



JIANGSU NANDASOFT TECHNOLOGY COMPANY LIMITED

江蘇南大蘇富特科技股份有限公司

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

(Stock Code: 8045)



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About this ESG Report

1.	Scope of this ESG Report	2
2.	Our Sustainability Value	2
3.	Stakeholders of the Group	2
4.	Environmental Protection	
	(a) Emissions	4
	(b) Use of Resources	5
	(c) Air Pollutant Emission	7
	(d) Greenhouse Gas Emission	8
5.	Employee Care	
	(a) Working Platform	9
	(b) Development and Training	9
	(c) Labour Standards	13
	(d) Health and Safety	13
6.	Operating Practices	
	(a) Supply Chain Management	13
	(b) Product Responsibility	14
	(c) Intellectual Property Rights Protection	14
	(d) Anti-corruption	14
7.	Community Engagement	
	(a) Community Investment	15
	(b) Caring about Society	15

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS ESG REPORT

This Environmental, Social and Governance (the “ESG”) report is prepared in accordance with the ESG Reporting Guide as required under Appendix 20 of the Rules Governing the Listing of Securities on the GEM of the Hong Kong Exchanges and Clearing Limited (the “GEM Listing Rules”), which set out the measures adopted by the Group regarding the environmental, social and governance issues from 1 January 2020 to 31 December 2020. The directors of the Company confirmed that the Company complied with all applicable provisions as stated in the Appendix 20 to the GEM Listing Rules and effective ESG risk management and internal control systems are in place.

1. SCOPE OF THIS ESG REPORT

The principal activities of the Company are sales of computer hardware and software products, provision of system integration services and properties investments. Our principal place of business is in the People’s Republic of China. This ESG Report mainly covers the Core Business in PRC during the year ended 31 December 2020 (the “Reporting Period”).

2. OUR SUSTAINABILITY VALUE

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

3. STAKEHOLDERS OF THE GROUP

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Related parties	Needs and expectations	Communication mechanism and effect
Investors	<ul style="list-style-type: none"> Interests maximization, cost control 	Daily communication, results disclosure, strategic planning, technological innovation
Clients	<ul style="list-style-type: none"> Orders delivered on time, competitive pricing, provide premium services, keep clients' information confidential 	Meet with customers regularly and performing customer satisfaction research, identifying clients' needs and formulate plans effectively, contract assessment and progress control, and implement information security system
Staff	<ul style="list-style-type: none"> Staff interest guaranteed Staff career development Staff value accomplishment Staff physical and mental health 	Formulate talents building plans according to business needs, provide career planning trainings and professional skill trainings, enhance team building, improve promotion mechanism and remuneration distribution system, care for staff's physical and mental health and care for staff when in difficulties
Government organization	<ul style="list-style-type: none"> Comply with national laws, regulations and ethical requirements Production safety Fulfill social responsibility Save energy and control emission Increase employment Anti-corruption 	Strengthen the identification and assessment of relevant laws and regulations during operation, timely provide safety knowledge training for staff, track job opportunities, and participate in social public welfare actively
Suppliers	<ul style="list-style-type: none"> Comply with national laws, regulations and ethical requirements Fair co-operation Mutual benefit and win-win result 	Record the communication with supplier, stringent supply process, sign relevant agreements, improve supply quality and reduce purchase cost effectively
Cooperative partners	<ul style="list-style-type: none"> Mutual benefit and win-win result Co-development 	Consultation mechanism
Community residents	<ul style="list-style-type: none"> Establish good relationship Pollution and disruption proof Promote community development Support education, public health and so on 	Implement stringently according to system requirements, laws and regulations, adopt green and low-carbon office approach, endeavour to minimize the impact on the environment and community, and actively participate in public welfare

FEEDBACK FROM OUR STAKEHOLDERS

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

Contact us:
 NandaSoft Softech Park
 No. 19 South Qingjiang Road, Gulou District,
 Nanjing, Jiangsu Province
 General line: 025-68528888
 E-mail: office@nandasoft.com
 Website: www.nandasoft.com

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. ENVIRONMENTAL PROTECTION

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

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

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

(a) Emissions

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

For emission treatment measures, the Group aims to support corporate sustainable development by conducting our business in an environmentally responsible manner. The Group is aware of the impact brought by climate change and strives to minimise the impact of our operation on the environment.

