



智慧创造品质生活

南京三寶科技股份有限公司

Nanjing Sample Technology Co., Ltd.

(Stock Code: 1708)



2018

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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About This Report

This report is the third environmental, social and governance report issued by Nanjing Sample Technology Co., Ltd. (hereinafter referred to as “the Group”, “the Company”). The report covers the effectiveness of the Group in environmental, social and governance objectives in 2018 and provides information on the policies and practices implemented.

Report Scope

The report covers the business status of the Group and the subsidiary companies in Jiangsu, China. Considering that the operating activities of Hong Kong and overseas subsidiaries have little impact on the Group's environmental, social and governance aspect, overseas subsidiaries are not covered in this report unless otherwise stated. The Group plans to gradually increase the scope of disclosure in the future to cover more subsidiary companies and overseas subsidiaries.

Report Guide

This report is prepared in accordance with the Listing Rules of Appendix 27 “Environmental, Social and Governance Reporting Guide” of the Stock Exchange of Hong Kong Limited (SEHK). The same interpretation is adopted in this report as that in the Group's 2018 annual report. Should the data disclosed be different from 2018 annual report, the annual report shall prevail.

Report Access

This report will be published on the website of SEHK and the official website of the Group. This report is published in both Chinese and English versions. In case of difference between the two versions, the Chinese version shall prevail.

Report Feedback

If you have any questions or suggestions about the contents of this report, please feel free to contact the Securities Department of the Company:

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About Sample Technology

Company Overview

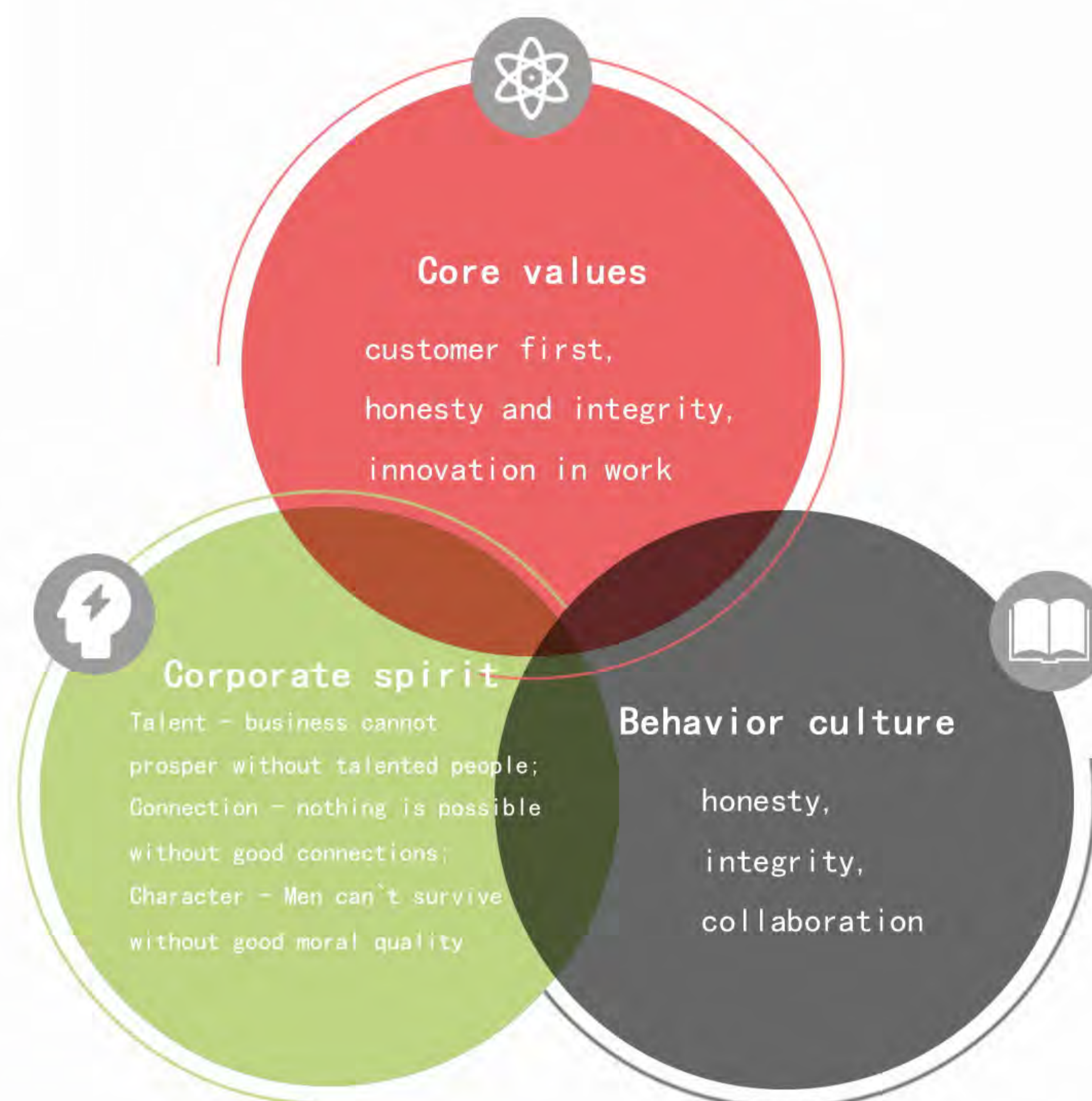
The Group was established after the shares restructuring in 2000 and successfully listed on the Hong Kong Stock Exchange on June 9, 2004. As one of the leading companies in the field of IOT information services, the Group is committed to building a new IOT technology supply chain service layout; relying on the “Internet + Internet of Things” technology, deep plowing the two industrial ecosystems of “Intelligent Transportation” and “Intelligent logistics”, and opening up the supply chain data interflow channel; cooperating gradually with the industrial and regional resource leaders to create an open cooperation platform to gather business resources; providing users with big data-based system integration, cloud supervision, customs clearance and financial supporting services; synergize and collaborate with ecological enterprises to co-build an industrial Internet platform and provide high-quality integrated services for SMEs.



