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# FUTURE DATA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability) STOCK CODE: 8229

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#### PREAMBLE

Future Data Group Limited (the "Company"), together with its subsidiaries (collectively referred to as the "Group") is engaged in provision of (i) integration of systems with network connectivity, cloud computing and security elements; (ii) maintenance services; and (iii) cyber security services in Korea and Hong Kong. The Group does not engage in any manufacturing activities which may be harmful to natural environment, yet the Group considers environmental and social responsibilities while actively developing our business.

A task force has been formed that comprises the board of directors (the "Board") who are ultimately responsible for leading environmental, social and governance ("ESG") works by developing strategies and a dedicated team to enforce and supervise the implementation of relevant policies.

#### **REPORTING SCOPE AND STANDARDS**

Prepared in accordance with the "Environmental, Social and Governance Reporting Guide" ("ESG Guide") as set out in Appendix 20 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("SEHK"), this Report provides an annual update of the Group's ESG performance for the period from 1 January 2021 to 31 December 2021 (the "Reporting Period"), which covers our operations in Korea and Hong Kong in the Reporting Period.

The information in this Report is derived from the Group's official documents and statistical data, as well as the integration and summary of monitoring, management and operational information provided by subsidiaries of the Group. The Group undertakes that there is no false record and no misleading statement and assumes liabilities to the authenticity, accuracy and completeness of its content. The Board acknowledges the overall responsibility for the Group's ESG strategies and reporting and for evaluating and determining the Group's ESG related risks. ESG performance is measured, reviewed and reported to the management regularly for continuous improvement.

#### **ENGAGEMENT WITH STAKEHOLDERS**

Stakeholders' expectation, view and feedback towards the Group is of ultimate importance to its future development. The Group strives to maximise the long-term benefits of all our stakeholders by continuously communicating with them and effectively balancing their respective expectations and needs in order to achieve sustainable development of the Company. The following table presents the methods of communication between each stakeholder and the Group.

Stakeholder Groups	Specific Stakeholder	Communication Channel
Investors	<ul><li>Shareholders</li><li>Potential investors</li></ul>	<ul> <li>Corporate website</li> <li>Annual and interim financial report</li> <li>Quarterly reports and announcements</li> <li>Annual general meetings</li> <li>Disclosure of listed information</li> </ul>
Employees	<ul> <li>Senior management</li> <li>Staff</li> <li>Direct workers</li> <li>Potential recruits</li> </ul>	<ul> <li>Direct communication</li> <li>Independent focus groups and interviews</li> <li>Training and seminars</li> <li>Regular performance assessment</li> <li>CSR and volunteering activities</li> </ul>
Customers	<ul><li>Korea Government agencies</li><li>Private organisations</li></ul>	<ul> <li>Customers assessment</li> <li>Social media</li> </ul>
Suppliers/Contractors	<ul><li>Suppliers</li><li>Sub-contractors</li><li>Service providers</li></ul>	<ul> <li>Suppliers assessment</li> <li>Daily work review</li> <li>Site inspection</li> </ul>
Community	<ul> <li>National and local community organisations</li> </ul>	<ul><li>Charitable donations</li><li>Volunteering activities</li></ul>
Government	<ul> <li>National and local governments</li> <li>Regulators</li> </ul>	<ul> <li>Written correspondence</li> <li>Statutory reports and general disclosures</li> </ul>

#### **MATERIALITY ASSESSMENT**

In order to gain a better understanding of the expectations, perceptions and concerns of our stakeholders, we have engaged our management team and employees in identifying the Group's material ESG issues. We also provide a channel for other stakeholders for giving opinion on ESG topics. With the identified material ESG aspects, we incorporated their feedback into the process of identifying the material topics, which acts as the foundation of the formulation of long-term ESG strategies as well as a reference to this Report.

# **ENVIRONMENTAL SUSTAINABILITY**

With rising expectations for corporate entities to lead environmental protection efforts, the Group has maintained its stance as an environmentally responsible corporate. Well aware of the importance of sustainable development, the Group pursues waste reduction and energy saving practices in daily operations and aim to maintain an environmental-friendly workplace and curb global climate change.

