



**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**

# **2019**



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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 2019 (the “**Year**”), 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 main operation in Hong Kong by Macro Systems which is 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 2019 to 31 December 2019, which is the same as the reporting period of the Company's annual report.

## **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](mailto:info@citd.com.hk)

## 2. Preface

This is the ESG Report of the Group for the year-ended 31 December 2019, 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 of the Company (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. With a view to improving our ESG disclosure, an additional section “Stakeholder Engagement and Materiality Assessment” has been added this Report to disclose our communicate channels with different stakeholders and their concerned topics, which helps 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 and 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. In order to reduce the carbon footprint of the Group, during the Year, CITDL has relocated to the same office together with Macro Systems, thus enabling the Group to use resources more efficiently. By comparing the environmental KPI of 2019 and 2018, the Board of Directors is pleased that the Group has achieved a lower carbon footprint.

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 is pleased to present the 2019 ESG Report for the period from 1 January 2019 to 31 December 2019, which outlines the Group's policies and performance in four areas which are environmental, employment and labour practices, operating practices and community investment.



### 3. Stakeholder Engagement & Materiality Assessment

Communications is an important aspect of our daily operations. Stakeholder engagement and communications are crucial in understanding the expectations and priorities of our stakeholders. The Group values the opinion of our stakeholders and has thus set up and maintained various communication channels for different stakeholder groups. Comments and suggestions are welcomed as they represent an opportunity to improve the Group and its services. Apart from regular communication channels, the Group has also conducted an environmental, social and governance survey to collect opinion from employees, management and external stakeholders, so that the Group can better assess the materiality of various environmental, social and governance aspects.

Stakeholder	Key Communication Channels
Shareholders	<ul style="list-style-type: none"><li>• Announcements and circulars</li><li>• Quarterly, interim and annual reports</li><li>• Shareholders' meetings</li><li>• Company website</li></ul>
Customers	<ul style="list-style-type: none"><li>• Customer hotline</li><li>• Regular debriefing sessions with frontline staff to collect customer feedback</li></ul>
Employees	<ul style="list-style-type: none"><li>• Correspondences, suggestion box</li><li>• Annual performance appraisal</li></ul>
Suppliers and subcontractors	<ul style="list-style-type: none"><li>• Business correspondences</li><li>• Procurement contracts and letters of undertaking</li><li>• Performance appraisals</li></ul>
Government and regulatory authorities	<ul style="list-style-type: none"><li>• Compliance inspections</li><li>• Due submissions</li><li>• Conferences and seminars</li></ul>
Community and public	<ul style="list-style-type: none"><li>• Press releases and news</li></ul>

Through the main communication channels and surveys, the Group has learned that stakeholders are more concerned about the social and governance aspects. The most concerned topics are as follows:

- policies and compliance relating to anti-corruption;
- policies and compliance relating to employment, welfare and training;
- policies and compliance relating to providing a safe working environment and protecting employees from occupational hazards; and
- policies and compliance relating to labour standards.

## 4. Environmental

CITDL is principally engaged in investment holding and office management. 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 the Group's business activities were tertiary production, the amount of emission was relatively limited.

During the Year, the Group has complied with relevant laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, that have a significant impact on the Group.

### 4.1 Air and Greenhouse Gas Emissions

During the Year, the Group's source of direct air and greenhouse gas emissions from gaseous fuel consumption was from the private cars. The air emissions of the private cars included 5,629 grams (2018: 7,669 grams) of nitrogen oxides ( $\text{NO}_x$ ), 155 grams (2018: 209 grams) of sulphur oxides ( $\text{SO}_x$ ) and 414 grams (2018: 565 grams) of respiratory suspended particles.

While the greenhouse gas emissions of the private cars included carbon dioxide ( $\text{CO}_2$ ), methane ( $\text{CH}_4$ ) and nitrous oxide ( $\text{N}_2\text{O}$ ), with a total of 28,604 kilograms (2018: 38,584 grams) of carbon dioxide ( $\text{CO}_2$ ) equivalent emission of greenhouse gas.