About Sample Technology

Corporate Values and Culture

Adhering to the core mission of "To create quality life with wisdom", the Group takes creating value for the society and users as its own responsibility, follows people-oriented principle and regards "Talent, connection and character" as the "Three treasures" of the Company.



During the reporting period, the Group kept improving products and business formats through continuous and advancing customer demand insights and constantly helped customers meet their needs; focusing on the main channel of the industry, with customer demand as the center, ensuring major breakthroughs in focusing on customer demand (focus), connecting ecological resources (empower), building a shared ecosystem (attack) on the premise of basic transaction scale growth guaranteed, to overcome all challenges in the development path of the Company.

Social Responsibility Management System









Environment and Natural Resources

The Group continues to implement the corporate social responsibility concept of “business integrity, continuous innovation, serving the society and giving back to society”, which has become an essential part of maintaining business success and sustainable development. During the reporting period, the Company kept improving the cross-network system of social responsibility management, continuously identify, measure, manage and report the risks and opportunities related to sustainable development, and enhanced corporate governance by integrating corporate social responsibility management concepts with the Company's normal management organically to guide the Company decision procedure.

Social Responsibility Management System

Stakeholders

The Group fully understands that stakeholder engagement is critical to improving corporate social responsibility standards and performance. Through a transparent communication mechanism with key internal and external stakeholders, the Company is committed to gaining valuable input on the Group's current corporate social responsibility implementation and identifying environmental, social and governance issues of importance to the Group.

Related Parties	Communication Channels	Communication Goals
 Customer	Daily communication, feedback, technical seminars, product exhibitions, customer survey, customer service hotline, satisfaction survey, etc.	Product quality, business processes, technological innovation, service quality
 Shareholders and investors	Shareholders' meeting, periodic report, corporate website, teleconferencing, etc.	Corporate operations, information disclosure, corporate governance, return on investment
 Partners	Daily communication, seminars, strategic cooperation, exchange visits, etc.	Fair competition, mutual benefit, compliance management, common development
 Staff	Staff activities, staff training, corporate intranet, WeChat public platform, staff representative conference activities, regular investigation, communication symposium, reporting channel, suggestion box	Salary and welfare, protection of rights and interests, working environment, education and training, career development, physical and mental health and family care
 Government and Regulatory Authorities	Institutional inspections, official correspondence, work reporting conference, project cooperation	Compliance management, transparent control, legal taxation, social performance, employment protection, resource conservation
 Supplier	Quality certification, compliance with agreement, inspection and testing, capacity building	Long-term cooperation, supplier certification, honoring contract and keeping promises, fair procurement, quality management, capacity improvement
 Environment	Environmental management, standardized emission, clean production, energy saving transformation	"Three wastes" treatment, energy saving and emission reduction, green low carbon
 Community and Public	Community activities, public welfare activities, social support projects, etc.	Community development, social welfare, environmental protection, business ethics

Environmental Aspect Report

The Group continues to track the latest national and regional environmental protection laws and regulations and strictly abides by the “Environmental Protection Law of the People's Republic of China”, “Law of the People's Republic of China on the Prevention and Control of Ambient Noise Pollution”, “Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution”, “Water Pollution Prevention and Control Law of the People's Republic of China” and other relevant laws and regulations. The Company has carried out optimal management on emissions, exhaust gas, waste water and materials, etc. in strict accordance with the management requirements of the “Sample Technology Environmental Protection and Energy Conservation Manual”. Following the vision of environmental protection, the Company is committed to maintaining high environmental standards to meet the relevant requirements of the applicable laws and regulations during the business operation period.

During the reporting period, the Group continued to pay close attention to energy conservation and emission reduction, maintained the green enterprise image, sustainable development and environmental footprint, received no complaints or penalties due to violation of any environmental protection regulations, and had no environmental pollution incidents.

Aspect A1: Emissions

1、Waste water

The waste water produced is mainly small amount of domestic sewage, which is treated according to the self-built sewage treatment device in the park and municipal sewage treatment facilities and meets the Class A of “Integrated Waste Water Discharge Standard” (GB8978-1996).

4、Solid waste

In daily office operations, the Company will produce a certain amount of solid waste, such as toner cartridges, waste paper discarded by employees and general domestic waste, etc. The Company has established a solid waste management method to classify, collect and store solid waste, which will be regularly cleaned up by the property management company and recovered by qualified unit entrusted to further reduce direct emissions from operations.



2、Noise

The daily operation of the Company does not produce noise. The indoor and outdoor units of the air conditioner adopt low-noise equipment and use the sound insulation of the building for natural attenuation. The noise emission complies with the “Environmental Noise Emission Standards of the Boundary of Industrial Enterprises” (GB12348-2008).

3、Exhaust gas and greenhouse gases

The Company's business is mainly carried out in the office, and there is no production link. Hence, the emissions and environmental pollution thus caused are minimal.

Aspect A2: Use of Resources

The Group strictly implements the “Energy Conservation Law of the People's Republic of China” and other energy conservation policies, regulations and standards issued by the national, local and industry authorities and improve the utilization efficiency of various resources through the adoption of energy-saving equipment and process improvement measures. The table below shows the electricity, water and gasoline consumption and pollutant emissions of the Group during the reporting period.

Emission Indicator

Approximate Electricity Consumption (kWh)



Approximate Electricity Consumption Density (kWh/m²)



Approximate Carbon Emissions (total metric tons of carbon dioxide)



Approximate Emission Density (total metric tons of CO₂/m²)



Approximate Water Consumption (tons)



Approximate Water Consumption Density (tons/m²)



Total gasoline consumption of company vehicles (10,000 liters)



During the review period, the Group's electricity consumption decreased, which was mainly attributable to the Group's continuous efforts in promoting environmental protection measures, energy-saving work environment and the remarkable results thus achieved.



