



EXPERT

EXPERT SYSTEMS HOLDINGS LIMITED

思博系統控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8319

2020

Environmental, Social and
Governance Report



Environmental, Social and Governance Report 2020

INTRODUCTION

Expert Systems Holdings Limited (the “Company”, together with its subsidiaries, the “Group”, or “we”) is one of the Hong Kong’s leading information technology (“IT”) infrastructure solutions providers. Our business objective is to maintain our position as one of the preferred and trustworthy IT infrastructure solutions providers that specialises in helping corporate and institutional customers to maximise values from their IT engagements. This Environmental, Social and Governance Report (the “ESG Report”) summarises the Group’s environmental, social, and governance (“ESG”) initiatives, plans, and performances, and demonstrates its commitment to sustainable development.

The Group adheres to the ESG management principles of sustainable development and is committed to effectively and responsibly handling the ESG affairs of the Group. We take this as the core part of our business strategy because we believe this is the key to our continued success in the future.

ESG Governance Structure

To develop systematic management of the ESG issues, the Group has established an ESG Taskforce (the “Taskforce”). The Taskforce comprises core members from different departments of the Group and is responsible to collect relevant information on the ESG aspects for the preparation of the ESG Report. The Taskforce assists in assessing and identifying the Group’s ESG risks, and evaluates the implementation and the effectiveness of the internal control mechanism. The Taskforce also examines and reviews the Group’s performances in different aspects such as environment, labour practices, and product responsibilities in the ESG perspective. The board of directors (the “Board”) sets the general direction of the Group’s ESG strategy and ensures the effectiveness of ESG risk management and internal control mechanism.

ABOUT THIS REPORT

Reporting Scope

This ESG Report generally covers the Group’s business and operational activities in Hong Kong, including a warehouse in Chai Wan and an office in Kwun Tong. The Group will continue to assess the major ESG aspects of different businesses and extend the scope of disclosure when and where applicable.

Reporting Framework

This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) as set out in Appendix 20 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

Information relating to the corporate governance practices of the Group has been set out in the Corporate Governance Report on pages 17 to 26 of the Company’s 2020 annual report.

Reporting Period

This ESG Report describes the ESG activities, challenges, and measures being taken during the financial year ended 31 March 2020 (the “Reporting Period” or “2020”).

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OUR SUSTAINABILITY GOALS

The announcement of the United Nations Sustainable Development Goals (SDGs) in 2015 had inspired us, as a corporate citizen to support the development priorities by integrating related goals into our business strategies. To demonstrate our commitment to the SDGs, we have identified 2 specific SDGs that connect mostly with our business nature and vision. The followings are the two potential areas for which we believe we can support and contribute to the SDGs and leading to sustainability.



Achieve gender equality and empower all women and girls

Gender disparity is easiest to spot in the IT industry, and this can be traced back to the misbelief that the industry is being male-dominant and the perpetuated influence of the retrograde thinking that IT is not for women. Despite the fallacies, the Group continues to uphold gender equality and will not discriminate against candidates and staff by gender. During the Reporting Period, we pride ourselves on a 42% female representation. This is achieved by recognising the importance of creating and maintaining an inclusive working culture in our workplace and implementing female-friendly incentives.



Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

We strive to contribute ourselves to the overall improvement and enhancement of cyber security by designing cyber security solutions which tailors to the needs and priorities of our corporate and institutional customers. Our Cyber Security Team continuously provide support to safeguarding customers from different cyber security concerns such as hacker attack and data loss in order to protect their IT properties such as network, systems, and cloud services. This does not only contribute to the growth of the overall IT ecosystem, but also improves the economic performance.

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STAKEHOLDER ENGAGEMENT

We value our stakeholders and their feedback regarding our businesses and ESG issues. To understand and address their key concerns, the Group has been maintaining close communication with our stakeholders through different channels. We will continue to increase the involvement of stakeholders via constructive conversation to chart a course for long term prosperity. The Group's communication channels with the key stakeholders and their respective expectations are summarised as follows:

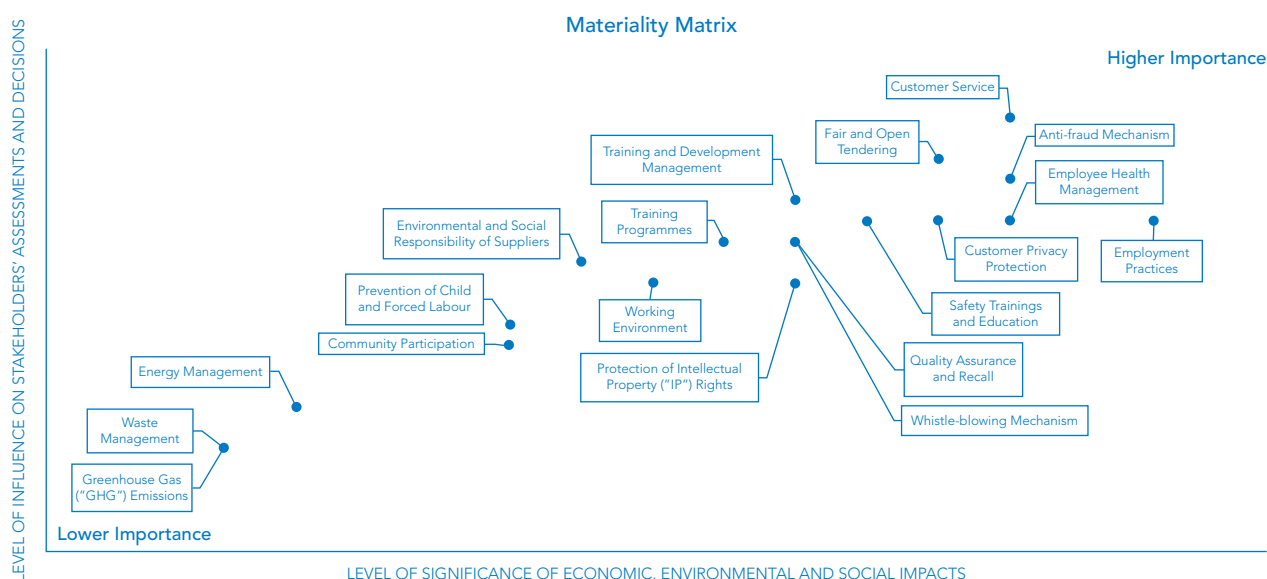
| Stakeholders | Communication Channels | Concerns |
|--|---|---|
| Shareholders and investors | <ul style="list-style-type: none"> Annual general meeting and other shareholder meetings Financial reports Announcements and circulars Company website and email | <ul style="list-style-type: none"> Corporate governance system Business strategies and performance Financial results Investment returns |
| Customers and business partners | <ul style="list-style-type: none"> Customer support hotline and email Sales team Workshops Customer satisfaction survey | <ul style="list-style-type: none"> Privacy protection Business integrity and ethics |
| Staff | <ul style="list-style-type: none"> Channels for staff to express opinions (e.g. internal meetings and emails) Regular performance reviews Training, seminars and briefing sessions | <ul style="list-style-type: none"> Career development Health and safety Remuneration and benefits Equal opportunities |
| Suppliers | <ul style="list-style-type: none"> Procurement team Supplier management meetings and events | <ul style="list-style-type: none"> Fair tendering Business ethics and reputation |
| Regulatory bodies and government authorities | <ul style="list-style-type: none"> Compliance officer | <ul style="list-style-type: none"> Compliance with rules and laws Implementation of policies |
| Media, Non-governmental organisations and public | <ul style="list-style-type: none"> Community activities ESG reports Media External public relations company | <ul style="list-style-type: none"> Giving back to society Environmental protection Social welfare Health and safety |

We aim to collaborate with our stakeholders to improve our ESG performance and create greater value for the wider community continuously.