Other major direct greenhouse gas emissions were hydrofluorocarbons (HFC) and perfluorocarbons (PFC), which are resulted from the use of air conditioning equipment in the office. The central air conditioning was provided by the property management company, therefore, such emission data was not available for collection.

During the Year, CITDL has relocated to the same office together with Macro Systems and encouraged employees to reduce unnecessary business air travel, with a view to lowering the Group's carbon footprint and achieving more efficient use of resources. Its major indirect greenhouse gas emission were: 18,983 kilograms (2018: 23,075 kilograms) of carbon dioxide ( $\text{CO}_2$ ) resulted from the generation of electricity, which was used in the office and purchased from The Hongkong Electric Company Limited and CLP Power Hong Kong Limited; and 1,260 kilograms (2018: 17,462 kilograms) of carbon dioxide ( $\text{CO}_2$ ) emission resulted from business air travel by employees.



Other minor and indirect greenhouse gas emissions sources were: 923 kilograms (2018: 1,425 kilograms) of carbon dioxide (CO<sub>2</sub>) equivalent emission resulted from office waste paper; carbon dioxide (CO<sub>2</sub>) emissions resulted from disposal of office solid waste at landfills; and carbon dioxide (CO<sub>2</sub>) emissions resulted from the electricity used for processing fresh water and sewage. The processing of fresh water, sewage and solid waste were handled by the property management company or relevant local government departments, therefore such emission data was not available for collection.

During the Year, the total carbon dioxide (CO<sub>2</sub>) equivalent emission of the Group was 49,769 kilograms (2018: 80,545 kilograms), and the carbon dioxide (CO<sub>2</sub>) equivalent emissions intensity was 0.78 kilogram / thousand Hong Kong Dollar revenue (2018: 1.56 kilogram / thousand Hong Kong Dollar revenue).

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

During the Year, the Group's major source of discharge into water was 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 was from the solid waste of the office, of which the amount of office waste paper was 192 kilograms (2018: 297 kilograms).

#### **4.3 Energy Consumption and Intensity**

During the Year, the direct and indirect energy consumption of the Group included 102,464 kilowatt hours (2018: 138,212 kilowatt hours) of energy consumption by private cars and 34,554 kilowatt hours (2018: 39,426 kilowatt hours) of energy consumption from purchased electricity.

The total energy consumption of the Group was 137,018 kilowatt hours (2018: 177,639 kilowatt hours), and the energy consumption intensity was 2.15 kilowatt hour / thousand Hong Kong Dollar revenue (2018: 3.44 kilowatt hour / thousand Hong Kong Dollar revenue).

#### 4.4 Policies and Use of Resources

As an enterprise with social responsibility, the Group encourages its employees to use their best endeavours to reduce waste and emissions, with a view to contributing to the community and the environment. The Group 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 Group 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, the Group 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 Group 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 trips;
- encourage employees to reduce unnecessary overseas business trips, 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 Year, Macro Systems has recycled several units of uninterruptible power supply.

## 5. Social – Employment and Labour Practices

The Group 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.

During the Year, the Group has complied with relevant laws and regulations relating to employment, that have a significant impact of the Group.

### 5.1 CITDL - 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.

## 5.2 Macro Systems - Employment

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

### Compensation

The salaries and benefits of the employees are based on prevailing local market rate and subject to adjustment based on experiences and qualifications. In order for Macro Systems to 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.