Note: According to 2016 China regional power grid baseline emission factor released by the National Development and Reform Commission, the emission factor of East China regional power grid is 0.8086 metric tons of CO₂/MWh.

Note: The office area of the Group is approximately 19,863 square meters.



During the review period, the Group's water consumption decreased, which was mainly attributable to the Group's continuous efforts in promoting environmental protection measures and enhancing the resource conservation awareness of all employees.



During the review period, the gasoline consumption of company vehicles decreased significantly, which was mainly attributable to the Group's disposal of two company vehicles, no new vehicles purchased and adoption of effective measures to encourage reducing the utilization of company vehicles.

Aspect A3: Environment and Natural Resources

The massive emissions of greenhouse gases such as carbon dioxide are important causes of global climate change. The business nature of the Group is based on office. The electricity consumed and the carbon dioxide indirectly generated by the fuels for company vehicles remain the main source of greenhouse gas emissions. With the implementation of national environmental protection policy, the Group actively practices low-carbon economy and green operation and strives to reduce the direct emissions generated in the operation by managing the use of company vehicles. The Group continues to promote paperless operation in the workflow, use electronic communication channels for internal communication and data and document circulation, adopt double-sided printing and recycle of single-sided paper to reduce the actual paper use. The Company sets the indoor central air-conditioning temperature at the most energy-saving level and regularly inspects and maintains the central air-conditioning unit to reduce energy consumption. At the same time, the Company advocates the use of reusable products to replace disposable items and non-recyclable products (such as rechargeable batteries and reusable stationery); advocates turning off all idle printers, computers and lighting equipment to further achieve the purpose of energy saving, consumption reduction, pollution reduction and efficiency improvement.

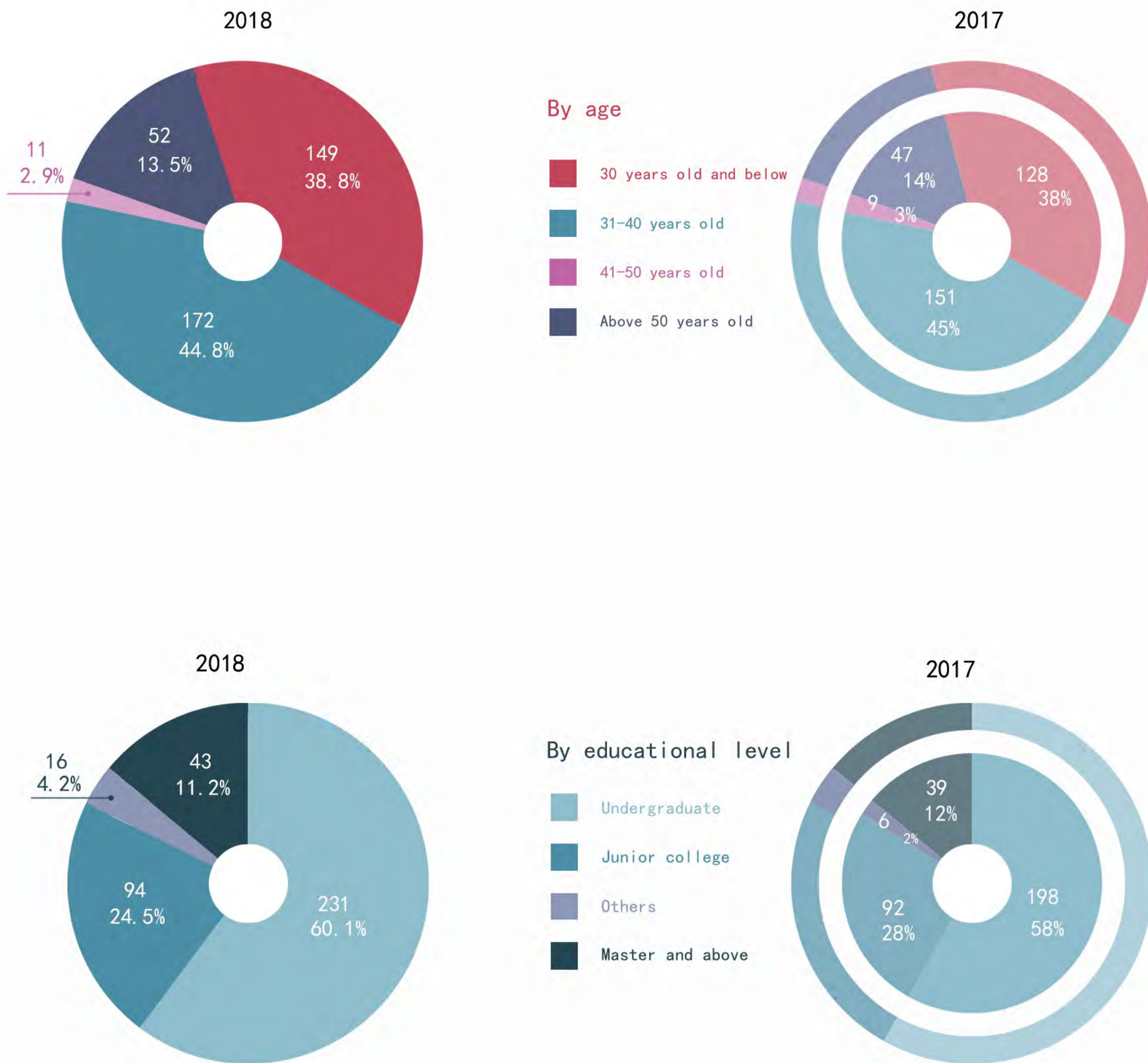
Social Aspect Report

Employment and Labor Practices

The Group strictly abides by the “Labor Law of the People's Republic of China”, “Law of the People's Republic of China on Work Safety”, “Law of the People's Republic of China on Prevention and Control of Occupational Disease”, “Regulations on Industrial Injury Insurance” and other relevant laws and regulations and national policies, conducts guidance, management and supervision on the safe operation of every member enterprise and formulates various internal management systems and work safety manual to enhance employees' occupational safety and health awareness. During the reporting period, the Group did not have any violation against the laws and regulations concerning employment, child labor ban and forced labor.