# **EMISSIONS**

As our business is engaged in provision of integrated systems, maintenance and cyber security services, the operations of the Group do not have significant impacts on the environment. The principal emissions from the Group were air and greenhouse gas ("GHG") emissions from the fuels consumed by the vehicles for transportation and the consumption of electricity. The flow chart below illustrates the typical workflow of our system integration projects which account for more than 70% of our Group's business:

Project identification

e visit

eparation and submission Project A implementation

After sales services Across our operations, we have carried out a number of green initiatives to reduce emissions and waste, enhance resources efficiency and minimise environmental footprint. For example, our Korean business sourced the required equipment in accordance with project needs. Therefore, only few wastes (emissions from logistics and accessories wastages from equipment installation) were generated from our operations. Since our Hong Kong's operation engaged purely in providing cyber security services, the GHG emissions caused by us were minimal. The Group has neither used any liquified petroleum gas nor other gases and thus does not have relevant GHG emissions to disclose for the Reporting Period.

The Group provides vehicles to facilitate employees' local travelling. In order to reduce the air emissions caused by business vehicles, we arrange regular inspection to achieve maintenance to ensure vehicle efficiency. Given the issue of climate change and our Group's responsibilities to mitigate the climate impact of our operations, the Group has set an emissions reduction target of 5–10% of the Group's emissions over the coming five years compared with this year. To achieve this target, we plan to gradually replace our petrol vehicles with electric vehicles, reducing emissions from vehicle use in our daily operations. We also encourage employees to use public transport instead of business vehicles when appropriate.

The largest source of the Group's GHG emissions relates to the below "Scope 1 – direct emissions or removals from sources" and accounts for the electricity use for lighting, air-conditioning, electrical appliances and equipment in operations. There was a slight increase in the consumption of fuel (from local transportation) such increase could result from our growth of business. Due to travel restrictions caused by the COVID-19 pandemic, all business air travel was suspended and replaced by web conferences or teleconferences.

For the Reporting Period, air emissions generated by the Group were as follows:

	Unit	2021	2020
Emissions data from usage of vehicles and gaseous fuel consumption			
Nitrogen Oxide (NO <sub>x</sub> )	kg	14.95	13.67
Sulphur Oxide (SO <sub>x</sub> )	kg	0.31	0.22
Particulate Matter (PM)	kg	1.10	1.06

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		Unit		
		(CO <sub>2</sub>		
		equivalent)	2021	2020
Direct emission or removals from	sources (Scope 1)			
GHG emissions from mobile	Carbon Dioxide (CO <sub>2</sub> )	tonne	50.24	35.42
combustion sources	Methane (CH <sub>4</sub> )	kg	101.20	64.25
	Nitrous oxide (N <sub>2</sub> O)	tonne	6.35	3.92
Energy indirect emissions (Scope	2)			
Electricity purchased from power companies	Carbon Dioxide (CO <sub>2</sub> )	tonne	130.32	144.04
Other indirect emissions (Scope 3	)			
Paper waste disposed at landfills	Carbon Dioxide (CO <sub>2</sub> )	tonne	8.38	9.28
Business air travel by employees	Carbon Dioxide (CO <sub>2</sub> )	tonne	-	10.74

For the Reporting Period, GHG emissions generated by the Group were as follows:

#### **WASTE MANAGEMENT**

According to the list of waste considered as being hazardous under the Waste Disposal Ordinance of Hong Kong, we do not involve in production of hazardous waste and the amount of non-hazardous waste is not significant from our business operations during the Reporting Period. Non-hazardous wastes produced by the Group were mainly commercial wastes which included paper and equipment package. The Group promotes waste reduction at source and continues to encourage our employees to fully utilise all materials to avoid producing unnecessary waste and to reduce paper usage by electronic means. Reminders of reducing wastes are also posted in offices to remind employees to go green in daily operations.

During the year, the Group established a waste reduction target of reducing non-hazardous waste by 5% over the coming five years based on this year's figure. To achieve our waste reduction target, the Group has adopted the Reduce, Replace and Reuse approach, in line with national initiatives and our management will perform periodic reviews to monitor the progress.