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MATERIALITY ASSESSMENT

The Group's management and staff in major functions of the Group have participated in the preparation of the ESG Report to assist the Group in reviewing its operation, identifying relevant key ESG issues, and assessing the importance of those relevant issues to our business and stakeholders. We have compiled a survey to collect the information from relevant departments, business units, and stakeholders of the Group to identify material ESG issues. The following matrix is a summary of the Group's material ESG issues.



The most concerned material topics of the Group are customer service and employment practices, followed by anti-fraud mechanism, fair and open tendering, employee health management and customer privacy protection. Other topics such as safety training and education, training and development management, quality assurance and recall, whistle-blowing mechanism as well as protection of IP rights are material topics which are considered of relatively high importance amongst others.

We regard the result of the materiality assessment to be an important indicator for our future planning and policy formation in the ESG aspects. We aim to enhance the Group's ESG strategies and strive to drive continuous improvement in sustainable development.

During the Reporting Period, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the information disclosed in the ESG Report complies with the requirements of the ESG Reporting Guide.

CONTACT US

We welcome comments and suggestions from our stakeholders. We are pleased to receive your valuable feedback on the ESG Report and/or our sustainability performance. Please feel free to share your feedback by email at enquiry@expertsystems.com.hk.

Environmental, Social and Governance Report 2020

A. ENVIRONMENTAL

A1. Emissions

The Group is committed to the long-term sustainability of the environment and community where it operates. We are prudent in controlling our emissions and consumption of resources, therefore we have implemented measures to promote energy consumption, waste reduction, and other green initiatives across the life cycles of our products and services. We are also committed to educating our employees to raise their awareness of environmental protection and complying with the relevant environmental laws and regulations.

To better govern our environmental practices and mitigate the environmental impacts that resulted from the Group's operations, we have adopted the Environmental Policy and have communicated such policy to our employees. The policy upholds the waste management principle of "Reduce, Reuse, Recycle and Replace" as well as the emission mitigation principle, to minimise the adverse environmental impacts. The policy also ensures the waste disposed of is or emissions generated are conducted in an environmentally responsible manner. Within our policy framework, we continually look for different opportunities to pursue environmentally friendly initiatives, enhance our environmental performance by reducing energy and the use of other resources.

During the Reporting Period, the Group has not identified any material non-compliance of environmental-related laws and regulations, including but not limited to Air Pollution Control Ordinance, Water Pollution Control Ordinance, Waste Disposal Ordinance, Noise Control Ordinance that would have a significant impact on the Group.

Exhaust Gas Emissions

Due to our business nature, the Group does not generate a significant amount of exhaust gas emissions during our operations.

GHG Emissions

The Group has neither owned vehicles nor any stationary sources that require fuel consumption, hence there were no Scope 1 GHG emissions. The major source of the Group's GHG emissions was generated from purchased electricity (Scope 2), and we have adopted the following measures to reduce GHG emissions during operation:

- Actively adopt energy conservation measures and initiatives which are described in the section headed "Energy Management" under aspect A2; and
- Actively adopt paper-saving measures which are described in the section headed "Waste Management" under this aspect.

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During the Reporting Period, the Group's GHG emissions intensity has decreased by about 6% from approximately 0.18 tCO₂e per million HKD revenue to approximately 0.17 tCO₂e per million HKD revenue. The Group's GHG emissions performances were as follows:

| Indicator ¹ | Unit | 2020 | 2019 |
|---|--|-------|-------|
| Direct GHG emissions (Scope 1) | tCO ₂ e | — | — |
| Energy indirect GHG emissions (Scope 2) | tCO ₂ e | 77.87 | 76.91 |
| Total GHG emissions (Scope 1 and 2) | tCO ₂ e | 77.87 | 76.91 |
| Intensity | | | |
| Per employee ² | tCO ₂ e/employee | 0.86 | 1.00 |
| Per floor area ³ | tCO ₂ e/m ² | 0.10 | 0.10 |
| Per million HKD revenue ⁴ | tCO ₂ e/million HKD revenue | 0.17 | 0.18 |

Notes:

1. GHG emission data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, the 2019 Sustainability Report published by CLP Power Hong Kong Limited and the 2019 Sustainability Report published by HK Electric Company Limited, and "How to prepare an ESG Report — Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX.
2. The Group had 91 employees as at 31 March 2020 (31 March 2019: 77). The data will be used for calculating other intensity data.
3. The Group's total floor area has remained unchanged as 2019, which was 805.47m². The data will also be used for calculating other intensity data.
4. The Group's revenue was approximately HK\$467.3 million for the year ended 31 March 2020 (31 March 2019: HK\$432.5 million). The data will also be used for calculating other intensity data.

Wastewater Discharge

We do not consume a significant volume of water in our daily operation, therefore our business activities did not generate a material portion of discharge into water. The majority of the water supply and discharge facilities are provided and managed by the property management company. The amount of water consumed and corresponding water-saving initiatives will be described in the section headed "Water Management" under aspect A2.

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Waste Management

Hazardous waste

Due to the Group's business nature, we did not generate a significant amount of hazardous waste during the Reporting Period. Despite the Group did not generate a significant amount of hazardous wastes, the Group has established guidelines in governing the management and disposal of hazardous wastes. In case there is any hazardous waste produced, the Group must engage a qualified chemical waste collector to handle such waste, and comply with the relevant environmental rules and regulations.