### 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.

## **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.

## **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.

## **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.

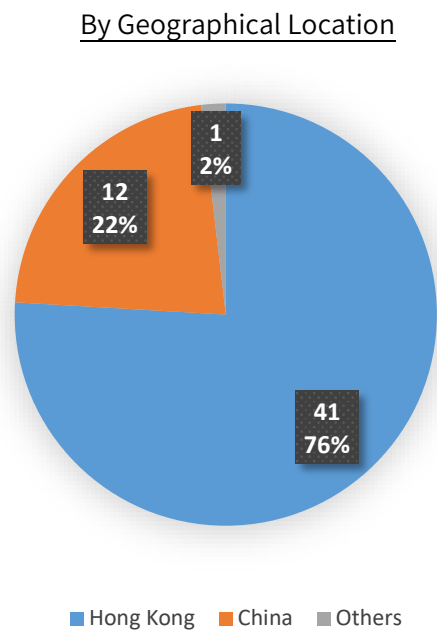
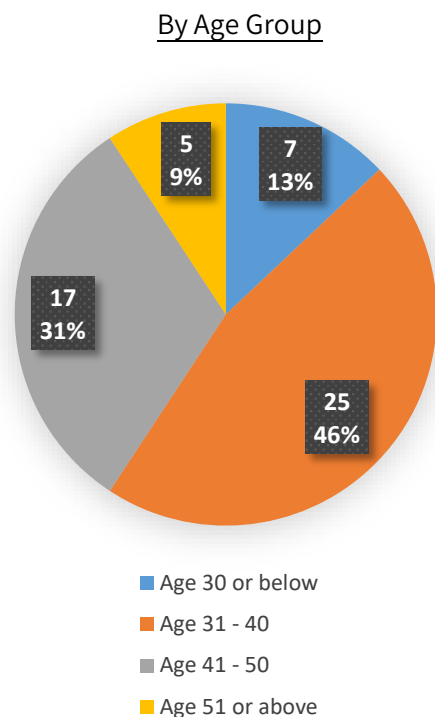
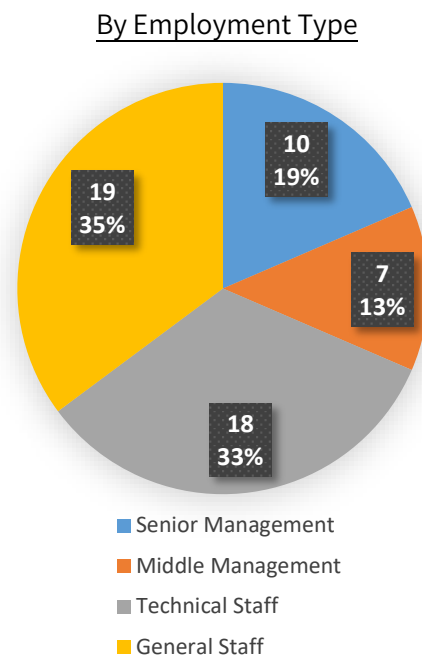
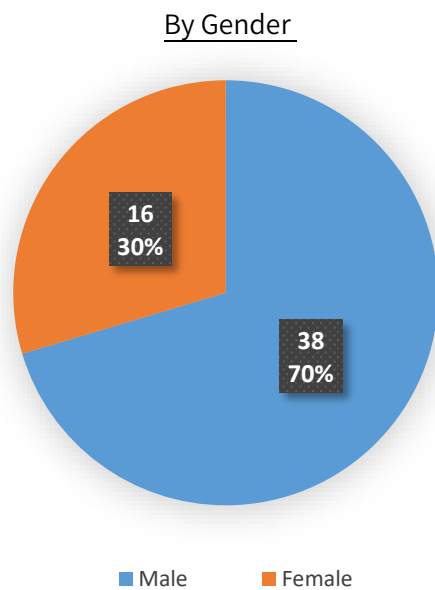
Upon the employment of an employee, an employment contract which is prepared in accordance with the Employee Handbook and relevant local laws and regulations, shall be signed with the employee including terms on non-disclosure agreement. Probation period is usually 3 months and subject to the performance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



### 5.3 Composition of the Workforce at a Glance

(This refers to employees of the Group as at 31 December 2019)