Therefore, we requested our contractors to adopt eco-friendly approaches in using materials and building methods that are less harmful to the environment, thus less greenhouse gas and wastes would be emitted and produced during operation.

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



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

(b) Use of Resources

We attached great importance to environmental protection to establish an environmentally-friendly enterprise. We show our great concern to the intensification and conservation of resources utilization, and advocate environmentally-friendly office and travel, so as to greatly reduce the consumption of resources and thus reduce the damage to the environment.



For electricity utilization, staff should turn off all electric equipment before leaving for the day, set operating conditions and temperature standards for air-conditioners, and post gentle reminders for conserving electricity to help staff to improve their environmental consciousness.

For usage of papers, staff are encouraged to communicate with each other through emails and other online means to reduce paper consumption, implement double-sided printing to the greatest extent and adopt recycle habit in using papers.

For usage of water, we put up water conservation tips and posters in toilets and hand washing places, strengthen the daily maintenance and management of water equipment, and timely repair the damaged water supply network and facilities.

Energy consumption	Unit	2020		2019	
		Annual aggregate amount	Intensity of energy consumption/revenue '000	Annual aggregate amount	Intensity of energy consumption/revenue '000
Electricity	kWh	310,127	0.58	463,590	1.20
Gasoline	Litre	132,801	0.25	154,382	0.40
Water	M³	7,526	0.01	6,697	0.02

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Gasoline**

The gasoline consumption of the Group's motor vehicles during the Reporting Period was 132,801 litres in total (2019: 154,382 litres), representing a decrease of approximately 21,581 litres from 2019. This was mainly attributable to the Group's dedication to reduce gasoline emission, advocate environmentally friendly travel and less vehicle use.

- The Group advocates minimizing the business travel and using other effective means of communication to solve problems, such as teleconferencing or video meetings.
- The Group called for green commuting without affecting work efficiency, such as bus and subway transportation or deployed centralized vehicle dispatchment to reduce environment pollution due to energy consumption and motor vehicles emission.
- Furthermore, we regularly review the compliance of motor vehicle emission standards, whereby existing company vehicles were inspected by examining authorities appointed by the government and those not complying with emission requirements are not allowed to use.

- **Electric Power**

For business development needs, our electric power consumption was 310,127 kilowatt-hour (2019: 463,590 kilowatt-hour), representing a significantly decrease of electricity consumption by 153,463 kilowatt-hour as compared to last year. This was mainly due to the Company's intensive office and stringent control of the electric power consumption in the office. To conserve electric power consumption, the Group took various measures to avoid electric power wastage, including but not limited to the following methods:

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Water Consumption**

Water consumption of the Group was 7,526 cubic metres (2019: 6,697 cubic metres), representing an increase of approximately 829 cubic metres when compared with last year. The Group will take proactive advocacy of water conservation measures and enhancement in managing, repairing and maintaining water supply installation, facilities (including roof tank) and instrument to reduce wastage rate, so as to prevent water wastage due to human errors and inadvertent switching.

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

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

- **Papers**

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

During the year, the Group did not produce any non-hazardous and hazardous waste.

(c) Air Pollutant Emission

The major sources of the generation of nitrogen oxides ("NO_x"), sulphur oxides ("SO_x") and respiratory suspended particles ("RSP", also known as Particulate Matters ("PM")), which are the key air pollutants to the city, is mainly from the fossil fuel consumption, which are commonly used in motor vehicles, marine vessels, power plants and production factories. Up to the report date, the Group does not involve in the business activities with heavy use of the fossil fuel. The directors of the Company are of the view that the pollutant emissions of the Group in this regard is very limited.

Automobile exhaust emissions	2020	2019
	Total emissions (kg)	Total emissions (kg)
Nitrogen oxide ("NO _x ")	348.43	405.06
Sulphur oxide ("SO _x ")	1.95	2.27
Particulate matter emission ("PM")	30.87	35.89

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

(d) Greenhouse Gas Emission

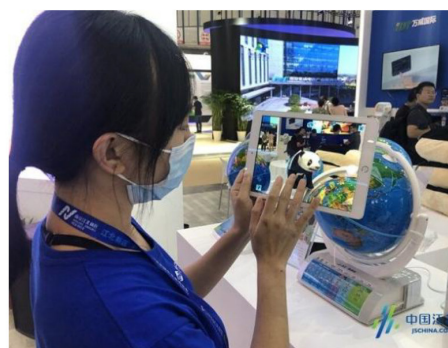
Global warming is one of the major issues of climate change nowadays, which is closely associated with the greenhouse gas emission from the human activities. The risks associated with climate change are imminent. There is broad scientific and policy consensus that actions must be taken to further quantify and assess the risks. Our Group shares the same concerns with the scientists and the government. We put effort on utilising energy in a sustainable and environmental friendly way so as to reduce greenhouse gas emissions. We have adopted energy saving initiatives that are mentioned in the sections headed “Waste management” and “Use of resources”.