Non-hazardous waste

The Group adopts the principle of "Reduce, Reuse, Recycle and Replace" for waste management and strives to promote better utilisation of resources. To minimise the environmental impacts of non-hazardous waste generated from our business operation, the Group has implemented the Environmental Policy and adopted various wastes reduction measures and initiatives. With such waste management approaches, the Group hopes to embed an environmental-friendly mindset among our employees. Employees and designated administrative staff are required to adopt the following initiatives and assume the responsibility for the overall waste management in our office and warehouse:

- Utilise electronic communication means such as e-leave system, e-cards for festival greetings, medical e-claims, and e-brochures, where applicable;
- Reduce printing and paper wastage by minimising font sizes and deleting unnecessary blank space in documents;
- Promote the collection and use of recycled papers;
- Reduce the use of single-use disposable items;
- Place recycling bins in office areas to encourage recycling;
- Use high-performance multifunction printers which incorporate the functions of printing, scanning, and copying, and share the printers among different departments to reduce energy consumption;
- Redeploy office furniture, computers, and notebooks where possible;
- Sort recycled waste into appropriate receptacles and educate employees on sorting methods if needed; and
- Place appropriate signages on walls and bins, stating what type of waste or recyclable should be placed in the bins.

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In addition to the above measures, the Group also promotes waste reduction knowledge to employees through bulletin boards, company newsletters, and office memos to raise employees' waste reduction awareness.

Aside from the above measures, the Group has always been aware of and concerned about the significant amount of paper consumed for printing documents for Board meetings. To reduce such consumption, the Group had taken a great step forward during the Reporting Period by distributing documents in electronic forms to the Board and only provide physical copies upon request. This move had greatly reduced our paper consumption in 2020.

Through the implementation of the above measures, the Group's total non-hazardous waste disposal intensity has decreased by approximately 13% from approximately 0.75 kg per million HKD revenue in 2019 to approximately 0.65 kg per million HKD revenue in 2020. The Group's non-hazardous waste disposal performances were as follows:

| Types of non-hazardous waste | Unit | 2020 | 2019 |
|------------------------------|------------------------|--------|--------|
| Office paper | kg | 287.20 | 303.50 |
| Toner cartridge ⁵ | kg | 16.94 | 19.27 |
| Total non-hazardous waste | kg | 304.14 | 322.77 |
| Intensity | | | |
| Per employee | kg/employee | 3.34 | 4.19 |
| Per million HKD revenue | kg/million HKD revenue | 0.65 | 0.75 |

Note:

5. During the Reporting Period, the Group has approximately disposed of 29 pieces of toner cartridges (2019: 33 pieces).

A2. Use of Resources

The Group upholds and promotes the principle of effective use of resources, and is committed to optimising the use of resources across business operations. We promote green office and operation environment and continue with initiatives to introduce resource efficiency and eco-friendly measures to the Group's operations.

The Group has established and implemented the Environmental Policy in governing the efficient use of resources regarding the objective of achieving higher energy efficiency and reducing the unnecessary use of materials.

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Energy Management

The Group aims at minimising environmental impacts in our operations by identifying and adopting appropriate energy-saving measures. We have developed related energy measures and initiatives on the efficient use of energy, and such measures and initiatives have been formally documented in the Environmental Policy. All employees are required to adopt such measures and practices and assume responsibility for the Group's overall energy efficiency.

The Group has established an energy management system and regularly review our energy consumption objectives and targets to continuously enhance the Group's energy consumption performance. Unexpected high consumption of energy will be investigated for its root cause with corresponding preventive measures being taken when deemed necessary. Moreover, the Group is also responsible for raising environmental awareness among our key stakeholders and suppliers. In the long run, the Group aims to enhance our energy-saving management by minimising the usage of lighting, air conditioning, and electronic appliances and track its energy consumption regularly.

The energy consumed by the Group was mainly electricity consumption for operation. We have introduced various measures and initiatives to achieve the goal of electricity saving and efficient consumption. Such measures and initiatives include but are not limited to the following:

- Replace energy-inefficient light bulbs to energy-efficient LED lightings by phases;
- Utilise higher energy-efficiency office equipment in our workplace;
- Regularly publicise environmental protection messages to our staff via emails;
- Post reminders and posters next to power switches to encourage our staff to take initiatives in energy saving; and
- Encourage staff to participate in campaigns or activities relating to the promotion of a green environment.

Through the implementation of the above measures, the Group's total energy consumption intensity has decreased by about 5% from approximately 300.09 kWh per million HKD revenue in 2019 to approximately 283.92 kWh per million HKD revenue in 2020. The Group's energy consumption performances were as follows:

| Types of Energy | Unit | 2020 | 2019 |
|-----------------------------|-------------------------|----------|----------|
| Direct energy consumption | kWh | — | — |
| Indirect energy consumption | kWh | | |
| — purchased electricity | | 132,677 | 129,790 |
| Total energy consumption | kWh | 132,677 | 129,790 |
| Intensity | | | |
| Per employee | kWh/employee | 1,457.99 | 1,685.58 |
| Per floor area | kWh/m ² | 164.72 | 161.14 |
| Per million HKD revenue | kWh/million HKD revenue | 283.92 | 300.09 |

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Water Management

The Group's water consumption was mainly domestic water consumed in office and was only limited to basic cleaning and sanitation. The Group is dedicated to promoting behavioural changes in water consumption at the office and encourage water conservation. We have been strengthening water-saving promotion by posting water-saving slogans in prominent places and guiding employees to consume water reasonably.

During the Reporting Period, the Group had consumed a total of 74 m³ of water in the Chai Wan warehouse with an intensity of approximately 0.16 m³ per million HKD revenue. Since the 2019 water consumption of Chai Wan warehouse was too minimal, therefore the water meter could not record relevant water consumption data. Yet, the Group's water consumption expense in the Kwun Tong office is included in the property management fee, therefore the Group did not have water consumption records for the premises during the Reporting Period. Moreover, given the geographical location of the Group's operation, the Group does not encounter any significant issue in sourcing water that is fit for purpose.

Use of Packaging Materials

Due to the Group's business nature, the Group does not consume a substantial amount of packaging materials for product packaging.

A3. The Environment and Natural Resources

Although the core business of the Group has remote impacts on the environment and natural resources, the Group endeavours to minimise the negative environmental impact of our business operations as an on-going commitment to good corporate citizenship.

Working Environment

To enhance working efficiency, the Group is committed to providing a pleasant working environment for our employees by maintaining environmental sanitation and keeping the office clean and tidy at all times. Besides, we regularly monitor and measure the indoor air quality of the workplace. Proper lightings and ventilation are installed, and cleaning services for the air-conditioning system at the workplace are arranged regularly to filter pollutants and contaminants. We also conduct pest control on carpets and clean the dust on the ceiling, lightboxes, and fan coils regularly.

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B. SOCIAL

B1. Employment

Human resources are the foundation for supporting the development of the Group. We treasure employees' talent and recognise it as the most valuable asset of the Group. We have established the Employment Policy to fulfill our vision on people-oriented management to realise the full potential of employees. Such policy covers aspects including recruitment, compensation, promotion, working hours and rest periods, diversity and equal opportunity, etc. We review, and if necessary revise this Employment Policy and our employment practices at least annually to ensure continuous improvements in our employment standards.

