



UTS MARKETING SOLUTIONS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 6113



2019

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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ABOUT THIS REPORT

This report is prepared in accordance with Appendix 27 — Environmental, Social and Governance Reporting Guide (“ESG Guide”) under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The report mainly reviews and reports the environmental, social and governance performance of the Group’s operation in Malaysia. The report covers the financial year ended 31 December 2019. The scope of the disclosure covers the six contact centres of the Group situated within the central business district of Kuala Lumpur, Malaysia.

ESG Strategy, Management Approach, Priority and Objective

Our main ESG strategy is our vision to become the most respected outsourced contact service provider in Malaysia.

We believe that it is important to formulate effective strategies to balance the economic, environmental and social benefits of our activities with our other business objectives. We have fully integrated ESG considerations into our operations as part of our corporate development strategy, with a particular focus on:

- Identifying the relevant matters with significant effect on UTS’s operation in the ESG aspects;
- Updating or adopting policies on work safety, environmental protection, social responsibility management and corporate governance;
- Reviewing and conducting risk assessment in respect of UTS’s impact on health, safety, environment and society; and
- Monitoring UTS’s activities in the areas of health, safety, environmental protection and social responsibility.

Our Environmental Commitment

Protecting the environment is the prime value of our business. We strive to create and maintain a clean and safe environment when carrying out our business activities.

Emission

Due to our business nature which mainly involves office operations, no pollutants are produced, emitted or discharged during the course of provision of our outbound contact services.

In order to maintain a sustainable environment, we adopt a greenhouse gas policy to minimise the greenhouse gas impact resulting from our activities. For details of measures included in the greenhouse gas policy, please refer to A 1.5 of the Environmental Performance table on page 7 of this report. During the year ended 31 December 2019, we were in compliance with the relevant local laws and regulations that have a significant impact on us.

Use of Resources

We adopt a green office policy, in which efficient use of electricity, paper, water and resources are strongly encouraged. For efficient use of paper, we encourage: (i) using electronic communication instead of paper as far as is practicable; (ii) reusing papers, letterheads and envelopes and (iii) double-sided printing instead of single-sided printing. For efficient use of resources, we encourage: (i) using automatic pencil leads and ball pen refills; (ii) employees to bring their own cups instead of using paper cups; (iii) employees to reuse plastic bags, recycle glass bottles and aluminum cans; and (iv) recycling of printer cartridges and toners. For efficiency use of electricity and water, please refer to A2.3 and A2.4 of the Environmental Performance table on page 8 of this report.

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Quality Control of Our Service and Development and Training for Our Workforce

We are committed to delivering high quality of services. We strive to:

- Provide effective and reliable services to fully meet the requirements, needs and expectations of our clients;
- Comply with the requirements of all relevant standards, ordinance, statutes, regulations, and the Company's code of conduct;
- Undertake all activities in efficient and effective manners; and
- Provide appropriate trainings to staff members for activities affecting service quality.

In order to ensure the completeness and accuracy of the information delivered by our telemarketing sales representatives, we (i) provide training to our telemarketing sales representatives on the relevant outbound contact service skills and ethics before they start duties; (ii) monitor the conversation between our telemarketing sales representatives and the call recipient real-time through silent monitoring or voice logs after the completion of the conversation; and (iii) carefully control the content of the presentation script used by our telemarketing sales representatives from time to time. Such presentation script is prepared in collaboration with our client and the relevant database owner and prior consent to the final form must be obtained from our client and the relevant database owner before it is put into use. The presentation script usually includes a set of frequently asked questions and replies for our telemarketing sales representatives to respond to call recipients' questions.

Our training and development department is responsible for the training and development of our employees as well as the employees of one database owner which we are responsible to manage and train. As at 31 December 2019, there were 27 trainers and coaches in our training and development department possessing the relevant working experience of approximately 3 years in average.

Newly recruited telemarketing sales representatives are required to attend training conducted by our training and development department. The training curriculum usually covers information about our Group, our clients, the relevant contact service skills as well as general product knowledge. Telemarketing sales representatives are assessed at the end of the training to ensure that they have the skills and abilities to perform their duties. For any new services or any significant variation to the features of the services, the telemarketing sales representatives are required to attend classroom training and are required to pass the services assessment test which is usually in the form of role play prior to the launch of the project.

The coaches from our training and development department also provide on-the-job training at the contact centres. This involves our telemarketing sales representatives being coached side-by-side in a buddy programme where coaches would listen to their calls and guide them to close sales and improve call quality. Our coaches also conduct training sessions to improve their skill levels and motivation and are also responsible for providing product-specific training on a project basis.