The total GHG emission data during the year is illustrated as follows:

	2020 In tonnes	2019 In tonnes
Total Greenhouse gas emissions		
Carbon dioxide (“CO ₂ ”) from vehicles consumption	313.41	364.34
Methane (“CH ₄ ”) from vehicles consumption	0.68	0.79
Nitrous Oxide (“N ₂ O”) from vehicles consumption	45.49	52.88
CO ₂ from electricity consumption	195.38	292.06
Total CO₂ emissions	554.96	710.07

5. EMPLOYEE CARE

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



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

(a) Working Platform

The Group provides professional, humanized working and management environment and create a warm and positive working platform for staff.



(b) Development and Training

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

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

Regarding the mechanism for employee's promotion, the Group only refers to the employee's performance, experience and competence, and does not consider other irrelevant attributes such as marital status, physical condition, age and gender, etc.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

– ***Establish a sound talent upgrade and management system***

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

– ***Keep promoting accomplishment and professional quality of professionals***

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

– ***Intensify efforts to implement talent upgrade and management measures***

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

Position	2020					2019				
	Male Number of Employees under this Category	Female Number of Employees Attended Training	Male Number of Employees under this Category	Female Number of Employees Attended Training	% of Employees Attended Training	Male Number of Employees under this Category	Female Number of Employees Attended Training	Male Number of Employees under this Category	Female Number of Employees Attended Training	% of Employees Attended Training
Senior Management	13	5	4	2	41%	12	4	4	2	38%
Middle Management	19	8	9	8	57%	17	6	9	8	54%
Junior Management	16	8	7	5	57%	13	5	7	5	50%
Executive	22	13	15	12	68%	20	11	15	12	66%
Non-Executive	133	96	42	32	73%	129	92	43	33	73%
Total	203	130	77	59	68%	191	118	78	60	66%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

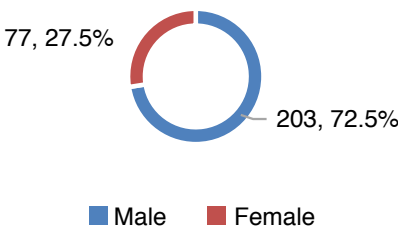
Overview of the Group's employees

As at 31 December 2020, the Group employed a total of 280 employees (2019: 269). The employment particulars were as follows:

- By gender

The Group has more male employees than female employees, which is generally in line with the characteristics of high-tech enterprises with denser male employees.

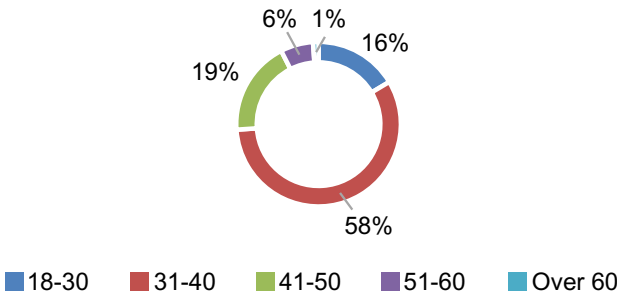
The Group's employees distribution in 2020



- By age

The Group's employees are concentrated at the age of below 40 years old in 2020, and the overall employment trend remains young.