During the Reporting Period, the Group was not aware of any material non-compliance with employment-related laws and regulations, including but not limited to the Employment Ordinance of Hong Kong that would have a significant impact on the Group.

Employment Practices

Recruitment, Promotion, and Dismissal

The Group hires employees through a robust and transparent recruitment process. We have standardised our hiring procedures and adhere to the principles of openness and fairness. Job applicants are assessed based on their morality, knowledge, ability, and experience for the positions and potential to fulfill the Group's current and future needs, regardless of their race, gender, religion, physical disability, marital status, sexual orientation, etc. We aim to continuously attract, employ, and develop right talents with consistent yet flexible employment policies and practices.

The Group offers promotion and development opportunities for outperforming employees to explore their capability, assist them in career development, and contribute to the Group's sustainable growth. The promotion of the Group's employees is subject to regular review, and the Group has established objective performance indicators for annual performance evaluation.

The Group offers two types of promotion paths, which are within the employees' department and across departments. The Group will also encourage employees to be transferred to other departments when openings are available and where their qualifications, experience, and skills can be more effectively utilised.

The Group strictly prohibits any kind of unfair or unreasonable dismissal. Any termination of the employment contract would be based on reasonable and lawful grounds.

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Remuneration and Benefits

The Group has established a fair, reasonable, and competitive remuneration system. Employees of the Group are remunerated according to their knowledge, experience, and skills that the job requires, the responsibilities that will be undertaken, and the quality of personal contribution. Remuneration packages include holidays, annual leave, medical scheme, mandatory provident fund ("MPF"), share options and discretionary bonus. Staff remuneration is usually reviewed annually to ensure it is up-to-date and competitive enough to attract and retain talents. Individual performance, departmental performance, business performance as well as the general increment rate of the market will all be taken into consideration.

Work-life Balance

We recognise the importance of maintaining a healthy and work-life balanced lifestyle of our employees. We support a work-life balance workplace through continuously improving employees' working environment and reviewing their working hours and rest periods. We also actively engage our employees through various social, employee bonding, outing, volunteer works, and charity activities. During the Reporting Period, we have organised the following work-life balancing activities for employees:

- Annual party;
- BBQ party; and
- Celebration of festivals.

Diversity, Equal Opportunity, and Anti-discrimination

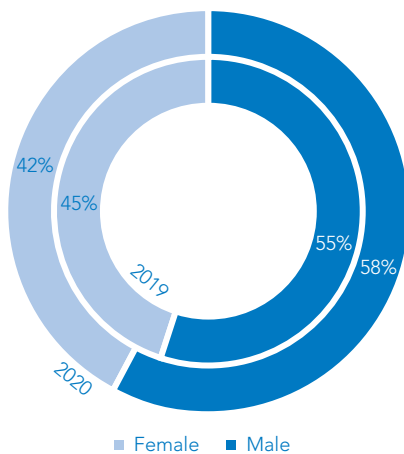
We recognise the value of a diverse and skilled workforce and are committed to creating and maintaining an inclusive and collaborative workplace culture in which all can thrive. The Group is dedicated to providing equal opportunity in all aspects of employment and maintaining a workplace that is free from discrimination, physical or verbal harassment against any individual based on race, religion, colour, gender, physical or mental disability, age, place of origin, marital status, sexual orientation or any other characteristics protected by law.

Any employees with questions or concerns about any forms of discrimination and harassment at the workplace are encouraged to bring these issues to the attention of their immediate supervisor or the Human Resources and Administration ("HRA") Department. We strive to ensure that complaints, grievances, and concerns, including whistleblowing, are dealt with in a prompt and confidential manner. Employees can raise concerns and make reports without fear of reprisal. Anyone found to be engaging in any forms of unlawful discrimination will be subject to disciplinary action, up to and including termination of employment.

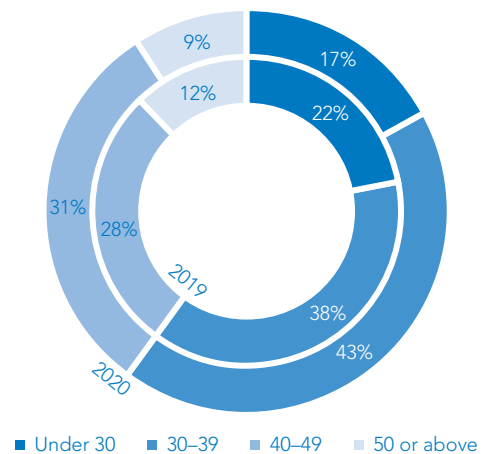
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As at the year ended 31 March 2020, the Group had a total of 91 full-time employees. The employee demographic is shown as follows:

Total Workforce by Gender

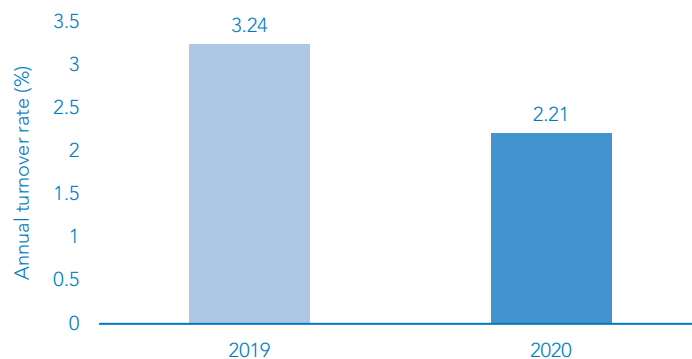


Total Workforce by Age Group



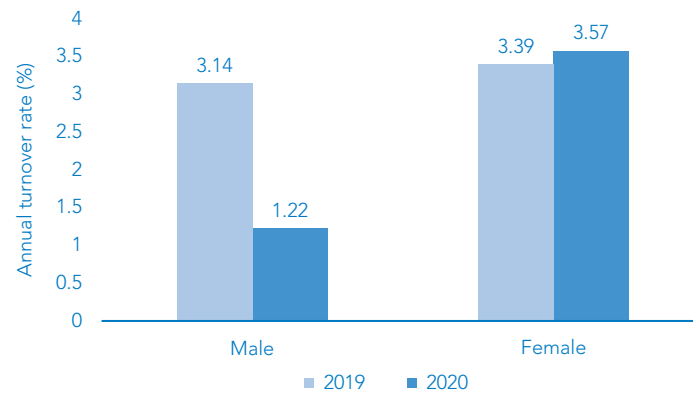
During the Reporting Period, there were 22 employees left the Group and the annual turnover rate⁶ was 2.21%, which shows a decrease when compared with 2019. This reflects the Group's ability in retaining talents.