# **USE OF RESOURCES**

Resources used by the Group are principally attributed to electricity and paper. We place great emphasis on resources conservation and adopting energy-saving measures to prevent unnecessary waste of resources and minimise the impacts on the environment.

Examples of initiatives that have been implemented in our offices to promote resources conservation as follows:

- Set and maintain average room temperatures at 25 degree Celsius;
- Switch off office equipment (e.g. printers, computers and monitors) before leaving the workplace;
- Energy-friendly electrical appliances and devices such as LED lighting, computers and projectors, have been installed;
- Regular check and maintenance and ensure efficiency of equipment and appliances; and
- Double-sided printing and scan documents as electronic files instead of printing.

During the year, the Group established a fiveyear energy-use efficiency target of reducing electricity and paper usage by 5% based on this year levels. To achieve our energyuse efficiency target, the Group has adopted the Reduce, Replace and Reuse approach, in line with national initiatives. Management will perform periodic reviews to monitor the progress.

For the Reporting Period, the resources consumption by the Group were as follows:

	Unit	2021	2020
Electricity consumption	kWh	272,781	275,338
Electricity consumption intensity (office areas)	kWh/sq.m	259	261
Paper consumption	kg	1,746	1,934
Paper consumption intensity	kg/employee	8	9

For the Reporting Period, the Group's operations do not involve any use of packaging materials.

# **ENVIRONMENT AND NATURAL RESOURCES**

As the Group's principal activities operations concentrate in offices, which have minimal impact on the environment and natural resources. However, we are aware of urgency of climate change and other environmental challenges. To this end, we continuously week to improve our GHG emissions management, and refer to international and national policies and documents such as the "Paris Agreement" by paying attention to the environmental measures in our operations, and actively incorporate green elements into relevant management. In managing our emissions, the Group has complied with the Air Pollution Control Ordinance (Cap. 311), Environment Impact Assessment Ordinance (Cap. 499), Laws of Hong Kong, the Natural Environment Conversation Act of Korea, and other regulations promulgated by governments and currently applicable to the Group. For the sake of compliance with relevant laws and regulations, we regularly assess the environmental risks of our operations and adopt preventive measures as necessary to reduce the risks.

For the Reporting Period, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to air and GHG emissions, noise control, discharges into water and land, and generation of hazardous and non-hazardous waste.

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#### **Climate Change**

Focus Area	Our Approach		
Governance	<b>Board oversight:</b> The Board meets at least twice a year to oversee climate-related strategies, policies, actions and disclosure.		
	Management's role: The Management supports climate action planning and internal policy setting, as well as coordinating responses to climate-related risks.		
Strategy	<b>Policies and guidelines:</b> The Management meets regularly and discusses any potential climate change risk to our business. Management will then brainstorm ideas to mitigate these risks. The corresponding actions will be implemented and reviewed from time to time to assess their effectiveness.		
	<b>Physical risks:</b> We assess our system integration projects and cyber security services for impacts related to weather-related events such as storms and floods. The Group pays attention to the climate change of relevant countries of the business and assist with implementing fast-response measures.		
	<b>Transition risks:</b> Impacts related to market risk are assessed in our system components. We keep abreast of and take the latest environmentally-friendly IT components and equipment into consideration. Our management monitors the environmental performance of suppliers by regularly reviewing their published environmental report.		
Risk Management Climate-related risks are incorporated into the Group's risk management framework and ESG materiality assessment by different stakeholders. The Grwill monitor and follow up on both transition and physical climate-related risk set up the policy to responses the relevant risk.			
Metrics and Targets	Departmental contributions towards reduction targets are linked to yearly performance evaluations and employee remuneration.		

# **EMPLOYMENT AND LABOUR PRACTICES**

The Group believes that its long-term success depends on the contribution of each and every individual in the organisation. As such, we are committed to treating its staff with fairness and respect. We hire based on ability and merit, reward and promote based on performance. The Group has established a series of internal policies related to employment with reference to anti-discrimination ordinances and the guidance under Employment Ordinance (Cap. 57), Laws of Hong Kong, and the Labour Standards Act of Korea, as well as industry features and practices to ensure that our employees are treated fairly, and their employment, remuneration and promotion are not affected by their social identities such as age, gender, marital status, family status, sexual orientation, race, nationality or religion.