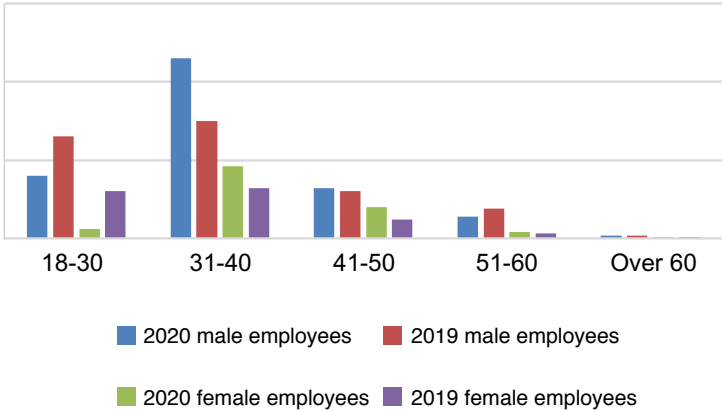
The distribution diagram of the Group's number of employees in 2020



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- By gender and age

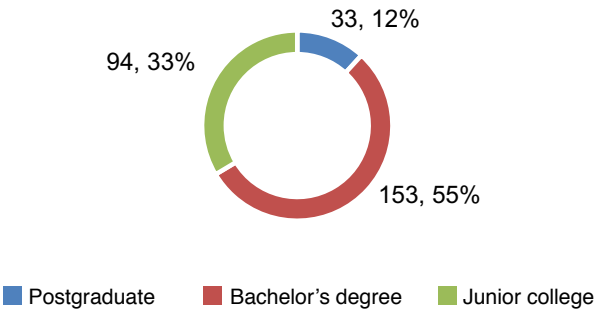
The comparison of age and gender distribution of the Group's employees



- By education

The Group is a high-tech enterprise with a majority of employees with bachelor degree or above. The overall distribution of employment education reflects the characteristics of knowledge-intensive enterprises.

The Group's employees distribution in 2020



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

(c) Labour Standards

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

The Code of Conducts mainly includes three principles:

- Solicitation, acceptance and offering of interest
- Conflict of interest
- Data confidentiality

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

(d) Health and Safety

The Group attaches importance to employees' well-beings, arranges a variety of group activities and health inspection regularly and provides nutritious work lunch for employees. Employees will enjoy paid annual leave, maternity leave and marriage leave legally according to their actual conditions and necessities, ensuring every staff is living and working happily. In 2020, there was no safety incident and work related fatalities.

6. OPERATING PRACTICES

(a) Supply Chain Management

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

(b) Product Responsibility

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

The Group has ensured that the quality of our products is satisfactory to its customers. The Group has entered into standard procedures to recover products with quality defects and the management will review these procedures on a regular basis. During the year of 2020, there was no complain or product recall in our Group.

As of the end of the year, the Company had obtained the following certifications:

Period	Certification No.	Name of Certification
November 2017	GB/T29490-2013	Intellectual Property Management System
March 2018	Su Jing Xin Ke Ji [2018] No. 169 (蘇經信科技[2018]169號)	Passed the review of the provincial software enterprise technology center
December 2020	GR/202032006944	National High and New Technology Enterprise

(c) Intellectual Property Rights Protection

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

(d) Anti-corruption

We attach great importance to our corporate culture of honesty and integrity both because it maintains our corporate image and because we believe it is right. In compliance with the laws and regulations of China and of other countries, we have established anti-corruption policies which are set out in our human resources policies and guidelines.

Employees are fully briefed on the relevant anti-corruption laws and guidelines upon entering into their employment contracts so as to ensure that they comply strictly with them and carry out their duties in good faith. All employees are expected to discharge their duties with integrity and to follow relevant local and international laws that apply to either them or the Group. The Group closely monitors the conduct of its management staff to prevent wrong-doings among the Board, senior management and staff, such as prohibiting transfer of benefits while considering new customers, suppliers or any project investment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The procedure for whistle blowing policy is as follows:

- Acts of misconduct may be disclosed in writing, by telephonic or in person. However, all reports are encouraged to be made in writing, so as to assure a clear understanding of the issues raised;
- Individuals are recommended to self-identify, though it is not a requirement of the policy;
- All reports shall be sent directly to the chairman of the Board;
- The Group will conduct an internal investigation and determine what actions are necessary to protect the reputation and integrity of the Group; and
- Where criminality is suspected, the relevant member of the Group will promptly report this to the local authorities.

As at the end of the Reporting Period, the Group was not aware of any defaulting behaviour of material corruption.

7. COMMUNITY ENGAGEMENT

(a) Community Investment

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

(b) Caring about Society

We show deeply concern for society caring and responsibility awareness, devote ourselves to social charitable and social public welfare activities actively and contribute to the harmonious development of society.