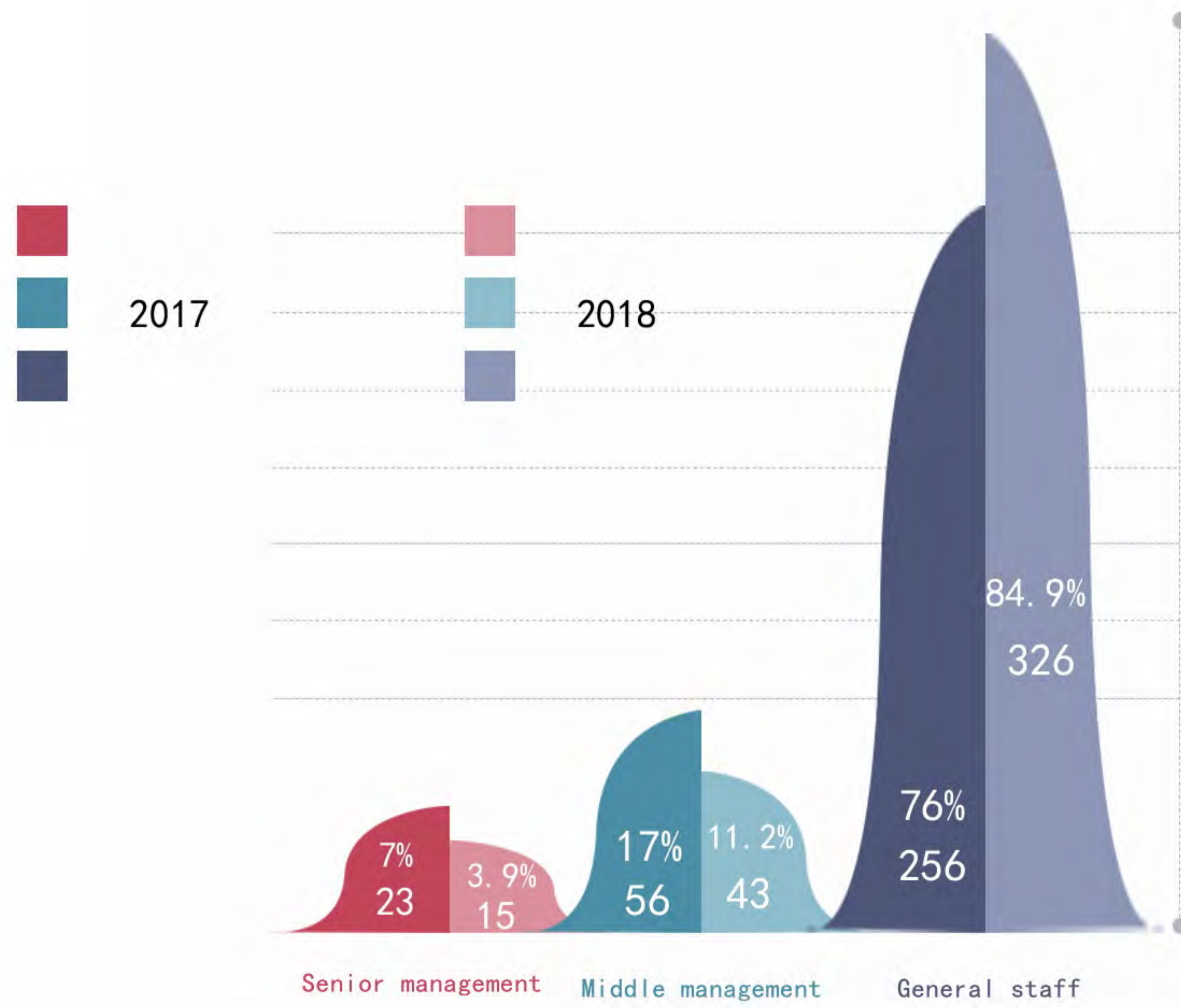
Aspect B1: Employment

As a company engaged in the high-tech industry, the Group has always upheld the people-oriented principle, paid great attention to the diversification of employee structure, and insisted on protecting employees' rights and interests. During the reporting period, the Group had a total of 384 employees, including 129 females and 255 males.

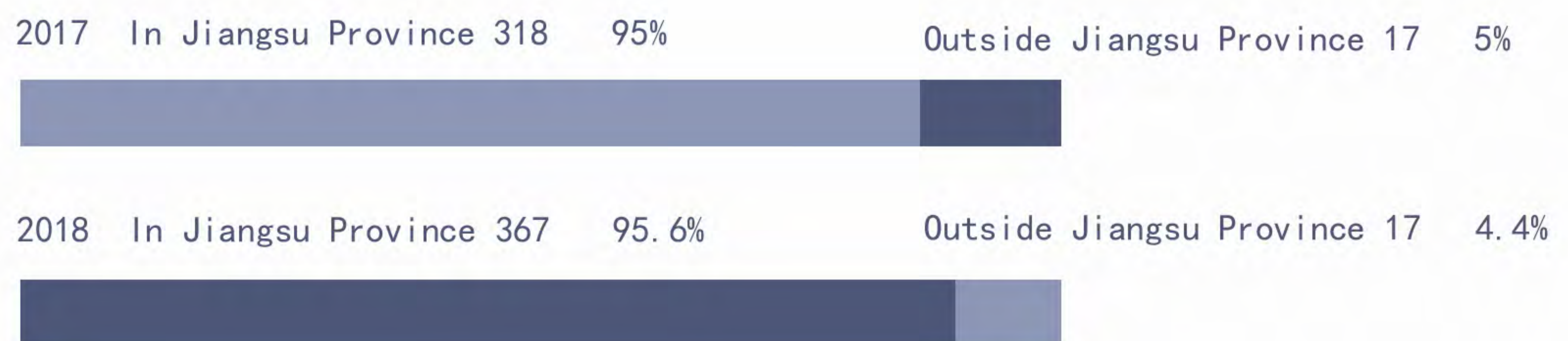


Note: During the reporting period, the total employee count of the Group included the Group, subsidiaries and Hong Kong subsidiaries.