Annual Turnover Rate

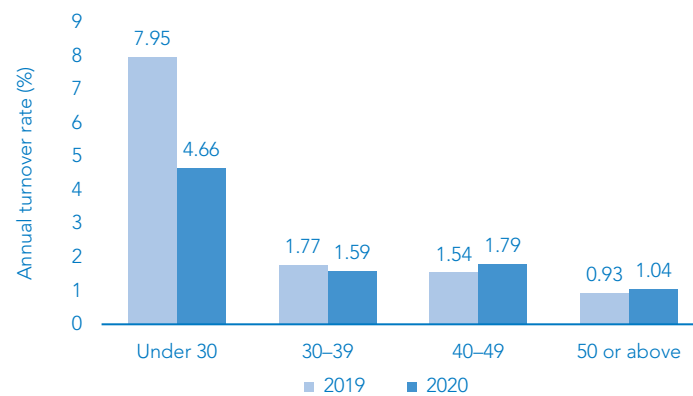


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Annual Turnover Rate by Gender



Employee Annual Turnover Rate by Age Group



Note:

- The annual turnover rate is calculated by the average of the monthly turnover rates, while the monthly turnover rate is calculated by dividing the total number of staff resigned during the month by the total number of staff as at the end of the month.

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B2. Health and Safety

The Group highly values employees' health and safety and is committed to providing employees a healthy, safe, and comfortable working environment. To maintain a safe working environment, the Group has established the Health and Safety Policy ("HS Policy") on the prevention and remediation of safety accidents, and detection on potential safety hazards in the workplace. We review, and if necessary revise, the HS Policy and our health and safety practices at least annually to ensure continuous improvements of our health and safety standards.

We follow the occupational health and safety guidelines recommended by the Labour Department and Occupational Safety and Health Council and regularly encourages employees to attend related workshops or training courses. The HRA Department also takes responsibility for offices' occupational health and safety and relevant promotions and monitoring.

During the Reporting Period, the Group was not aware of any material non-compliance with health and safety-related laws and regulations, including but not limited to the Occupational Safety and Health Ordinance and Employee Compensation Ordinance of Hong Kong that would have a significant impact on the Group. There were also no accidents that resulted in death or serious physical injury, and no claims or compensation was paid to our employees due to such accidents.

Employee Health Management

The HRA Department is responsible for monitoring and reviewing the safety and security management of the Group. It is also responsible for performing regular checks in both office and warehouse to ensure furniture, fixtures, fittings, and fire safety equipment are well-maintained. Moreover, first aid boxes are available at easily accessible locations in both office and warehouse. The HRA Department is responsible to ensure the supplies inside the first aid boxes are not expired and sufficient in amount.

The Group offers comprehensive health care coverage for our employees. During the Reporting Period, we have raised the allowance of the group medical insurance by about 35%. Besides, the Group has continued to organise work-life balancing activities for employees, implemented green projects at our premises, and carried out various activities to promote healthy living practices. We also communicate different health and safety information to our employees regularly to raise their awareness of occupational health and safety issues.

In response to the outbreak of the COVID-19 pandemic, the Group has taken certain actions to strengthen the health and safety precautionary measures at our workplace to ensure the health of our employees. Apart from increasing the frequency of office cleaning and sterilisation, employees were also required to wear surgical face masks in office areas and check their body temperature before work every day. During the severe times of the pandemic situation, employees were allowed to work from home or work on shift with the permission from their corresponding department heads. As the pandemic situation stabilises, employees were arranged into two groups with different working hours and lunch hours to avoid infections during peak hours. The Group has strictly followed guidelines and announcements made by the Centre for Health Protection in regards to epidemic prevention, and we strive to provide a healthy and safe working environment for employees.

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Safety Training and Education

The Group offers various training courses and seminars relating to occupational safety, environmental control, as well as crises and emergencies for employees, and employees are obliged to attend such training organised by the Group. We have also established emergency and evacuation procedures to respond to any major safety accidents in a timely and orderly manner. Moreover, fire exit route floor plans and exit signs were placed in prominent areas to ensure employees are well-aware of emergency routes in cases of emergencies.

To foster employees' responsibility and involvement to maintain a safe working environment, employees are free to provide feedback on improving workplace safety and to report any potential hazards that may lead to injury or danger.

B3. Development and Training

The Group recognises the valuable contribution of our talents made to the continuing success of the Group. We are committed to investing in our human capital towards delivering excellence and striving to create an intellectual-stimulating environment within which employees do not only develop basic skills and knowledge but also specific talent and ability. This is achieved through developing training strategies that focus on creating values and serving the needs of our customers, our talents, and society.

Training and Development Management

The Group has established the Training and People Development Policy to govern the management of training strategies and procedures. All supervisors are responsible for working with their subordinates to identify and implement development plans and needs to enhance employees' performance and effectiveness while aligning the needs of the Group. For the development of IT staff, the Group encourages department heads to work closely in assessing areas of training and development for their subordinates to improve their capabilities and ability in career advancement. Training sponsorships are also available to employees who have met certain conditions set by the Group.

We review, and if necessary revise the Training and People Development Policy and our training and staff development activities at least annually to continuously improve relevant provisions.

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Training Programmes

The Group believes successful training and staff development lead to the overall enhancement of organisation efficiency in delivering its vision. We are committed to providing training opportunities that are relevant and ensuring the availability of appropriate resources with the following focuses:

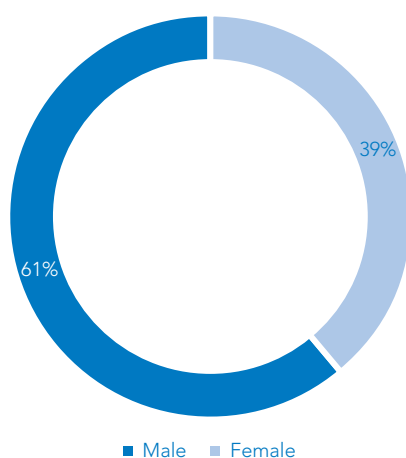
- Customer Centric: Equipping our talents with the necessary skills and knowledge to discharge their duties effectively and efficiently so as to serve our customers;
- Talent Centric: Assisting and encouraging employees to identify, review and formulate their development plans through annual objective setting and performance review process, to strengthen their capabilities in areas including self-motivation, self-confidence, leadership, and teamwork;
- Team Work and Collaboration: Fostering team and collaborative learning, such as buddy system, internal sharing, cross-department learning; and
- Social Responsibility: Ensuring our talents uphold the interest of key stakeholders as part of their daily routine, such as safeguarding customer privacy, protecting the environment, and contributing to society.

With respect to the above focuses, the Group provides regular training and development programmes to improve employees' level of skills and knowledge while maximising their potentials. Our training programmes include product knowledge training for the sales team, marketing training, and new IT solutions training for technical teams, etc. Training contents are regularly updated to ensure that the up-to-date materials can enhance the skills, knowledge, and competency of employees.