A comprehensive human resources management policy was formulated to support human resources function, which covers guidelines on recruitment and promotion, compensation and dismissal, working hours, rest periods, appraisal, training and other benefits. We offer competitive remuneration, promotional opportunity, compensation and benefit packages to attract and retain talents. With respect to salary adjustment and promotion, an annual review system has been adopted to assess the performance of our staff and form the basis of management decisions. Employees are also entitled to discretionary bonus to recognise their contributions to the Group by reference to the Group's and individual performance. By creating healthy and pleasant working environment, we are to build cohesion among employees and enhance sense of belongings.

As an open technology enterprise, we attach great importance to two-way communication with employees. All employees are also welcomed to make comments and suggestions through various communication channels such as letters, emails, or by communicating with their direct supervisors, department heads, or our human resources function. We make sure to keep the detail of such communications and the identity of the employee confidential, and to address any grievances of the employee as appropriate as we can.

#### **STAFF COMPOSITION**

As at 31 December 2021, we employed a total of 222 (31 December 2020: 220) full-time employees. All of them are located in Hong Kong and Korea.



Chart 1: Employees by Gender

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192

191



Korea



	30 years old or below	31–50 years old	Over 50 years old
2021	42	158	22
2020	46	159	15

Chart 3: Employees by Age Group

#### **Staff Turnover**

For the Reporting Period, the Group has an employee turnover rate of approximately 22.5%.

		Employee Turnover in 2021		Employee Turnover in 2020	
	No. of	Turnover	No. of	Turnover	
	People	Rate	People	Rate	
By Gender					
Male	46	23%	81	40%	
Female	4	18%	6	32%	
By Age Group					
30 years old or below	12	29%	31	67%	
31–50 years old	38	24%	51	32%	
Over 50 years old	0	0%	5	33%	
By Geographical Region					
Hong Kong	7	23%	5	18%	
Korea	43	23%	82	43%	

For the Reporting Period, the Group was not aware of any cases of non-compliance with laws and regulations concerning compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, and other benefits and welfare.

# **HEALTH AND SAFETY**

Occupational health and safety ("OHS") is a crucial component of the Group's safety framework, and reducing health and safety risks in the workplace is an important and constant objective. We continued to reinforce our leadership, management system and safety training programs during the year, so as to strengthen our safety culture and enhance our overall OHS performance. Applicable laws and regulations such as the Occupational Safety and Health Ordinance (Cap. 509), Employees' Compensation Ordinance (Cap. 282), Laws of Hong Kong, and Occupational Safety and Health Act of Korea, are fully complied by the Group.

The Group is of the view that safety management is vital in our operations, as high risk activities such as carrying out installation works which exposes our staff to electrical hazards, at heights or in confined space, may be involved in some of our system integration projects. In addition to the management's supervision of the working environment, employees must also abide by labour discipline, earnestly fulfil rules and regulations, learn necessary first-aid knowledge, and receive necessary education and training at work. We also conduct safety training for new employees, including companies' safety policies and emergency measures to ensure they are competent to discharge their OHS responsibilities and obligations and respond to emergencies, so that employees awareness of workplace hazards is heightened.

The Group makes use of regular safety training and inspections to ensure employees are aware of the importance of complying with safety requirements. Induction training or briefing on relevant health and safety policies with regard to their particular position is provided to workers prior to the commencement of high-risk activities and throughout the project to minimise the likelihood of accidents or workplace injuries.

To cope with the epidemic of coronavirus disease 2019 (the "COVID-19"), both Korean and Hong Kong governments imposed various containment measures. To comply with the public health and safety policies set out by the HKSAR and the Korean government, the Group has introduced a series of measures to assist the prevention of the spread of the virus in societies. For example, allowing employees to work from home and flexible working hours, and strengthen disinfection and sanitisation of workplace.