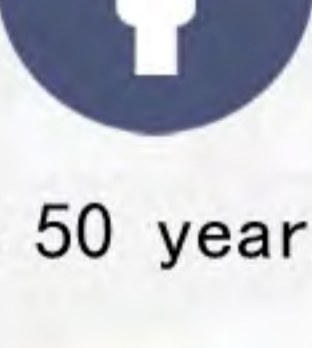
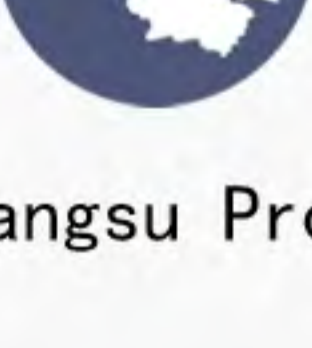

By management level



By region



During the reporting period, the total employee turnover of the Group was 95 people, including 22 female employees and 73 male employees.

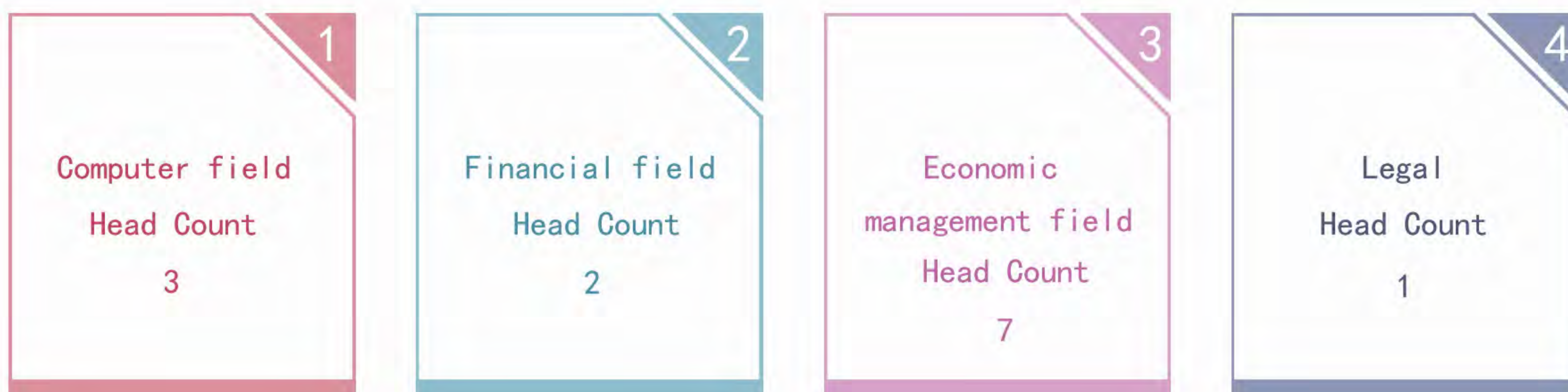
	2017	2018
Overall turnover rate	17%	24.7%
Turnover rate refers to the total number of employees who leave the Company voluntarily or due to retirement or dismissal during the year divided by the total number of employees in the same category.		
By gender		
 Male	14%	28.6%
 Female	22%	17%
By age		
 30 years old and below	23%	35.79%
 31 - 40 years old	12%	49.47%
 41 - 50 years old	15%	11.58%
 Above 50 years old	33%	3.16%
按地區劃分		
 In Jiangsu Province	17%	23.7%
 Outside Jiangsu Province	24%	47.1%

The diversity employee policy also applies to members of the Board of Directors, members of the Board of Supervisors and senior management. During the reporting period, the Group had 7 directors, 3 supervisors and 3 senior management personnel, with a male to female ratio of 11:2.

Age Distribution



Professional Field



Note: Details of directors, supervisors and senior management of the Group can be referred to 2018 Annual Report.

Eliminate discrimination of gender, race, religion and age in the recruitment of employees, implement the principle of two-way choice, equal stress on integrity and ability, and appointing people by merit. Strive to create a fair competition atmosphere in post promotion, adopt the mode of competition for post, and adhere to the rational flow principle that talents “can be promoted/demoted, recruited / dismissed” as necessary. In terms of remuneration, adhere to the principle of “distribution according to work and pay according to post” to provide an equal employment environment for outstanding talents. Adjust the salary and salary structure combined with the local economic development level, the Company's operating condition, value orientation and other factors. The salary is linked to the employee's work performance, academic qualifications, workload, position and duties, which also provides more extra benefits to employees based on salary satisfaction.



Aspect B2: Health and Safety

The Group is committed to providing a carefree working environment for its employees. It has always put the safety and health of its employees first, requiring all member companies to refer to the standards of occupational health and safety management system, establish a safety management structure, formulate and implement a long-term safety policy. During the reporting period, the number of employees who died due to work related reasons was zero; the number of working days lost due to work injury was zero. The safety performance was excellent, and no work safety accident occurred.

The Group has always recognized that maintaining a healthy and safe working environment is closely related to the Company's operational efficiency. To respond more effectively to possible emergencies in the workplace, the Company has developed an emergency response plan. Regular inspection and maintenance of fire safety, electrical and first aid equipment has been carried out to maintain a good office safety environment. The Group has incorporated health and safety regulations into the policy of "Sample Technology Work Safety Responsibility Management System and Work Safety Accident Penalty Regulations", requiring all employees to comply and implement. New employees are also required to receive safety education and training to improve their management level in health and safety measures. During the reporting period, the Group did not have any violations or non-compliance with laws and regulations on occupational health and safety.