In addition, the team leaders are required to attend at least 30 hours of continuous professional development each year to keep their skill sets stay afresh and updated. These trainings include trainings on technical and product knowledge as well as motivational, leadership and sales skills.

Various programmes aiming at improving staff's motivation and skills are organised regularly, such as programmes on stress management and sales skills.

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Managing Our Suppliers

When looking for suppliers, we only engage those who share the same level of commitment for quality. We consider:

- Previous work history with the Group;
- Their ability to conform with the agreed quality and contract requirements; and
- Past track records.

Meetings may be held during servicing period to ensure that the suppliers meet our agreed requirements. Records are taken to keep track of the quality issues and appropriate remedial measures will be taken if necessary. Those suppliers with outstanding performance are added to our approved vendor list.

Data Protection

Our Group handles a large amount of sensitive personal information, including, inter alia, names and telephone numbers of the call recipients, and thus we treat data security of paramount importance.

In order to ensure that there is no misuse or unauthorised use of personal data obtained from the database owner, our Group only uses the personal data received from the database owners according to the terms of the respective contract. Our Group also handles the personal data obtained from the database owner in strict confidence. We constantly work with database owners and our clients closely to devise customised data security measures for each project in order to address data security requirements.

We restrict access to information and databases on a stringent need-to-know basis, allowing us to secure a reasonable level of risk management and maintain confidentiality of the information and databases. Currently, we implement the following key data security measures:

Physical environment: There are security measures in place to ensure physical security of the data. These measures include:

- Segregating contact centres into different working zones for different projects. Each zone is guarded by its own access card system, so that only authorised staff can access each zone;
- Installing surveillance cameras in each contact centre, working zone and server room;
- Stationing security personnel at the building's main entry point for surveillance purpose;
- Requiring all telemarketing sales representatives to store their personal belongings in lockers provided. Recording devices including mobile phones and pens are not allowed at their workstations;
- Implementing clean desk policy at the contact centres, so that all telemarketing sales representatives do not leave any documents or papers, after off duties and there is no place for them to temporarily store sensitive documents;

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- Disabling the removable storage device ports for all contact centre staff computers; and
- Restricting all telemarketing sales representatives from internet or email access, only necessary materials are made available to them in the form of call scripts.

System security: There are security measures in place to ensure security in every process of our operation, including data access, transmission, storage and purging. These measures include:

- Implementing password controls on network printing, copying machines and fax machines limited to supervisory staff;
- Requiring confidential data be accessed by authorised staff only through designated user accounts and passwords;
- Requiring our clients to deliver encrypted or password-protected soft copies of calling data and only authorised and designated personnel in our information technology department are allowed to download and upload calling data;
- Network connectivity and data exchange with our clients or database owners being protected by firewall and regularly monitored by staff of our information technology department;
- Configuring and controlling information visible to contact centre staff via our CRM system. Staff can generally only view the name of the call recipient while the telephone number is masked;
- Disabling the alteration of data by contact centre staff;
- Deleting and purging our database after provision of services or after an agreed period has elapsed, witnessed by clients or database owners upon request; and
- Encrypting back-up data.

Our Group's measures to prevent hackers from attacking our systems include installing anti-virus software on servers and workstations, applying security patches and updates of operating systems, protecting the network connectivity with our clients by firewalls and disabling unnecessary services on servers and ports on firewalls.

All documents containing personal data are strictly controlled. The internal and external documents are recorded and archived following established procedures. All outgoing documents are screened to ensure no confidential information is leaked.

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Our Workforce

Being a service provider, our competitive edge lies in the capabilities of our employees. Through the ingenuity of the employees, the Group is able to continuously raise the frontier on sustainability. The Group works hard to create and maintain a work environment that not only facilitates creativity, but is also a place where employees are inspired for excellence.

As at 31 December 2019, the Group had a total of 1,596 employees, comprising 628 male and 968 female.

As the Group continues to expand its business, it is becoming even more important for us to attract and retain a talented workforce. The Group is committed to developing and deploying an innovative talent management system that anticipates and meets both the strategic needs of the Group and the employees. During the recruitment process, all candidates have an equal opportunity to compete for positions that are assigned based on the individual's qualifications and experiences. We believe that a team with diversity is a competitive advantage and understand that we can achieve our corporate vision only with the full commitment, creativity and cooperative spirit of our team. The Group is committed to banishing all kinds of discrimination and inequality. Our vision is to accelerate our business growth by creating a vibrant and inclusive work environment.