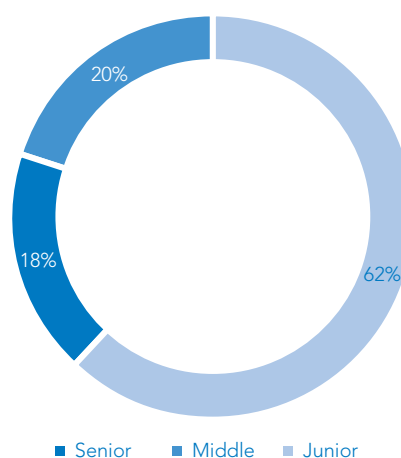
During the Reporting Period, the Group has provided a total of 981.50 training hours (2019: 572.00 hours) to employees, while the average training hours of each employee was approximately 10.79 hours (2019: 7.43 hours).

The following charts show the breakdown of employees trained by gender and employee category among all trained employees.

Employees Trained by Gender

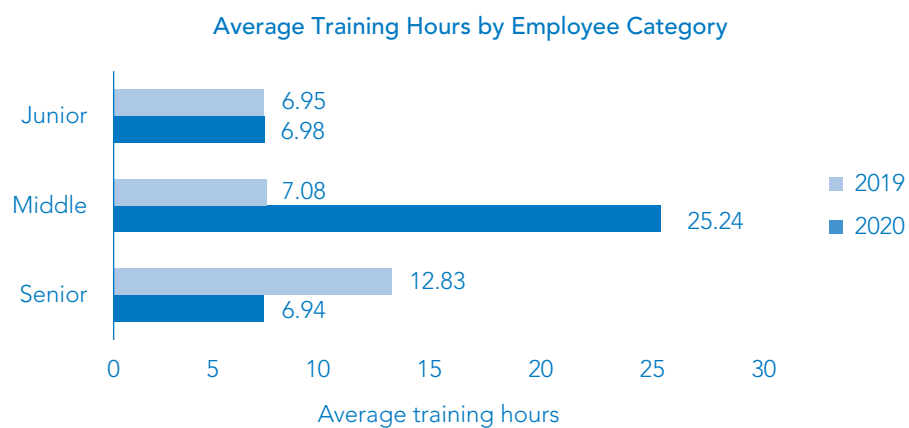
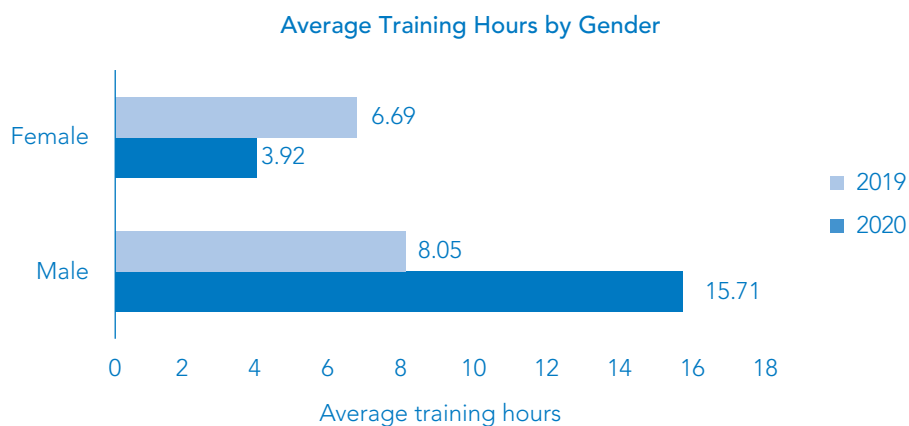


Employees Trained by Employee Category



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The following charts show the breakdown of average training hours by gender and employee category.



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B4. Labour Standards

Prevention of Child Labour and Forced Labour

Child and forced labour are strictly prohibited during the recruitment process as defined by laws and regulations. The Group strictly complies with local laws and prohibits any child and forced labour employment. The HRA Department is responsible to monitor and ensure compliance of the latest and relevant laws and regulations that prohibit child labour and forced labour.

To combat illegal employment of child labour, underage workers, and forced labour, personal data are collected during the recruitment process to assist the selection of suitable candidates. The HRA Department also ensures identity documents are carefully checked. If violations are involved, they will be dealt with in the light of the circumstances as clearly stated in the Group's Employee Handbook.

During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations, including but not limited to the Employment Ordinance of Hong Kong that would have a significant impact on the Group.

B5. Supply Chain Management

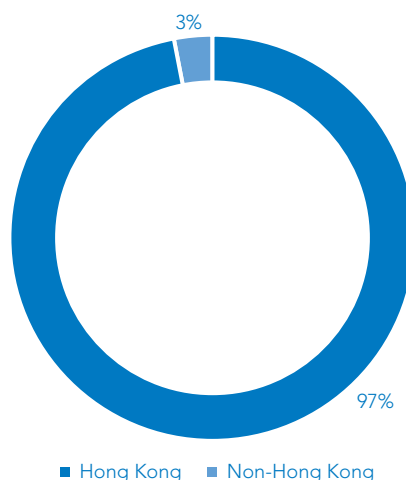
The IT infrastructure solutions we provide to our customers include the procurement of hardware and software from our third-party suppliers or subcontractors. Our suppliers and subcontractors are prominent international and local hardware and/or software manufacturers and distributors, and we normally procure our products from the manufacturer suppliers directly or through their authorised distributors.

The Group has formulated the Purchase and Payment Policy to regulate procurement practices, and the policy is subject to review annually. We have also established a stringent and standardised procurement system that all suppliers are evaluated carefully and subject to regular monitoring and assessments. The Group has maintained the Approved List of Suppliers/Subcontractors. Suppliers or subcontractors are subject to annual performance evaluations and may be suspended or removed from the approved list if they fail to fulfill our standards. The termination of a supplier or subconsultant relationship may also be incurred by any substantial violation of related laws and regulations.

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The Group had a total of 201 suppliers during the Reporting Period and the local procurement rate was 97%. The regional distributions of the Group's suppliers during the Reporting Period is as follows:

Regional distribution of the Group's suppliers



Environmental and Social Responsibility of Suppliers

In view of the increasing environmental concerns in society, the Group is aware of the importance of managing environmental and social risks of its supply chain. We actively share green practices with our suppliers and propagate the importance of sustainable operations with them. During the supplier selection process, suppliers' environmental and social performances are considered as a selection criterion for establishing a long-term relationship. We aim to maintain a good relationship with suppliers which have remarkable records in environmental and social performance. Suppliers should not violate relevant environmental and labour laws, and substantial violations may incur the termination of the supplier relationship. The Group will continue to monitor its supply chain in regards to the environmental and social standards.

