutions; and (iv) technical support and managed services. Due to the fact that its business is of tertiary production, the amount of emission is extremely limited.

During the reporting period, Macro Systems 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 Macro Systems, 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 (CO₂) resulted from the generation of electricity, which is used in the office and purchased from CLP Power Hong Kong Limited.

Other minor and indirect greenhouse gas emissions sources are:

- Carbon dioxide (CO₂) emissions resulted from disposal of office solid waste at landfills or Incineration plants;
- Carbon dioxide (CO₂) emissions resulted from the electricity used for processing fresh water and sewage by Water Supplies Department ; and
- Carbon dioxide (CO₂) 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 Macro Systems, 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, Macro Systems encourages its employees to use their best endeavours to reduce waste and emissions, with a view to contributing to the community and the environment. Macro Systems 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 Macro Systems 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, Macro Systems 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 Macro Systems 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;
- encourage employees to recycle equipment such as computers and communication devices through the recycling programme of Environmental Protection Department;
- provide removal service plan for clients for proper recycling of regulated electrical equipment; and
- provide electronic invoices and monthly bills for clients to reduce use of paper.

During the reporting period, Macro Systems has donated computer equipment including desktop computers, servers and LCD monitors to Caritas Computer Workshop.

4.2 Social – Employment and Labour Practices

Macro Systems 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

The compensation and welfare provided by Macro Systems complies with the Employment Ordinance in Hong Kong.

4.2.1.1 Compensation

The salaries and benefits of the employees are based on prevailing local market rate and subject to adjustment based on experiences and qualifications. To enable Macro Systems can attract and retain outstanding employees, the remuneration packages are subject to review from time to time. In addition, commissions are awarded to qualified employees in the sales department based on the performance of Macro Systems and individual employee. Salaries are paid monthly on or before the 1st of each month. Employee performance reviews are carried out from time to time, which aims to ensure adequate communication between Macro Systems and its employees, and give feedback on employee's performance.

4.2.1.2 Benefits

Macro Systems operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

After satisfactory completion of probation period, a comprehensive medical scheme under the insurance package are provided to employees. Macro Systems is also in possession of a valid insurance policy to cover its liabilities both under the Employees' Compensation Ordinance and at common law for the work injuries for the employees.

4.2.1.3 Working Hours

Employees are in general required to work 5 days a week from 9am to 6pm. Due to operational requirement, employees may be required to work outside the normal working hours at the discretion of the department manager for the proper performance of the assigned duties and that the compensation leave would be given for those arrangement. Macro Systems encourages the management and employees to maintain a work-life balance, avoid unnecessary overtime and maintain a good corporate culture.

4.2.1.4 Holidays

Macro Systems provides holidays and leaves for the employees including:

- public holidays of 17 days per annum, set by the General Holidays Ordinance (Chapter 149 of the Laws of Hong Kong) with the dates published in the Government Gazette;
- paid annual leave of not less than 12 days per annum;
- sick leave in accordance with the Employment Ordinance (Chapter 57 of the Laws of Hong Kong); employees have to provide proper medical certificate;
- 10 weeks of maternity leave, in accordance with the Employment Ordinance;
- 5 days of paternity leave, in accordance with the Employment Ordinance;
- special leaves including 3 days of marriage leave and 1 to 3 days of bereavement leave;
- 1 day of birthday leave; and
- compensation leave for overtime work hours.

4.2.1.5 Recruitment, Dismissal, Equal Opportunity, Diversity and Anti-discrimination

In order to standardise recruitment and dismissal procedures and comply with relevant laws in Hong Kong, Macro Systems has formulated recruitment policies, guidelines and Employee Handbook for the human resources and administration department (the “HR & Admin Department”).

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, Macro Systems encourages to provide equal opportunity to people with different social statuses, races and genders, with a view to increasing internal diversity and strengthening competitiveness.

Macro Systems complies with Personal Data (Privacy) Ordinance when handling personal data. The HR & Admin Department shall keep the recruitment related documents and employment related data according to the regulation and Macro Systems’ requirements on record retention, and ensure the records are destroyed with care in accordance with the information classification procedure. When employment reference check is required, Macro Systems shall obtain a prior written consent from the candidate.