We comply with Minimum Wage Order, Employment (Restriction) Act 1968 and Employment Act 1955. Employees Provident Fund under the Employees Provident Fund Act 1991 and social security under the Employees' Social Security Act 1969 and Employment Insurance System Act 2017 covered all our employees in Malaysia.

Our Group generally pays our telemarketing sales representatives and their team leaders and managers a fixed salary and performance linked commission, such as attendance-linked commission and commission given for achieving daily or monthly sales target; while our Group generally pays other staff a fixed salary and discretionary bonus.

In addition to providing all employees with a competitive remuneration package, the Group has provided them with additional benefits to boost employee morale and happiness, such as (i) annual incentive free trip, (ii) employee insurance coverage such as group hospital and surgical, group personal accident and group term life insurance, (iii) monthly sales drives based on various unique themes, and (iv) festive season office premises decoration competition.

The Group complies with the relevant legal and regulatory requirements relating to staff compensation, dismissal, rest periods and anti-discrimination. We also comply with the relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards.

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Keeping Our Employees Healthy and Well

The physical features of the work environment may affect employees' physiological health. Understanding that the employees typically spend the majority of their working hours in the office, we are committed to promoting employee well-being.

For the year ended 31 December 2019, we did not experience any significant incidents or accidents in relation to workers' safety or any non-compliance with the applicable laws and regulations relevant to work safety and health issues nor were there any fines or penalties for non-compliance of safety laws and regulations imposed on us. Further, we have implemented a corporate wellness program to promote employee well-being. For details of the program, please refer to B2.3 of the Environmental Performance table on page 9 of this report and the 2019 Corporate Wellness Programs Calendar.

Creating Sustainable Value for the Community

Our Group strives to create sustainable value for not only the business community, but also the local communities. For the year ended 31 December 2019, our Group has raised funds for various charitable organisations in Malaysia. Through the participation in these community projects, we have fostered cross-team collaboration and strengthened team spirit while doing something good for the community.

Charitable Donations

Apart from participation in various volunteering activities and community campaigns, the Group has been keen to make charitable donations to support community development. Over the past financial year, a total of approximately RM123,500.00 has been donated to various non-profit or charitable organisations.

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ENVIRONMENTAL PERFORMANCE

Indicator	Unit	Performance Data
A1 Emissions		
A1.1 Types of emissions and respective emissions data	N/A	<p>The majority of our operation takes place in our office premises in Kuala Lumpur, Malaysia and carbon emission is the main type of emission produced as a result of our operation. All wastewater discharge is managed by the building management and therefore is immaterial to our operation.</p> <p>The main contributor to our carbon emission is resulted from our office premises' electricity consumption.</p>
A1.2 Total greenhouse gas emission	CO ₂ /Metric Tons	527
A1.3 Total hazardous waste produced and, where appropriate, intensity	N/A	The Group does not produce any hazardous waste.
A1.4 Total non-hazardous waste produced and, where appropriate, intensity	N/A	The Group's waste mainly consists of office supplies such as paper. This does not represent a material impact on our Group for the time being. Going forward we will consider the need to measure our non- hazardous waste when it is applicable.
A1.5 Description of measures to mitigate emissions and results achieved	N/A	<p>The measures that we adopt to mitigate emissions include but not limited to:</p> <ul style="list-style-type: none"> (i) turning off lights during lunch hour in all the office premises; (ii) upgrading of lights used in the office premises from fluorescent lights to LEDs; (iii) turning on power saver modes for office equipment; (iv) adopting optimal power consumption method; and (v) keeping the office premises from direct sunlight through installing solar window film and blinds.
A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	N/A	<p>The majority of our wastes are general office refuse which is disposed by the building management. The following initiatives have been implemented to reduce our waste production:</p> <ul style="list-style-type: none"> (i) reusable office supplies and cutleries; (ii) recycling bins for paper, metal, and plastic waste; (iii) employees are encouraged to bring their own lunch or eat out to reduce the amount of takeout packaging wastes; and (iv) all single-sided printed papers are saved for printing draft and internal documents.