Fair and Open Procurement

We have also formulated rules to ensure suppliers can participate in an open and fair mechanism. The Group does not differentiate or discriminate against any suppliers; and we do not allow any forms of corruption or bribery. Employees or other individuals having any interest in the supplier will not be allowed to participate in the relevant procurement activity. The Group only selects suppliers with a good track record in the past and no serious violations of business ethics.

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B6. Product Responsibility

The satisfaction of our customers serves as the cornerstone of the Group's sustainable development. We are convinced that the satisfaction of our customers means the success of the Group and has been emphasising the customer-centric business philosophy in our operation at all levels. Therefore, we strive to optimise and improve the quality of products and services according to the requests of customers.

During the Reporting Period, the Group was not aware of any material non-compliance with any laws and regulations concerning advertising, labelling, and privacy matters relating to products and services provided and methods of redress, including but not limited to the Personal Data (Privacy) Ordinance of Hong Kong that has a significant impact on the Group.

Quality Assurance and Recall

We recognise the importance of achieving and maintaining high product quality standards for the sustainable growth of the Group. To maintain high product quality, we attach great emphasis on quality management and have formulated the Quality Assurance and Recall Procedures to manage any potential recall procedures and define the roles of related personnel and departments during the recall procedure.

When a product quality issue is raised by any third-party, the management team will immediately assess the risk on the product quality issue to make decisions for the next step. Once a product recall action is initiated, announcements will be made to all related departments, and affected customers will be informed about the product recall program by the sales operation manager and sales administrators. The Logistic Department is responsible to consolidate all recalled products and return such products to vendors or dispose properly.

During the Reporting Period, there were no product recalls for safety and health reasons.

Protection of IP Rights

The Group registered a trademark in Hong Kong and Macau respectively. For any infringement of its IP, the Group will urge infringers to cease such infringement. The HRA Department of the Group will take further action if the infringement continues.

To protect third party IP rights and comply with relevant licensing terms when the software is used, employees are prohibited from duplicating, installing, or using the software in violation of its copyright or license terms as part of the Group's information security policy which is documented in the Employee Handbook. Prior authorisation is required to install any free software and installation of software is constantly monitored. Employees in violation of the policy will be subject to disciplinary actions. The Group will also notify the manufacturers if any illegal or unauthorised use of their hardware and/or software is noticed.

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Customer Privacy Protection

The Group respects the values and rights of customers' information assets and protecting and maintaining customer's privacy always remains the priority of the Group. The Group adheres to the Personal Data (Privacy) Ordinance of Hong Kong and expressly reiterates confidentiality obligations in its Customer Database and Privacy Handling Policy.

Any sensitive information such as customer databases and personal information requires strict control and limited access. Electronic sensitive information is secured with passwords and stored in separate and restricted drives. Only authorised employees are granted to access particular drives according to their needs and rights. We also store print sensitive information securely and the access to such information is restricted to authorised employees. We require employees to properly dispose, delete or destroy all electronic sensitive information after use, and destroy printed sensitive information under secure conditions. We have also developed a data backup system through which our back-up data is stored in different locations to reduce the risk of data loss. Besides, firewalls, anti-virus, and anti-spam solutions are installed for our IT systems to prevent leakage of confidential information, and such systems will be upgraded regularly.

Customer Service

Maintaining good communication with our customers has been the Group's underlying principle for effective customer management. The Sales Operations Department is responsible to review customers' feedback and complaints and to provide action plans to address the problems by coordinating with relevant teams and departments. It will also escalate the feedbacks or complaints to management if necessary.

During the Reporting Period, no major products and services related to complaints were received.

Advertising and Labelling

As the Group's operation process does not involve advertising and labelling practices, information relating to advertising and labelling is considered as non-material to the Group.

B7. Anti-corruption

The Group values and upholds integrity, honesty, and fairness, and we strive to achieve high standards of ethics in our business operations. To maintain a fair, ethical, and efficient business and working environment, the Group strictly adheres to the laws and regulations relating to anti-corruption and bribery as set out by the government of Hong Kong.

During the Reporting Period, the Group was not aware of any material non-compliance with any laws and regulations relating to bribery, extortion, fraud, and money laundering, including but not limited to the Prevention of Bribery Ordinance of Hong Kong that has a significant impact on the Group. The Group also did not have any concluded legal cases regarding corrupt practices brought against the Group or our employees.

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Anti-fraud Mechanism

We have established an Anti-fraud Policy which set out methods in identifying and handling fraudulent behaviours including misstatement on one's expenses, kickback, offering and accepting bribery, embezzlement of the Group's assets in one's position, fraudulent financial statements, etc.

To avoid fraud risks being optimised, a formal fraud risk evaluation will be organised by the Board annually. The HRA Department will arrange training on professional ethics and fraudulent behaviours. All managers are also required to evaluate fraud risks within their scope of duty constantly and ensure adequate controls are in place. Material fraud risks must be reported to the Board.

The Group also requires all employees to decline any offer of advantage if acceptance of it could affect their objectivity in conducting the Group's business. Employees will be subject to disciplinary actions if they are found to have violated the Anti-fraud Policy after investigation. Disciplinary actions include verbal or written warnings, demotion, and dismissal, and the case may be reported to law enforcement authorities for possible prosecution, depending on the situation.

Whistle-blowing Mechanism

To further maintain and achieve the highest degree of openness, probity, and accountability, the Group has also formulated a Whistle-blowing Policy. This policy allows all employees of the Group as well as independent third parties (e.g. customers, suppliers, sub-contractors, creditors, and debtors) who deal with any employees to report any possible improprieties, misconducts, malpractices, or irregularities in matters of financial reporting, internal control or other matters to the Board or the Audit Committee anonymously. Reports and complaints received will be handled in a prompt, fair, and confidential manner. The policy also aims at protecting whistle-blowers from unfair dismissal, victimisation, and unwarranted disciplinary actions. Any person who is found to have victimised or retaliated against those who have raised concerns under this policy will be subject to disciplinary sanctions.

We have appointed an independent internal control consultant to undertake a review of the adequacy and effectiveness of our internal control systems during the Reporting Period. The Board and the Audit Committee will supervise and review the implementation and effectiveness of the internal control systems regularly.

B8. Community Investment

The Group is committed to emboldening and supporting the public by various means of social participation and contribution as part of our strategic development. We strive to nurture the corporate culture and practices of a corporate citizen in our daily work life. To fulfill our corporate social responsibility, the Group focuses on inspiring our employees' sense of social responsibility by encouraging them to participate in charitable and community activities. We believe participating in activities that repay society can increase our employees' civic awareness while establishing correct values.