Aspect B3: Development and Training

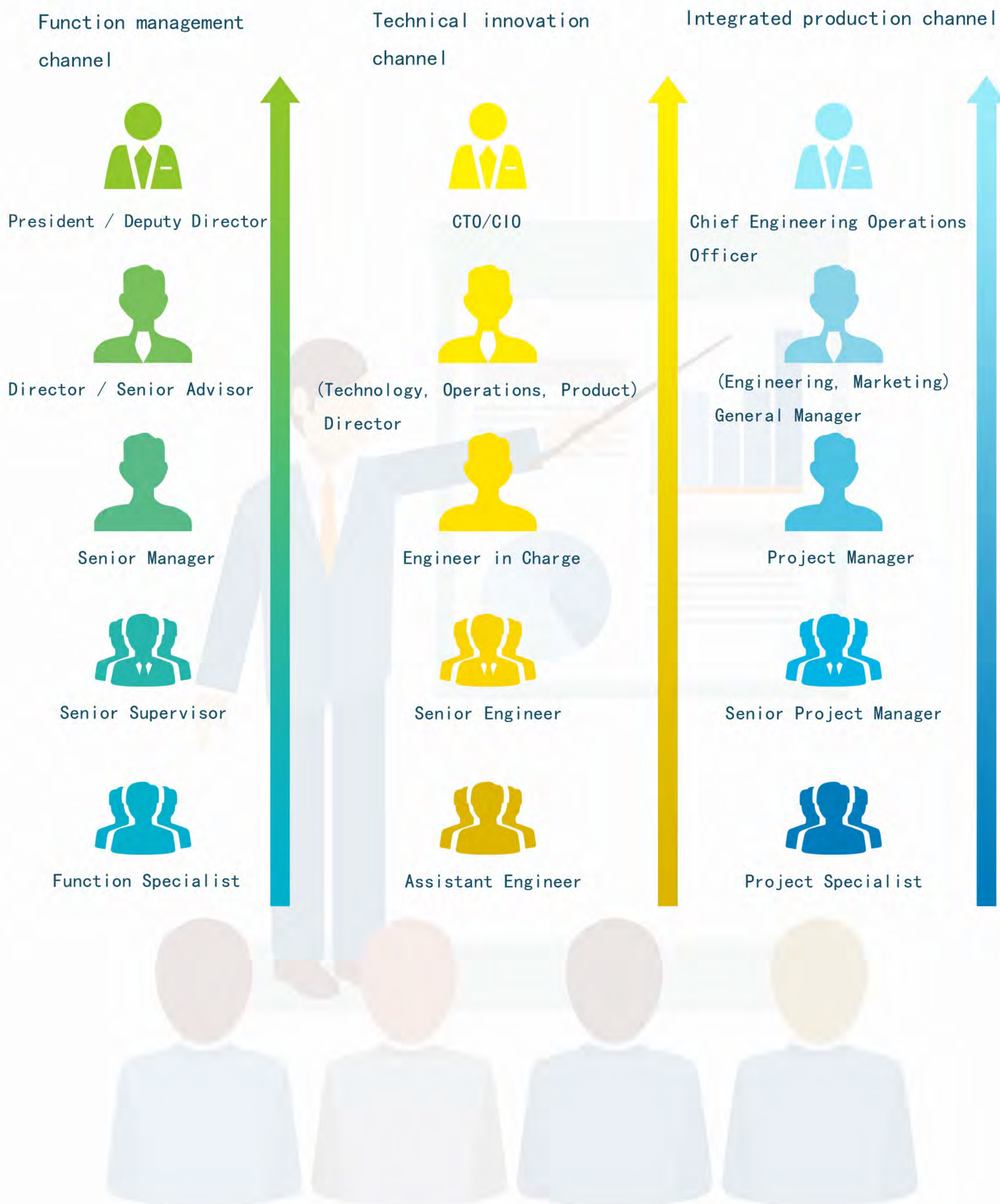
The Group continues to focus on the development demand and career planning of its employees, provide employees with many training and development opportunities in a timely manner, and encourage employees to participate in professional knowledge training related to their post. At the same time, the Group has established a multi-level, multi-form training system. For new employees, they will receive training on the Company's development history, corporate culture, work safety and job orientation, etc. from the date onboard. At the same time, the Group has provided various forms of training for all employees, covering skills training, management training, team building training and personal qualification training, etc. In addition to formal training, employees can also gain improvement and development through external expert lectures, tutor with apprentice, weekly sharing, video learning and reading activities, etc. in routine business activities.

Total training hours in 2018 was 3950 hours with an average 12.7 hours per trained employees , the total training hours received by employees within the Group are as follows:

Total no. of hours of training received by employees		3950
Average hours of training per employee and percentage (%) of employees who received training		
By Gender		
Male	13	(90%)
Female	12	(62%)
By Employee Category		
Senior management	21	(100%)
Middle management	14	(93%)
Junior employees	12	(78%)

Social Aspect Report

To build a core workforce, the Group promotes the concept of career management, strives to broaden the career development path of employees, formulates a promotion evaluation system, and sets three different promotion channels including function management, technical innovation and integrated production according to different posts.



Aspect B4: Labor Standard

Labor legal compliance

The recruitment and engagement of employees in the Group are strictly in accordance with the “Labor Law of the People's Republic of China”, “Labor Contract Law of the People's Republic of China” and “Law of the People's Republic of China on the Protection of Minors” and other relevant laws and regulations. During the review period, no employment of child labor, forced labor, etc. occurred in the Group.

Protection of basic rights and interests of employees

The Group implements a working hour system of 5 days a week and 8 hours a day for employees. The rest days and statutory holidays of employees are consistent with the national labor laws and regulations. From the date of employees onboard, a written labor contract has been signed with the employees in an equal, voluntary and consensus manner to clarify the corresponding post, working hours, salary and benefits, etc. There is no discrimination due to gender, age, ethnicity, culture, educational background and other factors, to ensure that employees have dignified work in an equal and harmonious working environment and enjoy the legitimate rights and interests.