## Employee Turnover Rate

From the period of 1 Jan 2019 to 31 December 2019, there were 6 employees (2018: 3) who left the Group, with a total turnover rate of 11% (2018: 5%), all of whom were working in Hong Kong. The turnover rate of male and female employee were 14% (2018: 5%) and 6% (2018: 5%) respectively. The employee turnover rate by age group was as follows:

- Age 30 or below: 0% (2018: 15%)
- Age 31 to 40: 25% (2018: 0%)
- Age 41 to 50: 0% (2018: 18%)
- Age 51 or above: 0% (2018: 0%)

The employee turnover rate by geographical region was as follows:

- Hong Kong: 15% (2018: 6%)
- China: 0% (2018: 67%)
- Others: 0% (2018: 0%)

## 5.4 Health and Safety

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

Due to employees' prolonged use of computer, the Group 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 Year, there were no workplace injury or work-related fatality incidents in the Group. The Group has secured employees' insurance policies in accordance with the laws of Hong Kong and has complied with relevant laws and regulations relating to health and safety, that have a significant impact on the Group.

## 5.5 Development and Training

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

Regarding new employee orientation of CITDL, the human resources department will first provide basic training in relation to the 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.

Regarding new employee orientation of Macro Systems, 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 of Macro Systems 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, the Group 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.

### **Percentage of Employees Trained and Average Training Hours Completed**

From the period of 1 Jan 2019 to 31 December 2019, the Group's percentage of employees trained for male and female employees were 65% (2018: 49%) and 6% (2018: 38%) respectively.

The percentage of employees trained by employee category was as follows:

- Senior Management: 30%
- Middle Management: 0%
- Technical Staff: 73%
- General Staff: 51%

The average training hours completed per employee for male and female employees were 8.41 hours (2018: 5.27 hours) and 0.13 hours (2018: 2.38 hours) respectively.

The average training hours completed per employee by employee category was as follows:

- Senior Management: 0.3 hours
- Middle Management: 0 hours
- Technical Staff: 16.97 hours
- General Staff: 1.54 hours

## 5.6 Labour Standards

The Group 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 Year, the Group has complied with relevant laws and regulations relating to labour standards, that have a significant impact on the Group.

## 6. Social – Operating Practices

### 6.1 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 for CITDL, the procurement manager is responsible for selecting and reviewing suppliers. During procurement for Macro Systems, 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.

During the Year, the Group’s number of suppliers by geographical region are as follows:

- Hong Kong: 50 (2018: 48)
- Others: 9 (2018: 9)

## 6.2 Product Responsibility

The Group 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 the Group and its stakeholder, employees must strictly comply with regulations relating to information handling, the highlights are:

- disclosure of the Group'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.

To ensure its products' safety and responsibility, 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 Year, the Group's percentage of total products sold or shipped subject to recalls for safety and health reasons was 0% (2018: 0%) and the number of products and service related complaints received was 0 (2018: 0).

During the Year, the Group has complied with relevant laws and regulations relating to product responsibility, that have a significant impact on the Group.

### 6.3 Anti-corruption

The Group 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.

The Group 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 the Group 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, the Group will take necessary legal actions to protect the rights and interests of the Group and its stakeholders.

During the Year, the number of concluded legal cases regarding corrupt practices brought against the Group or its employees was 0 (2018: 0) and the Group has complied with relevant laws and regulations relating to anti-corruption, that have a significant impact of the Group.

## **6.4 Social - Community**

### **6.4.1 Community Investment**

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

## 7. Key Performance Indicators

The Group continually improves by managing, monitoring and reporting its KPIs. The tables below present a quantitative overview of our 2019 performance.