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Community Participation

During the Reporting Period, the Group had participated in the fund-raising event “Dress Casual Day 2019” organised by The Community Chest. The Dress Casual Day was successfully held on 10 October 2019, and our employees were enthusiastic about joining the fund-raising event. The Group had also raised donations to the Community Chest, for which it will be donated to over 160 member social welfare agencies that reach out to more than 2.5 million beneficiaries in Hong Kong.



Apart from participating in the “Dress Casual Day 2019”, the Group had also supported the charity run organised the Boys’ & Girls’ Club Association of Hong Kong in December 2019 by donating a generous sum to the holding organisation to support children and youth from low-income families.

Moreover, the Group had supported “The Community Chest Anti-NCP Rainbow Fund” through donation. The “Anti-NCP Rainbow Fund” was set up by The Community Chest in February 2020 as a response to the outbreak of the COVID-19 pandemic. It aims to support individuals and families suffering from the sudden hardship inflicted by the pandemic.

Through the participation of the above event, we wish, by our physical efforts and monetary efforts, we were able to stretch our helping hands to the needy in Hong Kong.

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Content Index of the ESG Reporting Guide of The Stock Exchange of Hong Kong Limited

| Subject Areas, Aspects, General Disclosures, and KPIs | Description | Section/Statement |
|---|---|--|
| Aspect A1: Emissions | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | Emissions |
| KPI A1.1 ("Comply or explain") | The types of emissions and respective emissions data. | Emissions — Exhaust Gas Emissions |
| KPI A1.2 ("Comply or explain") | Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity. | Emissions — GHG Emissions |
| KPI A1.3 ("Comply or explain") | Total hazardous waste produced (in tonnes) and, where appropriate, intensity. | Emissions — Waste Management (not applicable — explained) |
| KPI A1.4 ("Comply or explain") | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity. | Emissions — Waste Management |
| KPI A1.5 ("Comply or explain") | Description of measures to mitigate emissions and results achieved. | Emissions — GHG Emissions |
| KPI A1.6 ("Comply or explain") | Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved. | Emissions — Waste Management |
| Aspect A2: Use of Resources | | |
| General Disclosure | Policies on the efficient use of resources, including energy, water and other raw materials. | Use of Resources |
| KPI A2.1 ("Comply or explain") | Direct and/or indirect consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity. | Use of Resources — Energy Management |
| KPI A2.2 ("Comply or explain") | Water consumption in total and intensity. | Use of Resources — Water Management (not applicable — explained) |

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| Subject Areas, Aspects, General Disclosures, and KPIs | Description | Section/Statement |
|---|---|--|
| KPI A2.3 ("Comply or explain") | Description of energy use efficiency initiatives and results achieved. | Use of Resources — Energy Management |
| KPI A2.4 ("Comply or explain") | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved. | Use of Resources — Water Management |
| KPI A2.5 ("Comply or explain") | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | Use of Resources — Use of Packaging Materials (not applicable — explained) |
| Aspect A3: The Environment and Natural Resources | | |
| General Disclosure | Policies on minimising the issuer's significant impact on the environment and natural resources. | The Environment and Natural Resources |
| KPI A3.1 ("Comply or explain") | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | The Environment and Natural Resources — Working Environment |
| Aspect B1: Employment | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | Employment |
| KPI B1.1 ("Recommended Disclosure") | Total workforce by gender, employment type, age group and geographical region | Employment — Diversity, Equal opportunity and Anti-discrimination |
| KPI B1.2 ("Recommended Disclosure") | Employee turnover rate by gender, age group and geographical region. | Employment — Diversity, Equal opportunity and Anti-discrimination |

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| Subject Areas, Aspects, General Disclosures, and KPIs | Description | Section/Statement |
|---|---|--|
| Aspect B2: Health and Safety | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. | Health and Safety |
| KPI B2.1 ("Recommended Disclosure") | Number and rate of work-related fatalities. | Health and Safety |
| KPI B2.2 ("Recommended Disclosure") | Lost days due to work injury. | Health and Safety |
| KPI B2.3 ("Recommended Disclosure") | Description of occupational health and safety measures adopted, how they are implemented and monitored. | Health and Safety — Employee Health Management |
| Aspect B3: Development and Training | | |
| General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | Development and Training |
| KPI B3.1 ("Recommended Disclosure") | The percentage of employees trained by gender and employee category. | Development and Training — Training Programmes |
| KPI B3.2 ("Recommended Disclosure") | The average training hours completed per employee by gender and employee category. | Development and Training — Training Programmes |

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| Subject Areas, Aspects, General Disclosures, and KPIs | Description | Section/Statement |
|---|---|---|
| Aspect B4: Labour Standards | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. | Labour Standards |
| KPI B4.1 ("Recommended Disclosure") | Description of measures to review employment practices to avoid child and forced labour. | Labour Standards — Prevention of Child Labour and Forced Labour |
| KPI B4.2 ("Recommended Disclosure") | Description of steps taken to eliminate such practices when discovered. | Labour Standards — Prevention of Child Labour and Forced Labour |
| Aspect B5: Supply Chain Management | | |
| General Disclosure | Policies on managing environmental and social risks of the supply chain. | Supply Chain Management |
| KPI B5.1 ("Recommended Disclosure") | Number of suppliers by geographical region. | Supply Chain Management |
| KPI B5.2 ("Recommended Disclosure") | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored. | Supply Chain Management — Environmental and Social Responsibility of Suppliers, Fair and Open Procurement |
| Aspect B6: Product Responsibility | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | Product Responsibility |
| KPI B6.1 ("Recommended Disclosure") | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | Product Responsibility — Quality Assurance and Recall |
| KPI B6.2 ("Recommended Disclosure") | Number of products and service related complaints received and how they are dealt with. | Product Responsibility — Customer Services |

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| Subject Areas, Aspects, General Disclosures, and KPIs | Description | Section/Statement |
|---|--|---|
| KPI B6.3 ("Recommended Disclosure") | Description of practices relating to observing and protecting IP rights. | Product Responsibility — Protection of IP Rights |
| KPI B6.4 ("Recommended Disclosure") | Description of quality assurance process and recall procedures. | Product Responsibility — Quality Assurance and Recall |
| KPI B6.5 ("Recommended Disclosure") | Description of consumer data protection and privacy policies, how they are implemented and monitored. | Product Responsibility — Customer Privacy Protection |
| Aspect B7: Anti-corruption | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | Anti-corruption |
| KPI B7.1 ("Recommended Disclosure") | 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. | Anti-corruption |
| KPI B7.2 ("Recommended Disclosure") | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored. | Anti-corruption — Anti-fraud Mechanism, Whistle-blowing Mechanism |
| Aspect B8: Community Investment | | |
| General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | Community Investment |
| KPI B8.1 ("Recommended Disclosure") | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). | Community Investment — Community Participation |
| KPI B8.2 ("Recommended Disclosure") | Resources contributed (e.g. money or time) to the focus area. | Community Investment — Community Participation |