For the Reporting Period, the Group did not record any lost days and cases of work-related injuries nor fatalities.

# **DEVELOPMENT AND TRAINING**

We encourage learning and recognises that values and fairness, as well as opportunities for continuous professional and personal development, are important drivers for high achievers. As such, the Group invests heavily not only in comprehensive technical training and development programs, but also in management, planning and leadership programs, to address employees' professional and personal development needs and to maintain its competitive edge.

The Group formulates and structures training courses by analysing the needs of different departments. During the Reporting Period, a series of job capacity courses covering the areas on domestic legislation, international organisation for standardisation ("ISO") standards and cyber security techniques have been provided to our employees with the aim of sustaining a competent, professional and ethical workforce.



For the Reporting Period, the breakdown of the training data for the Group was as follows:

Chart 4: Average training hours completed in 2021





To further enhance their professional skills so as to meet the Group's development goals, the Group highly encourages its employees to continuous learning and attend external work-related seminars. Employees who have taken professional examinations and obtained vocational qualification certificates will be eligible to apply training sponsorship by the Group.

# **LABOUR STANDARDS**

We strictly prohibit the employment of child and forced labour in our workplace by adhering to the Employment Ordinance (Cap. 57), Laws of Hong Kong, and the Labour Standards Act of Korea, and other applicable labour laws and regulations in Hong Kong and Korea. To combat illegal employment on child and forced labour, the human resources department of the Group requires all job applicants to provide valid identity documents to ensure that they can be lawfully employed prior to the confirmation of employment. Important details such as job duties, locations and working hours of the staff are also set out clearly in the employment contract to protect their rights and interests and forced labour is strictly prohibited. Once there is any case to be found against the labour standards, the employment will be terminated immediately, while the responsible personnel will be disciplined accordingly.

For the Reporting Period, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to preventing child and forced labour.

# **SUPPLY CHAIN MANAGEMENT**

Engaging in the information technology sector, supply chain management forms an essential part in the Group. We implement an efficient supply chain management system that strengthens the role of different parties between suppliers, retailers and subcontractors to ensure high quality of services and products are delivered to our customers. The Group stringently manage suppliers to avoid any inferior computer components acquired and adopt strict quality control over the ancillary installation and construction process. Thus, the suppliers we engaged are mainly reputable computer equipment manufacturers and software developers to ensure the system we provided to customers is reliable, efficient and secure.

During the selection of suppliers, the Group's policy ensures the selection factors are fair and serves the best interest of the Group. Specifically, we maintain approved lists of suppliers, and procurement of goods or services is only made from these suppliers. The Group's suppliers are selected based on the following factors: environmental compliance of products supplied; quality of products; reputation in the industry; and any background issues concerning potential conflict of interest in supplying goods to the Group. It is the Group's policy to exclude all illegal and nonethical entities to become its business partners. In respect of sub-contractors selection, we select them on a project-by-project basis, mainly based on our assessment of their awareness of end-user equipment, financial stability, technical abilities and reputation. To maintain the best quality of our service, we send our own personnel to the work site to closely supervise the works performed by subcontractors and also to review their works on an on-going basis.

The Group communicates with suppliers and sub-contractors regularly to maintain a close relationship with them and review and monitor the performance of the suppliers and provide feedback to them from time to time. Furthermore, we actively promote the sustainable development of our supply chain and joint fulfilment of corporate social responsibility with our partners to provide the public with high-quality products and services.



For the Reporting Period, the number of suppliers by geographical region of the Group was as follows:

#### **PRODUCT RESPONSIBILITY**

Our tenet is to provide our customers with quick and efficient service, with an emphasis on safety and convenience as well, which fully illustrates our total commitment to superior service and outstanding quality of work.

For our cyber security business, we are the first cyber security services provider with CREST Accredited & PCI QSA Qualified professionals in Hong Kong. We help protect digital businesses against cyber-attacks, business disruption and customer mistrust.