The Group pays great attention to the employees' right to know and speak and has established trade union organization according to law to provide communication channels for employees. At the same time, through the internal OA platform, bulletin board, WeChat public account, internal publications, etc., the latest developments of the Group are delivered to each employee in a timely manner. The Group also actively listens to employees' opinions and suggestions and take the corresponding solutions in time to protect the employees' rights and interests.

Human care for employees

The Group is committed to balancing the life and work of employees. It has provided basketball courts, indoor badminton courts, tennis courts, gymnasiums and other sports venues for its employees and held various events from time to time. In addition, it has also provided employees with a comfortable and neat reading room and library to help them relieve stress and enrich their lives while building a platform for employees to express themselves and communicate with others at the same time.

To appreciate every Sample staff working hard for the Group and their family members supporting behind their back quietly, the Group holds the “Sample Family Day” event upon every festival, inviting employees’ families to visit and interact, which has not only promoted the balance between work and life for employees, but also improved their loyalty and cohesion through caring action.



Operating Practice

Focusing on the main channel of the industry, with customer demand as the center, implementing an ecosystem in an open and supportive connection manner to realize value has become an important factor for exponential growth and long-term sustainable development. The Group recognizes that only through continuous, advancing insights into customer needs, continuous improvement of products and business formats, continuously helping customers and meeting their needs can the common growth of value be ultimately realized.

Aspect B5: Supply Chain Management

The Group continues to uphold the concept of “Connection, development and sharing”, actively work with the supply chain eco partners in a decentralized and personalized manner to reduce potential environmental risks and provide products and services with high standards and high quality for customers in the supply chain. In view of this, the Group strictly follows the requirements of ISO9001 supply chain management quality standards, formulates the supply chain standardization management system, and standardizes the implementation of procurement policies according to the established policies and procedures to achieve effective control of procurement and product protection and ensure that the purchased products and services meet the specified quality requirements. The Company actively encourages all business partners and potential suppliers to incorporate sustainable development concepts into their operations and work together to pursue sustainable and common development.

During the review period, the Group had approximately more than 700 suppliers of raw materials, engineering project equipment and production parts, and all suppliers were located in China.



Aspect B6: Product Responsibility

With expertise and extensive experience in the road traffic, customs logistics, urban construction, road transport vehicles and other business fields, the Group is committed to not only enhancing the customer experience by providing reliable technical solutions, but also providing customers with safe, compliant and stable products through strict quality control and management systems, to continuously help customers meet their demand and create maximum value.

The Group strictly abides by the national policy system related to the health and safety of products and services, advertising, trademarks and privacy matters, as well as the relevant laws and regulations including the “Construction Law of the People's Republic of China”, “Law of the People's Republic of China on Safeguarding the Consumer Rights and Interests”, “Advertising Law of the People's Republic of China” and “Cybersecurity Law of the People's Republic of China”, etc. During the review period, the Group did not receive any sold/shipped products that were called back due to safety and health reasons or any complaints about violations of product and service safety.

Protection of customer's information

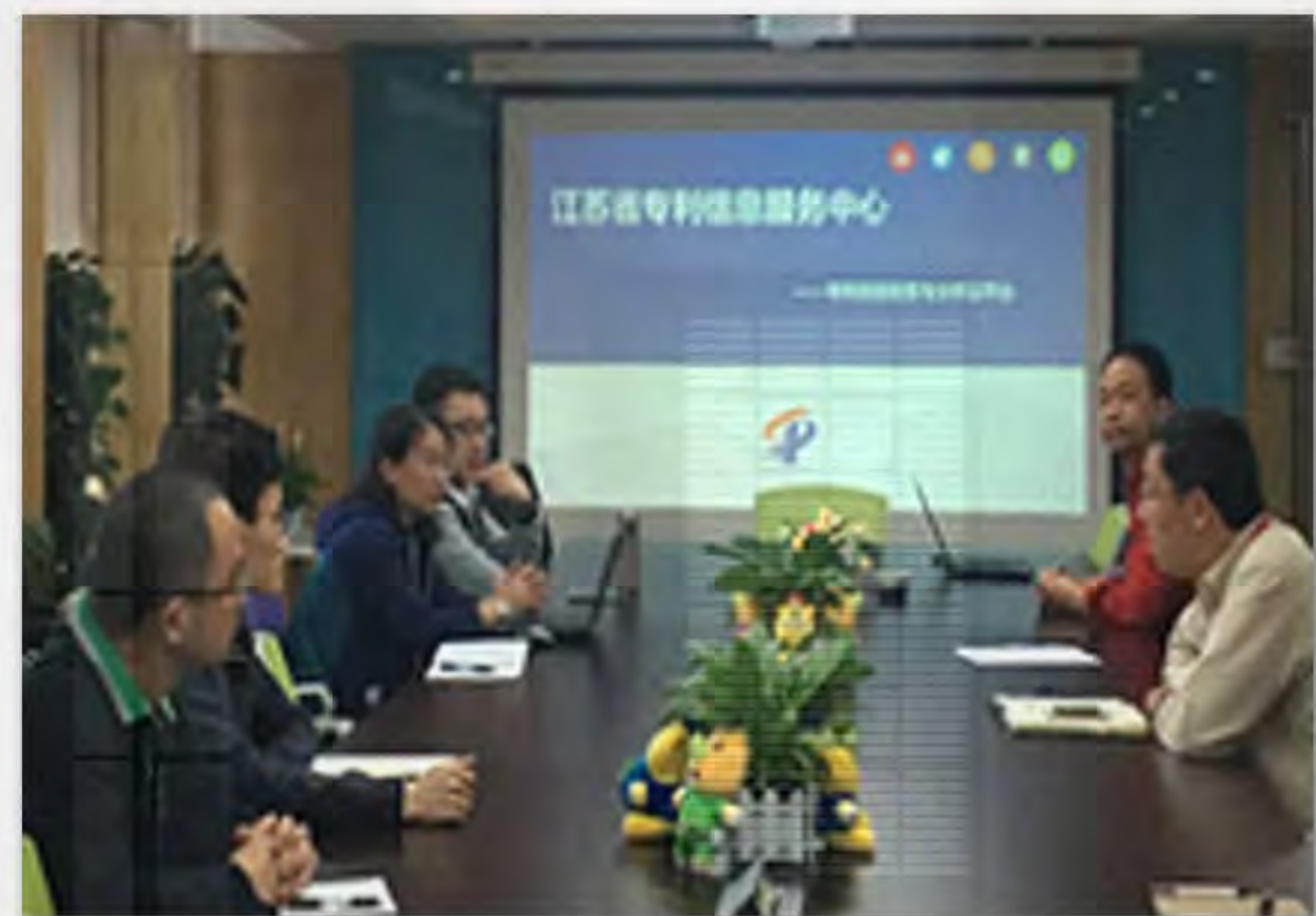
The Group has always focused on customer needs, paid attention to customer experience and after-sales service, and regularly verified customer satisfaction through various methods such as customer satisfaction questionnaires, telephone follow-ups, and field customer visits, etc. to grasp customer demand information, provide comprehensive, high quality services in a timely manner, continuously improve the Company's reputation, enhance and perfect the quality management system.