### Subject Area A. Environmental

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

Item	Unit	2018	2019
Private cars NO <sub>x</sub> emissions	g	7,669	5,629
Private cars SO <sub>x</sub> emissions	g	209	155
Private cars RSP emissions	g	565	414

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

Item	Unit	2018	2019
<b>Scope 1 – Direct emissions from sources</b>			
CO <sub>2</sub> equivalent emissions from private cars	kg	38,584	28,604
<b>Scope 2 – Energy indirect emissions</b>			
CO <sub>2</sub> equivalent emissions from purchased electricity	kg	23,075	18,983
<b>Scope 3 – Other indirect emissions</b>			
CO <sub>2</sub> equivalent emissions from paper waste	kg	1,425	923
CO <sub>2</sub> emissions from business air travel	kg	17,462	1,260
Total CO <sub>2</sub> equivalent emissions	kg	80,545	49,769
Revenue	HK\$'000	51,666	63,712
CO <sub>2</sub> equivalent emissions intensity	kg/HK\$'000	1.56	0.78

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

Item	Unit	2018	2019
Energy consumption by private cars	kWh	138,212	102,464
Energy consumption by purchased electricity	kWh	39,426	34,554
Total energy consumption	kWh	177,639	137,018
Revenue	HK\$'000	51,666	63,712
Energy consumption intensity	kWh/HK\$'000	3.44	2.15

### Subject Area B. Social

#### KPI B1.1: Total workforce by gender, employment type, age group and geographical region

	2018		2019	
Category	Number	Percentage	Number	Percentage
Total workforce	54	100%	54	100%
<b>Gender</b>				
Male	36	67%	38	70%
Female	18	33%	16	30%
<b>Employment Type</b>				
Senior management	12	22%	10	19%
Middle management	5	9%	7	13%
Technical staff	21	39%	18	33%
General staff	16	30%	19	35%
<b>Age Group</b>				
≤30	11	20%	7	13%
31-40	29	54%	25	46%
41-50	9	17%	17	31%
≥51	5	9%	5	9%
<b>Geographical Region</b>				
Hong Kong	50	93%	41	76%
China	1	2%	12	22%
Others	3	6%	1	2%

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

	2018	2019
Category	Turnover Rate	Turnover Rate
Total workforce	5%	11%
<b>Gender</b>		
Male	5%	14%
Female	5%	6%
<b>Age Group</b>		
≤30	15%	0%
31-40	0%	25%
41-50	18%	0%
≥51	0%	0%
<b>Geographical Region</b>		
Hong Kong	6%	15%
China	67%	0%
Others	0%	0%

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

	2018		2019	
Category	Number	Percentage	Number	Percentage
Work-related fatalities	0	0%	0	0%

### KPI B2.2: Lost days due to work injury

	2018	2019
Category	Number	Number
Lost days due to work injury	0	0



**KPI B3.1: The percentage of employees trained by gender and employee category**

**KPI B3.2: The average training hours completed per employee by gender and employee category**

		2018		2019	
Category	Average training hours completed	Percentage	Average training hours completed	Percentage	
<b>Gender</b>					
Male	5.27	49%	8.41	65%	
Female	2.38	38%	0.13	6%	
<b>Employee Category</b>					
Senior Management	N/A	N/A	0.30	30%	
Middle Management	N/A	N/A	0	0%	
Technical Staff	N/A	N/A	16.97	73%	
General Staff	N/A	N/A	1.54	51%	
Total workforce	4.31	45%	5.91	47%	

**KPI B5.1: Number of suppliers by geographical region**

		2018		2019	
Geographical Region	Number	Percentage	Number	Percentage	
Hong Kong	48	84%	50	85%	
Others	9	16%	9	15%	
Total	57	100%	59	100%	

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

		2018	2019
Category		Percentage	Percentage
Percentage of total products sold or shipped subject to recalls for safety and health reasons		0%	0%

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**KPI B6.2: Number of products and service related complaints received**

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	2018	2019
Category	Number	Number
Number of products and service related complaints received	0	0

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

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	2018	2019
Category	Number	Number
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period	0	0

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

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