Upon the employment of an employee, an employment contract which is prepared in accordance with the Employee Handbook and relevant local laws and regulations, shall be signed with the employee including terms on non-disclosure agreement. Probation period is usually 3 months and subject to the performance review for extension.

The conditions of terminating employment contract are thoroughly communicated to the employees through the Employee Handbook and their employment contracts, and the terms and conditions comply with relevant local laws and regulations.

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

4.2.2 Health and Safety

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

Due to employees' prolonged use of computer, Macro Systems 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. From time to time, Macro Systems invites representative from the Labour Department to hold seminar to educate employees about work safety and tips on stretching exercises.

During the reporting period, Macro Systems has secured employees' insurance policies in accordance with the laws of Hong Kong, provided comprehensive medical scheme for employees and has complied with all relevant laws and regulations relating to health and safety.

4.2.3 Development and Training

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

The HR & Admin Department is responsible for organizing orientation for new employee such that they can understand the responsibilities and rights in terms of their job duty and the requirement of the information security management system.

In order to comply with ISO/IEC 20000 standard for IT service management and ISO 27001 standard for information security management system, employees have to undergo training in relation to service management policy and procedures.

Macro Systems provides educational compensation to enhance employees' continuing professional development. Fees of work related examinations, certification programmes and training programmes are usually paid by Macro Systems. Employees can also apply for fees reimbursement of other development programme upon prior discussion with the management and successful completion of the programme.

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

4.2.4 Labour Standards

Macro Systems 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 or forced labour are employed. During the recruitment process, the HR & Admin Department requires candidate to provide identification document to check if the age of candidate complies with the laws.

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

4.3 Social – Operating Practices

4.3.1 Supply Chain Management

Macro Systems 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 department or team which is responsible for handling a customer sales order or internal order should follow the supplier management policies in the Information Security Management System Procedural Manual (“ISMS Procedural Manual”). 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

To ensure its products are safe and responsible, Macro Systems has formulated policies and regulations relating to software security, network security and privacy in the ISMS Procedural Manual and service management policy documents, which complies with local laws and regulations, as well as international standards including ISO/IEC 20000 and ISO 27001.

To protect confidential information, privacy and interests of Macro Systems and its stakeholder, employees must strictly comply with regulations relating to information handling. Employees are required to keep confidential to all matter or information touching or concerning the business or affairs of Macro Systems both during the course of employment and at any time thereafter.

Information security risks are evaluated and identified according to the ISMS Procedural Manual and respective procedures and measures are in place to minimise the risks and mitigate potential damages. In addition, information access control has been in place to protect information from unauthorised access.

The ISMS Procedural Manual also provides guidance in these areas, including but not limited to:

- risk management, including identification, assessment, treatment and control of risk;
- document and record control;
- internal audit procedures;
- asset management and information classification;
- access and cryptographic control;
- physical and environmental security;
- operation security; and
- incident management.

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

4.3.3 Anti-corruption

Macro Systems 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. Ethics and compliance training, and various operating procedures have been in place to ensure there are sufficient effort spent on anti-corruption.

Macro Systems has established a complete complaint mechanism. If an employee discovers illegal activities within the company, he/she can report it to the HR & Admin Department or his/her senior. If the reply to the complaint is not satisfactory or if the employee does not want the complaint to be handled by the HR & Admin Department nor his/her senior, he/she can report it directly to the general manager. All complaints filed are confidential and Macro Systems 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, Macro Systems will take necessary legal actions to protect the rights and interests of Macro Systems and its stakeholders.

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

4.4 Social - Community

4.4.1 Community Investment

Macro Systems is committed to create a positive impact on the communities in which it operates. Employees are encouraged to participate in community projects and activities.

Macro Systems has been awarded the Caring Company Logo since 2008. This is an indication that Macro Systems recognise the concept of corporate social responsibility. The Caring Company scheme was launched by the Hong Kong Council of Social Service in 2002, which aims to foster strategic partnerships between the business and social services sectors to promote good corporate citizenship and create a more inclusive society. The scheme also helps corporations and social services organisations to know and understand one another at a much deeper level. This will create more room for working together to develop cross-sector community projects that focus on the needs of the community.