During the operation process, the Group attaches great importance to the collection and maintenance of customer information database, strictly abides by the "Cybersecurity Law of the People's Republic of China" and other relevant national laws, regulations and policies, to ensure that all information is safely stored in the customized data system with access control of the Company. During the review period, the Group did not receive any complaints regarding the incidents of customer privacy leakage.



Protection of intellectual property rights

The Group attaches great importance to the protection of intellectual property rights and its own brand building and thoroughly implements the core values of altruism and platform empowerment. The Company continues to vigorously promote the construction of intellectual property management system, pay attention to intellectual property planning, continuously improve the relevant intellectual property system, strengthen the management of routine affairs on intellectual property rights such as patents and trademarks, and improve the awareness of all employees on their work responsibility for intellectual property rights. The Company has passed the annual supervision and audit of the intellectual property management system and won the honor of “Excellent brand in the mind of Nanjing citizens”.



The Group spares no effort in protecting the intellectual property rights of the Group according to applicable laws and regulations and strictly abides by the “Patent Law of the People's Republic of China”, “Detailed Rules for the Implementation of the Patent Law of the People's Republic of China”, “Trademark Law of the People's Republic of China”, “Detailed Rules for the Implementation of the Trademark Law of the People's Republic of China” and “Copyright Law of the People's Republic of China”. It has formulated the “Administrative Measures on Intellectual Property Rights” in accordance with various laws and regulations for the authorized departments to handle intellectual property application and registration, etc. and prevent the risks of intellectual property infringement in the process. During the review period, the Group did not have any disputes regarding infringement of intellectual property rights.

Aspect B7: Anti-corruption

The Group strictly abides by the “Criminal Law of the People's Republic of China”, “Anti-Money Laundering Law of the People's Republic of China”, “Code of Integrity and Self-discipline of the Chinese Communist Party” and other relevant laws, norms and ethical standards of the Party's internal regulations. The Company advocates integrity, self-discipline, law-abiding, honesty, dedication and professional ethics. It has standardized the employee code of conduct and ethics in the employee manual, and thoroughly implemented them in the practical business management process. It implements zero tolerance for acts that infringe on the Company's rights and interests and resolutely investigates the relevant responsibility.

The Group provides clear reporting channels such as e-mail, telephone and mailboxes to encourage employees to report suspicious internal violations. It has also set the Audit Department responsible for supervising the consolidation of compliance management and implementing internal control management systems, policies and measures. During the reporting period, the Group had no major lawsuits and corruption cases.

Community

Aspect B8: Community Investment

The Group has always been actively fulfilling its social responsibilities and persisting in the glorious spirit. While enhancing internal management and external development, it attaches great importance to the special work of poverty alleviation, takes on the mission of poverty alleviation as the priority and actively assumes social responsibility. Fully dedicated to charity undertakings such as dedication of love, poverty alleviation, financial aid to students and medical care support, it is committed to being a company with social responsibility.

The Group has cooperated with the Guangcai Program Special Fund to provide dedicated support to Zhenxing Village, Gaochun County, Nanjing, donating libraries to local villagers, building a beautiful rural environment, and helping local poor families and students. It has also organized the poor students from Zhenxing Village of Jiangsu Province to carry out the “Internet of Things Science Tour” in the Company's Internet Space Exhibition Hall, to teach them the knowledge of IoT, lighting up their barren lives with science and technology.



Future Outlook

Looking back on 2018, the Group focused on its core business, created value customers and continued to create value for customers while maintaining a healthy, robust development of smart city, intelligent logistics and intelligent transportation business. Empowering the customers, it continued to accelerate the transformation to IoT intelligent system integrator and big data service provider to achieve the goals of creating profit, cash flow and value in the core business areas.

Looking forward to the future, the Group will fully leverage the technological advantages in the Internet of Things, Internet+, big data and cloud computing, as well as the rich implementation, operation and maintenance experiences accumulated in previous projects and adopt the latest technological means to change the traditional Chinese supply chain model. The Company will become a service provider with important influence in China's new supply chain system; the most important in-depth service provider in key commodity of quality specification. In the new strategic layout, the Group will build a new intelligent supply chain platform in the era of the Internet of Everything, connect the supply side and demand side, integrate business flow, logistics, information flow and capital flow in a coordinated manner, and enhance the efficiency of industry supply chain with technology.

The Group will further strengthen its management in the implementation of social responsibility, connect suppliers, partners and financial institutions and jointly promote the fulfillment of social responsibilities to realize the great ecosystem that empowers all customers and make new contributions to building a harmonious society, environment and industry.



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