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Indicator	Unit	Performance Data
A2 Use of Resources		
A2.1 Total Electricity Usage	kWh	759,985
Electricity intensity	kWh/employee	476
A2.2 Water consumption in total and intensity	N/A	Not applicable. The Group's water is supplied and managed by the building management.
A2.3 Description of energy use efficiency initiatives and results achieved	N/A	<p>The Group adopts the following energy use efficiency initiatives:</p> <ul style="list-style-type: none"> (i) measuring and evaluating the lighting intensity in the office and removing all unnecessary lighting fixtures; and (ii) energy saving reminders being posted on all the electrical equipment such as computers, printers and fax machine; and next to all the switches. <p>For the year ended 31 December 2019, the Group recorded a decrease of approximately 41,767 kWh usage of electricity as compared to the amount recorded for the year ended 31 December 2018.</p>
A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	N/A	Water consumption is relatively insignificant. However, the Group has actively engaged employees in water saving practices such as reminding employees to turn off the water tap while lathering and scrubbing hands, then turn it back on to rinse.
A2.5 Total packaging material used for finished products	N/A	Immaterial for the Group's operation.
A3 Environment and Natural Resources		
A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	N/A	Due to the nature of our office-based operation, our activities have minimal impacts on the environment and the natural resources. Nevertheless, we have implemented several resources saving initiatives to further reduce our environmental impacts as mentioned on pages 7 and 8 of this report.

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SOCIAL PERFORMANCE

Indicator	Unit	Performance Data/Section
B1 Employment		
B1.1	Total number of employees	Number of People 1,596
	Total number of male employees	Number of People 628
	Total number of female employees	Number of People 968
B1.2	Employee turnover rate	N/A 17%
B2 Health and Safety		
B2.1	Number of work-related fatalities	Number of People 0
B2.2	Lost days due to work injury	Number of People 0
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	<p>N/A</p> <p>Measures implemented in our corporate wellness program include:</p> <ul style="list-style-type: none"> (i) equipping our various contact centres with refreshment area; (ii) organising sports or other outdoor activities on a monthly basis; and (iii) supplying refreshments to employees at our various call centres from time to time. <p>We have monitored the effectiveness of our program by actively seeking employees' feedback and suggestions for improvement through different engagement activities.</p>
B3 Development and Training		
B3.2	Average training hours completed per employee	Number of hours 40 hours per employee for telemarketing sales representatives and team leaders.
B4 Labour Standard		
B4.1	Description of measures to review employment practices to avoid child and forced labour	<p>N/A</p> <p>Our Group has a zero tolerance policy towards child labour and forced labour and strictly follows major human rights declarations and applicable labour law. Our Group screens through all recruits to ensure employment contracts are duly signed in compliance with the local labour laws. During the year ended 31 December 2019, we did not identify any non-compliance with the relevant laws and regulations which have a significant impact on the Group relating to child labour and forced labour within our Group.</p>

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Indicator	Unit	Performance Data/Section
B5 Supply Chain Management		
B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	N/A	Please refer to the paragraph headed "Managing Our Suppliers" in this report.
B6 Product Responsibility		
B6.3 Description of practices relating to observing and protecting intellectual property rights	N/A	Please refer to the paragraph headed "Data Protection" in this report.
B6.4 Description of quality assurance process and recall procedures	N/A	Please refer to the paragraph headed "Quality Control of our Service and Development and Training for Our Workforce" in this report.
B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored	N/A	Please refer to the paragraph headed "Data Protection" in this report.
B7 Anti-Corruption		
B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period	Number of cases	0
B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	N/A	Our Group has zero-tolerance policy towards all corruption and fraud activities and strictly follows the Malaysian Anti-corruption Commission Act 2009. We have effectively communicated our expectations and values with the employees and vendors through our company policies. Employees are encouraged to report any suspected activities through our established whistle-blowing platform. We did not identify any non-compliance with the said legislation during the year.
B8 Community Investment		
B8.1 Focus areas of contribution	N/A	The Group engages in fund raising on behalf of charitable organisations in Malaysia.
B8.2 Resources contributed	N/A	During the year ended 31 December 2019, we raised funds on behalf of the various charitable institutions including but not limited to: <ul style="list-style-type: none"> (i) National Kidney Foundation of Malaysia; and (ii) The United Nations Children's Fund.

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2019 CORPORATE WELLNESS PROGRAMS CALENDAR

- **February 2019**

Chinese New Year, UTS celebrated with call floor theme decorations and our staff were dressed up for the occasion.

- **March 2019**

We organised an annual corporate trip as reward for our support team to Club Med, Cherating, Malaysia from 1st March to 3rd March 2019 with 120 participants.

- **April 2019**

Sales Challenge reward has been UTS annual reward to those who achieved outstanding performance in sales for the year. A total of 31 top sales representatives were rewarded to South Korea from 28th March to 1st April 2019.

- **July 2019**

Hari Raya Aidilfitri, UTS celebrated with call floor theme decorations and our staff were dressed up for the occasion.

- **August 2019**

The Group's Learning & Development department hosted an external training to develop and grow team manager's skillsets.

- **October 2019**

Blood and organ donation drive collaboration with National Blood Centre and Lions Club Kuala Lumpur. The Company managed to collect a total of 173 bags of blood.