During the reporting period, Macro Systems has provided monetary donation and the employees have provided over 200 hours of voluntary services for supporting the leadership development programmes and activities for young people for the Scout Association of Hong Kong. In addition, Macro Systems has donated computer equipment including desktop computers, servers and LCD monitors to Caritas Computer Workshop.

In the coming year, the management shall review policies relating to community investment and explore the feasibility of increasing community investment activities.

5. Key Performance Indicators

The Group continually improves by managing, monitoring and reporting its KPIs. The tables below present a quantitative overview of our 2018 performance.

Subject Area A. Environmental

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

Item	Unit	2017	2018
Private cars NO _x emissions	g	6,815	7,669
Private cars SO _x emissions	g	187	209
Private cars RSP emissions	g	502	565

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

Item	Unit	2017	2018
Scope 1 – Direct emissions from sources			
CO ₂ equivalent emissions from private cars	kg	34,376	38,584
Scope 2 – Energy indirect emissions			
CO ₂ equivalent emissions from purchased electricity	kg	44,209	23,075
Scope 3 – Other indirect emissions			
CO ₂ equivalent emissions from paper waste	kg	2,412	1,425
CO ₂ equivalent emissions from fresh water processing ¹	kg	2,228	—
CO ₂ equivalent emissions from sewage processing ¹	kg	1,066	—
CO ₂ emissions from business air travel	kg	37,755	17,462
Total CO ₂ equivalent emissions	kg	122,046	80,545
Revenue	HK\$'000	48,817	51,666
CO ₂ equivalent emissions intensity	kg/HK\$'000	2.50	1.56

¹ The reported 2017 figures represent water and sewage processing used by Shanghai Pantosoft, which was disposed by the Group in 2018. Therefore, 2018 figures are not available.

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

Item	Unit	2017	2018
Energy consumption by private cars	kWh	123,140	138,212
Energy consumption by purchased electricity	kWh	69,770	39,426
Total energy consumption	kWh	192,910	177,639
Revenue	HK\$'000	48,817	51,666
Energy consumption intensity	kWh/HK\$'000	3.95	3.44

KPI A2.2: Water consumption in total and intensity

Item	Unit	2017	2018
Total water consumption ²	m ³	5,577	—
Revenue	HK\$'000	48,817	51,666
Water consumption intensity ²	m ³ /HK\$'000	0.114	—

² The reported 2017 figures represent water used by Shanghai Pantosoft, which was disposed by the Group in 2018. Therefore, 2018 figures are not available.

Subject Area B. Social**KPI B1.1: Total workforce by gender, employment type, age group and geographical region**

2018		
Category	Number	Percentage
Total workforce	54	100%
Gender		
Male	36	67%
Female	18	33%
Employment Type		
Senior management	12	22%
Middle management	5	9%
Technical staff	21	39%
General staff	16	30%
Age Group		
≤30	11	20%
31-40	29	54%
41-50	9	17%
≥51	5	9%
Geographical Region		
Hong Kong	50	93%
China	1	2%
Others	3	6%

KPI B1.2: Employee turnover rate by gender, age group and geographical region

2018	
Category	Turnover Rate
Total workforce	5%
Gender	
Male	5%
Female	5%
Age Group	
≤30	15%
31-40	0%
41-50	18%
≥51	0%
Geographical Region	
Hong Kong	6%
China	67%
Others	0%

KPI B2.1: Number and rate of work-related fatalities

Category	Number	Percentage
Work-related fatalities	0	0%

KPI B2.2: Lost days due to work injury

Category	Number
Lost days due to work injury	0

KPI B3.1: The percentage of employees trained by gender**KPI B3.2: The average training hours completed per employee by gender**

2018

Category	Average training hours completed	Percentage
Gender		
Male	5.27	49%
Female	2.38	38%
Total workforce	4.31	45%

KPI B5.1: Number of suppliers by geographical region

Geographical Region	Number	Percentage
Hong Kong	48	84%
Others	9	16%
Total	57	100%

KPI B6.1: Percentage of total products sold or shipped subject to recalls for safety and health reasons

Category	Percentage
Percentage of total products sold or shipped subject to recalls for safety and health reasons	0%

KPI B6.2: Number of products and service related complaints received and how they are dealt with

Category	Number
Number of products and service related complaints received and how they are dealt with	0

KPI B7.1: Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases

Category	Number
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	0

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

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