For our system integration business, we have established and implemented a quality management system ("QMS") in our operations, has been assessed and found to be in accordance with the requirements of the internationally recognised technical specification of ISO9001:2015, certified by the Korea Productivity Centre Quality Assurance. This system helps us to comply with relevant laws, regulations and contract obligations that are applicable to our products and services; control quality issues systematically to enhance our customers' satisfaction; as well as standardise the work process and standards in our operations. We also pay extra attention to quality control, on-going tests will be conducted throughout the project to minimise network deficiency. In particular, two of our internet protocol storage products (i.e. electromagnetic compatibility directive and low-voltage directive) we used in projects are awarded with the CE marking, which conforms with European health, safety and environmental protection standards. Moreover, subsequent quality warranty period would generally be offered our customers. In the event of system failure within the warranty period, the

Group shall provide technical support and maintenance services to ensure the systems to be operated in proper condition.

For the Reporting Period, we received no complaints or claims from our customers arising from the quality issues of the work performed either by us or our sub-contractors, which in the view of Directors, is attributable to the effective quality control measures.

As a technology service provider, all confidential data related to the Group's businesses, financial and customer information are securely protected and only use for internal purpose. In accordance with the Personal Data (Privacy) Ordinance (Cap. 486), Laws of Hong Kong, and the Personal Information Protection Act of Korea, all of our employees are obligated to retain in high confidential any information obtained in connection with their employment. We strictly protect the customers' data and information by taking various protection measures, such as implementation of network and application firewall, regular security updates and proper encryption of data transmission, access right control and adequate hosting and server security. To further safeguard customers' information, the Group may destroy all confidential information after the holding period is elapsed.

Nowadays, intellectual property ("IP") is recognised as a key element in business development, and protecting IP rights is one of top priorities. To enhance awareness of IP protection within the Group and to proactively protect our IP from infringement, the Group adds protective clauses to the contracts entered into with customers and suppliers to safeguard intellectual property rights. The Group also reviews every operational contract to ensure that the contract safeguards the intellectual property rights of the parties. We also request our suppliers and sub-contractors to comply with relevant laws and regulations.

With respect to fair advertising, the Group requires the employees of the sales department to provide customers with accurate and true information on the Group's products and services. Hotline and e-mail are also available for customers' enquiries on service details in order to provide better before and after-sale services.

For the Reporting Period, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to health and safety, advertising, labelling, and privacy matters related to products and services provided.

# **ANTI-CORRUPTION**

The Group maintains a high standard of business integrity throughout its operations and bribery and corrupt practices are strictly intolerable. We strictly comply with the relevant laws and regulations in relation to bribery, extortion, fraud and money laundering, including but not limited to the Prevention of Bribery Ordinance (Cap. 201), the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615), Laws of Hong Kong, and the Criminal Act of Korea.

We believe that honesty, integrity and fairness are important values, and are crucial to our long-term development and success. Thus, the Code of Ethics has been established to clearly inform our employees of the Group's strict standards regarding anti-corruption, antibribery, conflicts of interest, gift, procurement policies. It conveys our expected standards of conduct and practices to all staff members, who are required to adhere to the highest standards of business and professional ethics so that we can earn the trust of our business partners and customers. Regular training sessions will also be arranged to executives and employees for enhancing ethical awareness in conducting business activities.

To facilitate the identification of suspected cases of any malpractice, misconduct or illegal actions, the Group has developed a whistleblowing policy which provide channels for employees to report any suspicious fraudulent activities. Detailed investigation on the reported event shall be conducted and would be followed by disciplinary actions including termination of employment and reporting of the matters to the relevant authorities to be taken according to the result. All the information collected will be kept confidential and the Group intends to protect the whistleblower from potential retaliation.

For the Reporting Period, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to bribery, extortion, fraud, and money laundering.

#### **GIVING BACK TO THE COMMUNITY**

With a vision to progress and prosper with our community, we are committed to giving back by contributing to a stronger and more inclusive society.

During the year, we have donated KRW1,000,000 to the Community Chest of Korea in support of the underprivileged to promote philanthropy, show measurable outcomes, and lead innovations to grow with various partners, and thus make differences in the community.

While actively developing its business, we also support community engagement and encourage employees to actively participate in community and voluntary work to further the benefits of local communities and render assistance to the people in need.